
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year ended December 31, 2017.
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition period from _____ **to** _____

Commission file No. 001-15891

NRG Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

41-1724239
(I.R.S. Employer Identification No.)

804 Carnegie Center, Princeton, New Jersey
(Address of principal executive offices)

08540
(Zip Code)

(609) 524-4500

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Name of Exchange on Which Registered</u>
Common Stock, par value \$0.01	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting
company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of the last business day of the most recently completed second fiscal quarter, the aggregate market value of the common stock of the registrant held by non-affiliates was approximately \$4,880,501,096 based on the closing sale price of \$17.22 as reported on the New York Stock Exchange.

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

<u>Class</u>	<u>Outstanding at January 31, 2018</u>
Common Stock, par value \$0.01 per share	317,637,917

Documents Incorporated by Reference:
Portions of the Registrant's definitive Proxy Statement relating to its 2018 Annual Meeting of Stockholders
are incorporated by reference into Part III of this Annual Report on Form 10-K

TABLE OF CONTENTS

<u>GLOSSARY OF TERMS</u>	<u>3</u>
<u>PART I</u>	<u>10</u>
<u>Item 1 — Business</u>	<u>10</u>
<u>Item 1A — Risk Factors Related to NRG Energy, Inc.</u>	<u>34</u>
<u>Item 1B — Unresolved Staff Comments</u>	<u>53</u>
<u>Item 2 — Properties</u>	<u>54</u>
<u>Item 3 — Legal Proceedings</u>	<u>58</u>
<u>Item 4 — Mine Safety Disclosures</u>	<u>58</u>
<u>PART II</u>	<u>59</u>
<u>Item 5 — Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>59</u>
<u>Item 6 — Selected Financial Data</u>	<u>61</u>
<u>Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>62</u>
<u>Item 7A — Quantitative and Qualitative Disclosures About Market Risk</u>	<u>112</u>
<u>Item 8 — Financial Statements and Supplementary Data</u>	<u>116</u>
<u>Item 9 — Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>116</u>
<u>Item 9A — Controls and Procedures</u>	<u>116</u>
<u>Item 9B — Other Information</u>	<u>118</u>
<u>PART III</u>	<u>119</u>
<u>Item 10 — Directors, Executive Officers and Corporate Governance</u>	<u>119</u>
<u>Item 11 — Executive Compensation</u>	<u>122</u>
<u>Item 12 — Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>122</u>
<u>Item 13 — Certain Relationships and Related Transactions, and Director Independence</u>	<u>122</u>
<u>Item 14 — Principal Accounting Fees and Services</u>	<u>123</u>
<u>PART IV</u>	<u>124</u>
<u>Item 15 — Exhibits, Financial Statement Schedules</u>	<u>124</u>
<u>Item 16 — Form 10-K Summary</u>	<u>239</u>
<u>EXHIBIT INDEX</u>	<u>228</u>

Glossary of Terms

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

2023 Term Loan Facility	The Company's \$1.9 billion term loan facility due 2023, a component of the Senior Credit Facility
AEP	American Electric Power
Adjusted EBITDA	Adjusted earnings before interest, taxes, depreciation and amortization
ARO	Asset Retirement Obligation
ASC	The FASB Accounting Standards Codification, which the FASB established as the source of authoritative GAAP
ASU	Accounting Standards Updates – updates to the ASC
August 2017 Drop Down Assets	The remaining 25% interest in NRG Wind TE Holdco, which was sold to NRG Yield, Inc. on August 1, 2017
Average realized prices	Volume-weighted average power prices, net of average fuel costs and reflecting the impact of settled hedges
AZNMSNV	Arizona, New Mexico and Southern Nevada
Backlog	Projects that are under construction, contracted, or awarded and represents a higher level of execution certainty
BACT	Best Available Control Technology
Bankruptcy Code	Chapter 11 of Title 11 of the U.S. Bankruptcy Code
Bankruptcy Court	United States Bankruptcy Court for the Southern District of Texas, Houston Division
Baseload	Units expected to satisfy minimum baseload requirements of the system and produce electricity at an essentially constant rate and run continuously
BETM	Boston Energy Trading and Marketing LLC
BTU	British Thermal Unit
Business Solutions	NRG's business solutions group, which includes demand response, commodity sales, energy efficiency and energy management services
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAISO	California Independent System Operator
Carlsbad	Carlsbad Energy Center, a 527 MW natural gas fired project located in Carlsbad, CA
CASPR	Competitive Auctions with Sponsored Resources
CCF	Carbon Capture Facility
CDD	Cooling Degree Day
CDWR	California Department of Water Resources
CEC	California Energy Commission
CenterPoint	CenterPoint Energy Houston Electric, LLC
CFTC	U.S. Commodity Futures Trading Commission
Chapter 11 Cases	Voluntary cases commenced by the GenOn Entities under the Bankruptcy Code in the Bankruptcy Court
C&I	Commercial, industrial and governmental/institutional
CES	Clean Energy Standard
Cleco	Cleco Energy LLC
CO ₂	Carbon Dioxide
CO _{2e}	Carbon Dioxide Equivalents
COD	Commercial Operation Date
ComEd	Commonwealth Edison
Company	NRG Energy, Inc.
CPP	Clean Power Plan
CPS	Combined Pollutant Standard

CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CVSR	California Valley Solar Ranch
CWA	Clean Water Act
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
DGPV Holdco 1	NRG DGPV Holdco 1 LLC
DGPV Holdco 2	NRG DGPV Holdco 2 LLC
DGPV Holdco 3	NRG DGPV Holdco 3 LLC
Distributed Solar	Solar power projects that primarily sell power to customers for usage on site, or are interconnected to sell power into a local distribution grid
DNREC	Delaware Department of Natural Resources and Environmental Control
Dominion	Dominion Resources, Inc.
Drop Down Assets	Collectively, the June 2014 Drop Down Assets, the January 2015 Drop Down Assets, the November 2015 Drop Down Assets, the September 2016 Drop Down Assets, the March 2017 Drop Down Assets, the August 2017 Drop Down Assets, and the November 2017 Drop Down Assets
DSI	Dry Sorbent Injection
DSU	Deferred Stock Unit
Economic gross margin	Sum of energy revenue, capacity revenue, retail revenue and other revenue, less cost of fuels and other cost of sales
El Segundo Energy Center	NRG West Holdings LLC, the subsidiary of Natural Gas Repowering LLC, which owns the El Segundo Energy Center project
EME	Edison Mission Energy
EMAAC	Eastern Mid-Atlantic Area Council
Energy Plus Holdings	Energy Plus Holdings LLC
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction
EPSA	The Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the regional reliability coordinator of the various electricity systems within Texas
ERISA	The Employee Retirement Income Security Act of 1974
ESP	Electrostatic Precipitator
ESPP	NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan
ESPS	Existing Source Performance Standards
EWG	Exempt Wholesale Generator
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue gas desulfurization
FPA	Federal Power Act
Fresh Start	Reporting requirements as defined by ASC-852, <i>Reorganizations</i>
FTRs	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the U.S.
GenConn	GenConn Energy LLC
GenOn	GenOn Energy, Inc.
GenOn Americas Generation	GenOn Americas Generation, LLC
GenOn Americas Generation Senior Notes	GenOn Americas Generation's \$695 million outstanding unsecured senior notes consisting of \$366 million of 8.5% senior notes due 2021 and \$329 million of 9.125% senior notes due 2031

GenOn Entities	GenOn and certain of its wholly owned subsidiaries, including GenOn Americas Generation, that filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court on June 14, 2017
GenOn Mid-Atlantic	GenOn Mid-Atlantic, LLC and, except where the context indicates otherwise, its subsidiaries, which include the coal generation units at two generating facilities under operating leases
GenOn Senior Notes	GenOn's \$1.8 billion outstanding unsecured senior notes consisting of \$691 million of 7.875% senior notes due 2017, \$649 million of 9.5% senior notes due 2018, and \$489 million of 9.875% senior notes due 2020
GHG	Greenhouse Gas
GIP	Global Infrastructure Partners
Green Mountain Energy	Green Mountain Energy Company
GW	Gigawatt
GWh	Gigawatt Hour
HAP	Hazardous Air Pollutant
HDD	Heating Degree Day
Heat Rate	A measure of thermal efficiency computed by dividing the total BTU content of the fuel burned by the resulting kWhs generated. Heat rates can be expressed as either gross or net heat rates, depending whether the electricity output measured is gross or net generation and is generally expressed as BTU per net kWh
HLBV	Hypothetical Liquidation at Book Value
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPA	Illinois Power Agency
IPPNY	Independent Power Producers of New York
ISO	Independent System Operator, also referred to as RTOs
ISO-NE	ISO New England Inc.
ITC	Investment Tax Credit
January 2015 Drop Down Assets	The Laredo Ridge, Tapestry and Walnut Creek projects, which were sold to NRG Yield, Inc. on January 2, 2015
June 2014 Drop Down Assets	The High Desert, Kansas South and El Segundo Energy Center projects, which were sold to NRG Yield, Inc. on June 30, 2014
kWh	Kilowatt-hour
LaGen	Louisiana Generating LLC
LIBOR	London Inter-Bank Offered Rate
LSE	Load Serving Entities
LTIPs	Collectively, the NRG LTIP and the NRG GenOn LTIP
LTSA	Long-Term Service Agreement
MAAC	Mid-Atlantic Area Council
March 2017 Drop Down Assets	(i) 16% interest in the Agua Caliente solar project and (ii) NRG's interests in seven utility-scale solar projects located in Utah, which were sold to NRG Yield, Inc. on March 27, 2017
Marsh Landing	NRG Marsh Landing, LLC (formerly known as GenOn Marsh Landing, LLC)
Mass Market	Residential and small commercial customers
MATS	Mercury and Air Toxics Standards promulgated by the EPA
MDE	Maryland Department of the Environment
MDth	Thousand Dekatherms
Merger	The merger completed on December 14, 2012 by NRG and GenOn pursuant to the Merger Agreement
Merger Agreement	The agreement by and among NRG, GenOn and Plus Merger Corporation, dated as of July 20, 2012

Midwest Generation	Midwest Generation, LLC
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
MOPR	Minimum Offer Price Rule
MSU	Market Stock Unit
MW	Megawatts
MWh	Saleable megawatt hour net of internal/parasitic load megawatt-hour
MWt	Megawatts Thermal Equivalent
NAAQS	National Ambient Air Quality Standards
NEPGA	New England Power Generators Association
NEPOOL	New England Power Pool
NERC	North American Electric Reliability Corporation
Net Capacity Factor	The net amount of electricity that a generating unit produces over a period of time divided by the net amount of electricity it could have produced if it had run at full power over that time period. The net amount of electricity produced is the total amount of electricity generated minus the amount of electricity used during generation
Net Exposure	Counterparty credit exposure to NRG, net of collateral
Net Generation	The net amount of electricity produced, expressed in kWhs or MWhs, that is the total amount of electricity generated (gross) minus the amount of electricity used during generation
NJDEP	New Jersey Department of Environmental Protection
NOL	Net Operating Loss
NOV	Notice of Violation
November 2015 Drop Down Assets	75% of the Class B interests of NRG Wind TE Holdco, which owns a portfolio of 12 wind facilities totaling 814 net MW
November 2017 Drop Down Assets	A 38 MW solar portfolio primarily comprised of assets from SPP funds, in addition to other projects developed by NRG, which were sold to NRG Yield, Inc. on November 1, 2017
NO _x	Nitrogen Oxides
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal Purchase Normal Sale
NQSO	Non-Qualified Stock Option
NRC	U.S. Nuclear Regulatory Commission
NRG	NRG Energy, Inc.
NRG GenOn LTIP	NRG 2010 Stock Plan for GenOn Employees (formerly the GenOn Energy, Inc. 2010 Omnibus Incentive Plan, which was assumed by NRG in connection with the Merger)
NRG LTIP	NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan
NRG Wind TE Holdco	NRG Wind TE Holdco LLC
NRG Yield	Reporting segment including the projects owned by NRG Yield, Inc.
NRG Yield 2019 Convertible Notes	\$345 million aggregate principal amount of 3.50% Convertible Senior Notes due 2019 issued by NRG Yield, Inc.
NRG Yield 2020 Convertible Notes	\$287.5 million aggregate principal amount of 3.25% Convertible Notes due 2020 issued by NRG Yield, Inc.
NRG Yield, Inc.	NRG Yield, Inc., the owner of 53.7% of the economic interests of NRG Yield LLC with a controlling interest, and issuer of publicly held shares of Class A and Class C common stock
NRG Yield Operating 2024 Senior Notes	NRG Yield Operating LLC's \$500 million of 5.375% unsecured senior notes due 2024
NRG Yield Operating 2026 Senior Notes	NRGY Yield Operating LLC's \$350 million of 5.00% unsecured senior notes due 2026
NRG Yield LLC	NRG Yield LLC, which owns, through its wholly owned subsidiary, NRG Yield Operating LLC, all of the assets set forth in the NRG Yield segment
NSPS	New Source Performance Standards
NSR	New Source Review

Nuclear Decommissioning Trust Fund	NRG's nuclear decommissioning trust fund assets, which are for the Company's portion of the decommissioning of the STP, units 1 & 2
Nuclear Waste Policy Act	U.S. Nuclear Waste Policy Act of 1982
NYAG	State of New York Office of Attorney General
NYISO	New York Independent System Operator
NYMEX	New York Mercantile Exchange
NYSPSC	New York State Public Service Commission
OCI/OCL	Other Comprehensive Income/(Loss)
Peaking	Units expected to satisfy demand requirements during the periods of greatest or peak load on the system
PER	Peak Energy Rent
Petition Date	June 14, 2017
Pipeline	Projects that range from identified lead to shortlisted with an offtake, and represents a lower level of execution certainty
PJM	PJM Interconnection, LLC
PPA	Power Purchase Agreement
PSD	Prevention of Significant Deterioration
PSU	Performance Stock Unit
PTC	Production Tax Credit
PUCT	Public Utility Commission of Texas
PUHCA	Public Utility Holding Company Act of 2005
PURPA	Public Utility Regulatory Policies Act of 1978
QF	Qualifying Facility under PURPA
RCRA	Resource Conservation and Recovery Act of 1976
Reliant Energy	Reliant Energy Retail Services, LLC
REMA	NRG REMA LLC, which leases a 100% interest in the Shawville generating facility and 16.7% and 16.5% interests in the Keystone and Conemaugh generating facilities, respectively
Restructuring Support Agreement	Restructuring Support and Lock-Up Agreement, dated as of June 12, 2017 and as amended on October 2, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, and subsidiaries signatory thereto, NRG Energy, Inc. and the noteholders signatory thereto
Retail	Reporting segment that includes NRG's residential and small commercial businesses which go to market as Reliant, NRG and other brands owned by NRG, as well as Business Solutions
Revolving Credit Facility	The Company's \$2.5 billion revolving credit facility, a component of the Senior Credit Facility. The revolving credit facility consists of \$289 million of Tranche A Revolving Credit Facility, due 2018, and \$2.2 billion of Tranche B Revolving Credit Facility, due 2021
	Prior to June 30, 2016, the Company's \$2.5 billion revolving credit facility due 2018, a component of the Senior Credit Facility. On June 30, 2016, the Company replaced the Senior Credit Facility, including the Revolving Credit Facility
RFP	Request For Proposal
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must-Run
ROFO	Right of First Offer
ROFO Agreement	Second Amended and Restated Right of First Offer Agreement by and between NRG Energy, Inc. and NRG Yield, Inc.
RPM	Reliability Pricing Model
RPS	Renewable Portfolio Standards
RPSU	Relative Performance Stock Unit
RPV Holdco	NRG RPV Holdco 1 LLC
RSU	Restricted Stock Unit
RTO	Regional Transmission Organization

RTR	Renewable Technology Resource
SCE	Southern California Edison Company
SCR	Selective Catalytic Reduction Control System
SDG&E	San Diego Gas & Electric
SEC	U.S. Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended
Senior Credit Facility	NRG's senior secured credit facility, comprised of the Revolving Credit Facility and the 2023 Term Loan Facility
	Prior to June 30, 2016, the Company's senior secured facility, comprised of the Term Loan Facility and the Revolving Credit Facility. On June 30, 2016, the Company replaced the Senior Credit Facility with the 2016 Senior Credit Facility
Senior Notes	As of December 31, 2017, NRG's \$4.8 billion outstanding unsecured senior notes consisting of \$992 million of 6.25% senior notes due 2022, \$733 million of 6.25% senior notes due 2024, \$1.0 billion of the 7.25% senior notes due 2026, \$1.25 billion of the 6.625% senior notes due 2027, and \$870 million of 5.75% senior notes due 2028
Services Agreement	NRG provided GenOn with various management, personnel and other services, which include human resources, regulatory and public affairs, accounting, tax, legal, information systems, treasury, risk management, commercial operations, and asset management, as set forth in the services agreement with GenOn
Settlement Agreement	A settlement agreement and any other documents necessary to effectuate the settlement among NRG, GenOn, and certain holders of senior unsecured notes of GenOn Americas Generations and GenOn, and certain of GenOn's direct and indirect subsidiaries
September 2016 Drop Down Assets	The CVSR Holdco interest, which was sold to NRG Yield, Inc. on September 1, 2016
SIFMA	Securities Industry and Financial Markets Association
SNF	Spent Nuclear Fuel
SO ₂	Sulfur Dioxide
South Central	NRG's South Central business, which owns and operates a 3,555 MW portfolio of generation assets consisting of 225 MW Bayou Cove, 430 MW Big Cajun-I, 1,461 MW Big Cajun-II, 1,263 MW Cottonwood and 176 MW Sterlington, and serves a customer base of cooperatives, municipalities and regional utilities under load contracts.
SPP	Solar Power Partners
S&P	Standard & Poor's
STP	South Texas Project — nuclear generating facility located near Bay City, Texas in which NRG owns a 44% interest
STPNOC	South Texas Project Nuclear Operating Company
Tax Act	The Tax Cuts and Jobs Act of 2017
TCPA	Telephone Consumer Protection Act
Term Loan Facility	Prior to June 30, 2016, the Company's \$2.0 billion term loan facility due 2018.
Texas Genco	Texas Genco LLC
Thermal Business	NRG Yield, Inc.'s thermal business, which consists of thermal infrastructure assets that provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units
TSA	Transportation Services Agreement
TSR	Total Shareholder Return
TVA	Tennessee Valley Authority
TWCC	Texas Westmoreland Coal Co.
TWh	Terawatt Hour
UNFCCC	United Nations Framework Convention on Climate Change
UPMC	University of Pittsburgh Medical Center
U.S.	United States of America
U.S. DOE	U.S. Department of Energy

Utility-Scale Solar	Solar power projects, typically 20 MW or greater in size (on an alternating current basis), that are interconnected into the transmission or distribution grid to sell power at a wholesale level
VaR	Value at Risk
VCP	Voluntary Clean-Up Program
VIE	Variable Interest Entity
WECC	Western Electricity Coordinating Council
WST	Washington-St. Tammany Electric Cooperative, Inc.
Yield Operating	NRG Yield Operating LLC

PART I

Item 1 — Business

General

NRG Energy, Inc., or NRG or the Company, is a leading integrated power company built on the strength of a diverse competitive electric generation portfolio and leading retail electricity platform. NRG aims to create a sustainable energy future by producing, selling and delivering electricity and related products and services in major competitive power markets in the U.S. in a manner that delivers value to all of NRG's stakeholders. The Company owns and operates approximately 30,000 MW of generation; engages in the trading of wholesale energy, capacity and related products; transacts in and trades fuel and transportation services; and directly sells energy, services, and innovative, sustainable products and services to retail customers under the names "NRG", "Reliant" and other retail brand names owned by NRG. NRG was incorporated as a Delaware corporation on May 29, 1992.

Strategy

NRG's strategy is to maximize stockholder value through the safe production and sale of reliable power to its customers in the markets served by the Company, while positioning the Company to provide fully integrated solutions to the end-use energy consumer. This strategy is intended to enable the Company to create and maintain growth at reasonable margins while de-risking the Company in terms of reduced and mitigated exposure to cyclical commodity price risk. At the same time, the Company's relentless commitment to safety for its employees, customers and partners continues unabated.

To effectuate the Company's strategy, NRG is focused on: (i) excellence in operating performance of its existing assets including repowering its power generation assets at premium sites and optimal hedging of generation assets and retail load operations; (ii) serving the energy needs of end-use residential, commercial and industrial customers in competitive markets through multiple brands and channels with a variety of retail energy products and services differentiated by innovative features, premium service, sustainability, and loyalty/affinity programs; (iii) deploying innovative and renewable energy solutions for consumers within its retail businesses; and (iv) engaging in a proactive capital allocation plan focused on achieving the regular return of and on stockholder capital within the dictates of prudent balance sheet management, including reducing consolidated debt and pursuing selective acquisitions, joint ventures, divestitures and investments.

Transformation Plan

NRG is in the process of executing its Transformation Plan, which is designed to significantly strengthen earnings and cost competitiveness, lower risk and volatility, and create significant shareholder value. The Company expects to fully implement the Transformation Plan by the end of 2020 with significant completion by the end of 2018. The three-part, three-year plan is comprised of the following targets and the Company's progress toward achieving such targets are as follows:

Operations and cost excellence

Cost savings and margin enhancement of \$1,065 million recurring, which consists of \$590 million of annual cost savings, a \$215 million net margin enhancement program, \$50 million annual reduction in maintenance capital expenditures, and \$210 million in permanent selling, general and administrative expense reduction associated with asset sales.

- During the year ended December 31, 2017, the Company realized annual cost savings of \$150 million.

Portfolio optimization

Targeting up to \$3.2 billion of asset sale cash proceeds, including divestitures of 6 GWs of conventional generation and businesses (excluding GenOn) and the expected monetization of 100% of its interest in NRG Yield, Inc. and its renewables platform.

- On February 6, 2018, NRG announced agreements to sell (i) NRG's full ownership interest in NRG Yield, Inc. and NRG's renewables platform, a 3,440 MW portfolio, for cash of \$1.375 billion, subject to certain adjustments; and (ii) NRG's South Central business, a 3,555 MW portfolio of generation assets, for cash of \$1.0 billion, subject to certain adjustments. The transactions are subject to customary closing conditions and are expected to close in the second half of 2018.
- Also on February 6, 2018, NRG entered into agreements with NRG Yield, Inc. to sell Carlsbad Energy Center, a 527 MW natural gas fired project, for cash of \$365 million, subject to certain adjustments, and Buckthorn Solar, a 154 MW solar facility, for cash of \$42 million, subject to certain adjustments.
- On February 23, 2018, NRG entered into an agreement to sell BETM for \$70 million. The transaction is subject to customary closing conditions and is expected to close in the second half of 2018.
- In 2017, NRG executed asset sales of 322 MW for aggregate cash of \$150 million, which includes sales to NRG Yield, Inc. and sale of Minnesota wind projects to third parties.

Capital structure and allocation enhancement

A prioritized capital allocation strategy that targets a reduction in consolidated debt from approximately \$19.5 billion (\$18 billion net debt) to approximately \$6.5 billion (\$6 billion net debt). Following the completion of the contemplated asset sales, the Company expects approximately \$5.3 billion in excess cash to be available for allocation through 2020, after achieving its targeted 3.0x net debt / Adjusted EBITDA corporate credit ratio.

- During 2017, NRG reduced its net corporate debt by \$604 million.
- Expected reduction in non-recourse debt related to the sale of NRG's ownership in NRG Yield, Inc. and the NRG renewables platform and the sales of Carlsbad Energy Center and Buckthorn Solar, which represented \$7.1 billion as of December 31, 2017.

Working Capital and Costs to Achieve

The Company expects to realize (i) \$370 million of non-recurring working capital improvements through 2020, and (ii) approximately \$290 million one-time costs to achieve.

- During 2017, NRG realized \$221 million of working capital improvements and \$44 million of one-time costs to achieve.

Business Overview

As of December 31, 2017, the Company's core businesses include (i) wholesale conventional generation, (ii) retail electricity for residential and commercial, including personal power solutions and Business Solutions, which includes C&I customers and other distributed and reliability products (included in the Retail segment, effective in January 2017), (iii) contracted generation owned by NRG Yield, Inc. (included in the NRG Yield segment) and (iv) renewable utility scale and distributed generation assets that are constructed or in development and that are not otherwise owned by NRG Yield, Inc. (included in the Renewables segment). On June 14, 2017, NRG deconsolidated GenOn for financial reporting purposes as a result of the GenOn bankruptcy filings.

Generation

The Company's wholesale power generation business includes plant operations, commercial operations, EPC, energy services and other critical related functions. In addition to the traditional functions, the wholesale power generation business also includes NRG's conventional distributed generation business, consisting of reliability, combined heat and power and large-scale distributed generation.

The wholesale generation business is capital-intensive and commodity-driven with numerous industry participants that compete on the basis of the location of their plants, fuel mix, plant efficiency and the reliability of the services offered. The Company has a diversified power generation portfolio, with approximately 28,000 MW of fossil fuel and nuclear generation capacity at 51 plants as of December 31, 2017. The Company's power generation assets are diversified by fuel-type, dispatch level and region, which helps mitigate the risks associated with fuel price volatility and market demand cycles. NRG's U.S. baseload and intermediate facilities provide the Company with a significant source of cash flow, while its peaking facilities provide NRG with opportunities to capture significant upside potential that can arise during periods of high demand, which typically drive higher energy prices. As of December 31, 2017, less than 25% of the Company's consolidated operating revenues were derived from coal-fired operating assets. As noted above, the Company expects to sell its 3,555 MW South Central business in the second half of 2018.

Wholesale power generation is a regional business that is currently highly fragmented and diverse in terms of industry structure. As such, there is a wide variation in terms of the capabilities, resources, nature and identities of the companies the Company competes with depending on the market. Competitors include regulated utilities, municipalities, cooperatives, other independent power producers, and power marketers or trading companies, including those owned by financial institutions. Many of the Company's generation assets, however, are located within densely populated areas that tend to have higher wholesale pricing as a result of relatively favorable local supply-demand balance. The Company has generation assets located in or near major metropolitan areas. The Company believes that its extensive generation portfolio provides asset optimization opportunities. The Company currently has over 500 MW targeted for repowering initiatives, all of which are under development or construction. In addition, the Company evaluates opportunities for new generation, on both a merchant and contracted basis.

Retail

Retail provides energy and related services to residential, industrial and commercial consumers through various brands and sales channels across the U.S. In 2017, Retail delivered approximately 63 TWhs and served approximately 2.9 million customers. Retail's results make it one of the largest competitive energy retailers in the U.S. The majority of Retail's sales come in the competitive retail energy markets of Texas, Pennsylvania, Connecticut, Delaware, Illinois, Maryland, Massachusetts, New Jersey, New York and Ohio, as well as the District of Columbia. Retail's brands collectively are the largest providers of electricity in Texas.

Residential and small commercial (Mass Market) consumers make purchase decisions based on a variety of factors, including price, customer service, brand, product choices and value-added features. These consumers purchase products through a variety of sales channels, including direct sales, call centers, websites, brokers and brick-and-mortar stores. Through its broad range of service offerings and value propositions, Retail is able to attract, retain, and increase the value of its customer relationships. Retail's brands are recognized for exemplary customer service, innovative smart energy and technology product offerings and environmentally friendly solutions.

Included in Retail is the Company's Business Solutions group, which includes demand response, commodity sales, energy efficiency and energy management solutions. An integrated provider of supply and distributed energy resources, Business Solutions focuses on distributed products and services as businesses seek greater reliability, cleaner power or other benefits that they cannot obtain from the grid. These solutions include system power, distributed generation, solar and wind products, carbon management and specialty services, backup generation, storage and distributed solar, demand response and energy efficiency and advisory services. In providing on-site energy solutions, the Company often benefits from its ability to supply energy products from its wholesale generation portfolio to commercial and industrial retail customers. In 2017, Business Solutions delivered approximately 21 TWhs of electricity and managed approximately 1,500 MWs of demand response positions across its portfolio.

Renewables and NRG Yield

As described above, NRG expects to sell its Renewables operating and development platform and its full ownership interest in NRG Yield, Inc. in the second half of 2018. The following description reflects the historical view of these businesses as a part of NRG's business strategy through its announcement of the Transformation Plan in 2017.

Renewables

The Company's renewables business focuses on the acquisition, development and operation and maintenance of utility scale wind and solar, community solar and distributed solar generation assets as well as the management and operations of the renewable generation assets owned by NRG Yield, Inc. In 2017, the Company acquired 209 MW of utility scale solar and wind projects and 82 MW of distributed generation and community solar projects that are currently under development or in operation across three states. The renewables business has in-house expertise that covers the full spectrum of development capabilities to execute on utility, distributed generation, and community solar projects. The asset management and operations and maintenance groups within the renewables business manage a portfolio of wind and solar assets across 27 states, serving as the primary commercial asset manager on the vast majority of assets owned by NRG and NRG Yield, Inc. In addition, the operations and maintenance group self-performs plant operations on 2,689 MW of the consolidated fleet of assets owned by NRG and NRG Yield, Inc. and 224 MW of assets owned by third parties.

The utility wind and solar generation business targets strategic partnerships with utilities, municipalities and large national corporations for offsite wind and solar solutions. The distributed solar business targets partnerships with companies, municipalities, schools and communities to provide on-site and virtual net metering off-site renewable generation. The community solar business targets relationships with companies and municipalities as well as residential homeowners to provide off-site solar generation under community solar regulations and tariffs. In addition to assets in operation, as of December 31, 2017, the Company held a backlog of in-construction, contracted and awarded projects of 1,500 MW, and a pipeline of 5,742 MW across the utility, community solar and distributed solar renewables markets.

The renewables business also competes for new generation opportunities through both RFPs and bilateral solicitations. The renewables business selects markets and projects based on resource relative to the value of the power, while seeking to make use of NRG capabilities in a competitive landscape. The number and type of competitors vary based on location, generation type, project size and counterparty. The renewables business competes with traditional utilities as well as companies that provide products and services in the downstream solar and wind energy value chains.

NRG Yield

NRG Yield, Inc. is a publicly-traded, dividend growth-oriented company that has historically served as the primary vehicle through which NRG owns, operates and acquires diversified contracted renewable and conventional generation and thermal infrastructure assets. As of December 31, 2017, NRG owns a 55.1% voting interest in the outstanding common stock of NRG Yield, Inc. and receives distributions from NRG Yield LLC through its 46.3% ownership of Class B and Class D units. NRG Yield, Inc.'s contracted generation portfolio collectively represents 5,118 net MW as of December 31, 2017. Each of the assets sells most of its output pursuant to long-term, fixed-price offtake agreements with creditworthy counterparties. NRG Yield, Inc. also owns thermal infrastructure assets with an aggregate steam and chilled water capacity of 1,319 net MWt and electric generation capacity of 123 net MW. These thermal infrastructure assets provide steam, hot water and/or chilled water, and in some instances electricity, to commercial businesses, universities, hospitals and governmental units in multiple locations, principally through long-term contracts or pursuant to rates regulated by state utility commissions.

GenOn Chapter 11 Cases

As disclosed in Item 15 - Note 1, *Nature of Business*, to the Consolidated Financial Statements, on June 14, 2017, or the Petition Date, GenOn, along with GenOn Americas Generation and certain of their directly and indirectly-owned subsidiaries, or collectively the GenOn Entities, filed voluntary petitions for relief under Chapter 11, or the Chapter 11 Cases, of the U.S. Bankruptcy Code, or the Bankruptcy Code, in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division, or the Bankruptcy Court. GenOn Mid-Atlantic, as well as its consolidated subsidiaries, REMA and certain other subsidiaries, did not file for relief under Chapter 11.

As a result of the bankruptcy filings and beginning on June 14, 2017, GenOn and its subsidiaries were deconsolidated from NRG's consolidated financial statements. NRG recorded its investment in GenOn under the cost method with an estimated fair value of zero. NRG determined that this disposal of GenOn and its subsidiaries is a discontinued operation; and, accordingly, the financial information for all historical periods has been recast to reflect GenOn as a discontinued operation. In connection with the disposal, NRG recorded a loss on deconsolidation of \$208 million during the quarter ended June 30, 2017, which is included within the total loss from discontinued operations of \$789 million for the year ended December 31, 2017. See Note 3, *Discontinued Operations, Acquisitions and Dispositions*, for more information. In addition, upon GenOn's emergence from bankruptcy, the Company will recognize an estimated \$9.5 billion worthless stock deduction for tax purposes.

On June 29, 2017, the GenOn Entities filed the initial plan of reorganization and the disclosure statement with the Bankruptcy Court consistent with the Restructuring Support Agreement. On September 18, 2017 and October 2, 2017, the GenOn Entities filed amendments to the plan of reorganization and the disclosure statement which primarily provided the GenOn Entities with the flexibility to complete sales of certain assets pursuant to the amended plan of reorganization and removed the GenOn Entities' requirement to conduct a rights offering in connection with the GenOn Entities' exit financing.

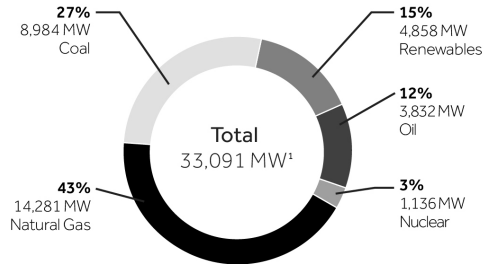
On October 31, 2017, the GenOn Entities announced that they entered into a Consent Agreement with certain holders of GenOn's Senior Notes and GenOn Americas Generation's Senior Notes, collectively, the Consenting Holders, whereby the GenOn Entities and the Consenting Holders agreed to extend the milestones in the Restructuring Support Agreement, by which the plan of reorganization must become effective, or the Effective Date. Specifically, the Consent Agreement extended the Effective Date milestone to June 30, 2018 or September 30, 2018, if regulatory approvals are still pending, or the Extended Effective Dates.

On December 12, 2017, the Bankruptcy Court entered an order confirming the plan of reorganization, and effective December 12, 2017, GenOn and NRG entered into agreements concerning (i) timeline and transition, (ii) cooperation and co-development matters, (iii) post-employment and retiree health and welfare benefits and pension benefits, (iv) tax matters, and (v) intercompany balances, consistent with the Restructuring Support Agreement, which among other things, provide for the transition of GenOn to a standalone enterprise, resolution of substantial intercompany claims between GenOn and NRG, and the allocation of certain costs and liabilities between GenOn and NRG. The principal terms of these agreements are described further in Note 3, *Discontinued Operations, Acquisitions and Dispositions*. On December 12, 2017, the Bankruptcy Court also entered an order giving effect to the Consent Agreement.

NRG Operations

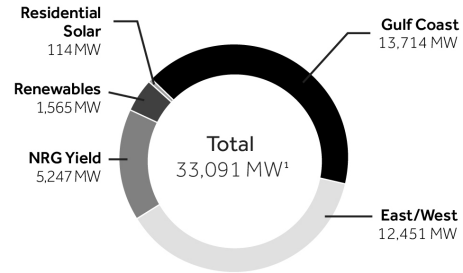
The NRG businesses described above are supported through the NRG operational infrastructure, which begins with the Company's asset fleet and the associated commercial and retail operations. The images below illustrate NRG's U.S. power generation, net capacity and retail capabilities as of December 31, 2017:

Total Generation Capacity by Fuel Type
North America Portfolio

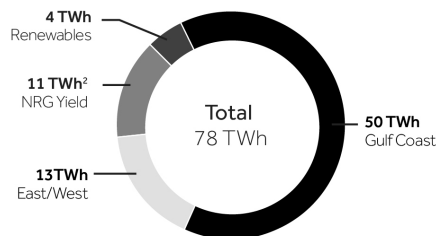


¹ Before non-controlling interest

Total Generation Capacity by Region
North America Portfolio

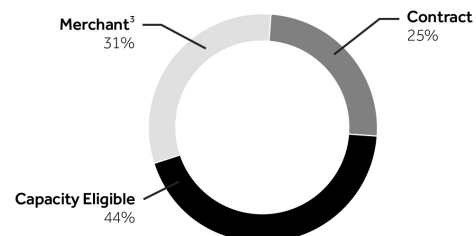


Wholesale Generation
North America Portfolio
2017 TWh Generated



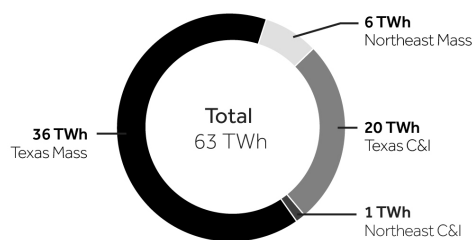
² Includes 2 TWh for NRG Yield's thermal steam and chilled water facilities

Percentage of Generation Capacity by Contract vs Merchant

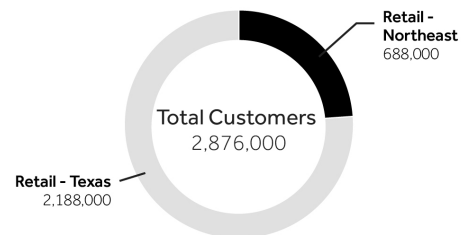


³ Consists entirely of assets in the ERCOT market

Retail Load
2017 TWh Sold



Mass Retail Customers⁴



⁴ Consists of mass recurring customers that subscribe to one or more recurring services

The following table summarizes NRG's global generation portfolio as of December 31, 2017:

Global Generation Portfolio^{(a)(b)}						
(In MW)						
Generation Type	Generation		Renewables^{(d)(k)}	NRG Yield^{(e)(k)}	Other^{(f)(k)}	Total Global
	Gulf Coast^(j)	East/West^(c)				
Natural gas ^(g)	7,464	4,939	—	1,878	—	14,281
Coal	5,114	3,870	—	—	—	8,984
Oil	—	3,642	—	190	—	3,832
Nuclear	1,136	—	—	—	—	1,136
Wind ^(h)	—	—	648	2,206	—	2,854
Utility Scale Solar	—	—	738	921	—	1,659
Distributed Solar	—	—	179	52	114	345
Total generation capacity ⁽ⁱ⁾	13,714	12,451	1,565	5,247	114	33,091
Capacity attributable to noncontrolling interest ⁽ⁱ⁾	—	—	(685)	(2,359)	—	(3,044)
Total net generation capacity	13,714	12,451	880	2,888	114	30,047

(a) All Utility Scale Solar and Distributed Solar facilities are described in MW on an alternating current basis. MW figures provided represent nominal summer net MW capacity of power generated as adjusted for the Company's owned or leased interest excluding capacity from inactive/mothballed units.

(b) GenOn, which represented 16,423 MW of global generation at December 31, 2016, was deconsolidated from NRG for financial reporting purposes on June 14, 2017.

(c) Includes International.

(d) Includes Distributed Solar capacity from assets held by DGPV Holdco 1, DGPV Holdco 2 and DGPV Holdco 3.

(e) Does not include NRG Yield, Inc.'s thermal converted (MWt) capacity, which is part of the NRG Yield operating segment.

(f) The Distributed Solar figure within "Other" includes the aggregate production capacity of installed and activated residential solar energy systems. Also includes capacity from operating portfolios of residential solar assets held by RPV Holdco.

(g) Natural gas generation does not include 51 MW related to the Miramar and El Cajon sites which were part of the San Diego Combustion Turbines and retired on January 1, 2017, 106 MW related to Encina Unit 1 which was deactivated on March 31, 2017 and 371 MWs related to Greens Bayou 5 which was mothballed on May 29, 2017 following ERCOT's termination of the RMR agreement. Greens Bayou 5 was retired in January 2018.

(h) In 2017 and 2018, NRG sold 111 and 10 MWs, respectively, to third parties related to certain Minnesota wind assets.

(i) NRG Yield's total generation capacity includes 6 MWs for noncontrolling interest for Spring Canyon II and III. NRG Yield's total generation capacity net of this noncontrolling interest was 5,241 MWs.

(j) On February 6, 2018, NRG announced the sale of its South Central business, which owns and operates a 3,555 MW portfolio of generation assets in Gulf Coast. NRG will lease back the 1,263 MW Cottonwood facility.

(k) On February 6, 2018, NRG announced the sale of its full ownership in NRG Yield, Inc. and its Renewables operating and development platform, which represents 3,440 MW.

NRG's portfolio diversification and commercial operations hedging strategy provides the Company with reliable future cash flows. NRG has hedged a portion of its coal and nuclear capacity with decreasing hedge levels through 2021. In addition, NRG's capacity revenues not only enhance the reliability of future cash flows but are not correlated to natural gas prices. As of December 31, 2017, the Company had purchased fuel forward under fixed price contracts, with contractually-specified price escalators, for approximately 41% of its expected coal requirement from 2018 to 2021. The Company enters into additional hedges when it believes market conditions are favorable.

The Company also has the advantage of being able to supply its retail businesses with its own generation, which can reduce the need to sell and buy power from other institutions and intermediaries, resulting in lower transaction costs and credit exposures. This combination of generation and retail allows for a reduction in actual and contingent collateral, through offsetting transactions and by reducing the need to hedge the retail power supply through third parties.

The generation and retail combination also provides stability in cash flows, as changes in commodity prices generally have offsetting impacts between the two businesses. The offsetting nature of generation and retail, in relation to changes in market prices, is an integral part of NRG's goal of providing a reliable source of future cash flow for the Company.

When developing new renewable and conventional power generation facilities, NRG typically secures long-term PPAs, which insulate the Company from commodity market volatility and provide future cash flow stability. These PPAs are typically contracted with high credit quality local utilities and typically have durations from 10 years to as much as 25 years.

Commercial Operations Overview

NRG seeks to maximize profitability and manage cash flow volatility through the marketing, trading and sale of energy, capacity and ancillary services into spot, intermediate and long-term markets and through the active management and trading of emissions allowances, fuel supplies and transportation-related services. The Company's principal objectives are the realization of the full market value of its asset base, including the capture of its intrinsic value, the management and mitigation of commodity market risk and the reduction of cash flow volatility over time.

NRG enters into power sales and hedging arrangements via a wide range of products and contracts, including PPAs, fuel supply contracts, capacity auctions, natural gas derivative instruments and other financial instruments. In addition, because changes in power prices in the markets where NRG operates are generally correlated to changes in natural gas prices, NRG uses hedging strategies that may include power and natural gas forward sales contracts to manage the commodity price risk primarily associated with the Company's coal and nuclear generation assets. The objective of these hedging strategies is to stabilize the cash flow generated by NRG's portfolio of assets.

In addition to power sales and hedging arrangements, NRG trades electric power, natural gas and related commodity and financial products, including forwards, futures, options and swaps. The Company seeks to generate profits from volatility in the price of electricity, capacity, fuels and transmission congestion by buying and selling contracts in wholesale markets under guidelines approved by the Company's risk management committee.

Coal and Nuclear Operations

The following table summarizes NRG's U.S. coal and nuclear capacity and the corresponding revenues and average natural gas prices and positions resulting from coal and nuclear hedge agreements extending beyond December 31, 2017, and through 2021 for the Company's Gulf Coast region:

Gulf Coast	2018	2019	2020	2021	Annual Average for 2018-2021
	(Dollars in millions unless otherwise stated)				
Net Coal and Nuclear Capacity (MW) ^(a)	6,250	6,250	6,250	6,250	6,250
Forecasted Coal and Nuclear Capacity (MW) ^(b)	4,558	4,402	4,303	4,114	4,344
Total Coal and Nuclear Sales (GWh) ^(c)	33,394	8,203	7,348	7,977	14,231
Percentage Coal and Nuclear Capacity Sold Forward ^(d)	84%	21%	19%	22%	37%
Total Forward Hedged Revenues ^(e)	\$ 1,399	\$ 422	\$ 399	\$ 429	\$ —
Weighted Average Hedged Price (\$ per MWh) ^(e)	\$ 41.90	\$ 51.47	\$ 54.36	\$ 53.74	\$ —
Average Equivalent Natural Gas Price (\$ per MMBtu) ^(e)	\$ 3.17	\$ 4.47	\$ 4.79	\$ 5.01	\$ —
Gross Margin Sensitivities					
Gas Price Sensitivity Up \$0.50/MMBtu on Coal and Nuclear Units	\$ 5	\$ 134	\$ 136	\$ 138	\$ —
Gas Price Sensitivity Down \$0.50/MMBtu on Coal and Nuclear Units	\$ —	\$ (150)	\$ (148)	\$ (126)	\$ —
Heat Rate Sensitivity Up 1 MMBtu/MWh on Coal and Nuclear Units	\$ 57	\$ 90	\$ 94	\$ 96	\$ —
Heat Rate Sensitivity Down 1 MMBtu/MWh on Coal and Nuclear Units	\$ (38)	\$ (74)	\$ (78)	\$ (79)	\$ —
<p>(a) Net coal and nuclear capacity represents nominal summer net MW capacity of power generated as adjusted for the Company's current ownership position excluding capacity from inactive/mothballed units, see Item 2 - <i>Properties</i> for units scheduled to be deactivated.</p> <p>(b) Forecasted generation dispatch output (MWh) based on forward price curves as of December 31, 2017, which is then divided by number of hours in a given year to arrive at MW capacity. The dispatch takes into account planned and unplanned outage assumptions.</p> <p>(c) Includes amounts under power sales contracts and natural gas hedges. The forward natural gas quantities are reflected in equivalent GWh based on forward market implied heat rate as of December 31, 2017, and then combined with power sales to arrive at equivalent GWh hedged. The coal and nuclear sales include swaps and delta of options sold which is subject to change. For detailed information on the Company's hedging methodology through use of derivative instruments, see discussion in Item 15 - Note 5, <i>Accounting for Derivative Instruments and Hedging Activities</i>, to the Consolidated Financial Statements. Includes inter-segment sales from the Company's wholesale power generation business to the retail business.</p> <p>(d) Percentage hedged is based on total coal and nuclear sales as described in (c) above divided by the forecasted coal and nuclear capacity.</p> <p>(e) Represents U.S. coal and nuclear sales, including energy revenue and demand charges.</p>					

The following table summarizes NRG's U.S. coal capacity and the corresponding revenues and average natural gas prices and positions resulting from coal hedge agreements extending beyond December 31, 2017 and through 2021 for the East/West region:

East/West	2018	2019	2020	2021	Annual Average for 2018-2021
	(Dollars in millions unless otherwise stated)				
Net Coal Capacity (MW) ^(a)	3,267	3,267	3,267	3,267	3,267
Forecasted Coal Capacity (MW) ^(b)	1,579	1,456	1,258	881	1,294
Total Coal Sales (GWh) ^(c)	12,520	1,521	644	46	3,683
Percentage Coal Capacity Sold Forward ^(d)	91%	12%	6%	1%	27%
Total Forward Hedged Revenues ^(e)	\$ 408	\$ 46	\$ 20	\$ 1	\$ —
Weighted Average Hedged Price (\$ per MWh) ^(e)	\$ 32.60	\$ 30.57	\$ 30.68	\$ —	\$ —
Average Equivalent Natural Gas Price (\$ per MMBtu) ^(e)	\$ 2.76	\$ 2.84	\$ 2.73	\$ —	\$ —
Gross Margin Sensitivities					
Gas Price Sensitivity Up \$0.50/MMBtu on Coal Units	\$ 47	\$ 113	\$ 114	\$ 118	\$ —
Gas Price Sensitivity Down \$0.50/MMBtu on Coal Units	\$ (36)	\$ (96)	\$ (91)	\$ (71)	\$ —
Heat Rate Sensitivity Up 1 MMBtu/MWh on Coal Units	\$ 31	\$ 66	\$ 64	\$ 66	\$ —
Heat Rate Sensitivity Down 1 MMBtu/MWh on Coal Units	\$ (23)	\$ (59)	\$ (56)	\$ (49)	\$ —

(a) Net coal capacity represents nominal summer net MW capacity of power generated as adjusted for the Company's current ownership position excluding capacity from inactive/mothballed units, see Item 2 - *Properties* for units scheduled to be deactivated.

(b) Forecasted generation dispatch output (MWh) based on forward price curves as of December 31, 2017, which is then divided by number of hours in a given year to arrive at MW capacity. The dispatch takes into account planned and unplanned outage assumptions.

(c) Includes amounts under power sales contracts and natural gas hedges. The forward natural gas quantities are reflected in equivalent GWh based on forward market implied heat rate as of December 31, 2017, and then combined with power sales to arrive at equivalent GWh hedged. The coal sales include swaps and delta of options sold which is subject to change. For detailed information on the Company's hedging methodology through use of derivative instruments, see discussion in Item 15 - Note 5, *Accounting for Derivative Instruments and Hedging Activities*, to the Consolidated Financial Statements. Includes inter-segment sales from the Company's wholesale power generation business to the retail business.

(d) Percentage hedged is based on total coal sales as described in (c) above divided by the forecasted coal capacity.

(e) Represents U.S. coal sales, including energy revenue and demand charges, excluding revenues derived from capacity auctions.

Capacity and Other Contracted Revenue Sources

NRG's revenues and cash flows benefit from capacity/demand payments and other contracted revenue sources, originating from market clearing capacity prices, Resource Adequacy contracts, tolling arrangements, PPAs and other long-term contractual arrangements:

- *Capacity auctions* — The Company's largest sources of capacity revenues are capacity auctions in PJM, ISO-NE, and NYISO. Both ISO-NE and PJM operate a pay-for-performance model where capacity payments are modified based on real-time performance, where NRG's actual revenues will be the combination of revenues based on the cleared auction MWs plus the net of any over- and under-performance of NRG's fleet. In addition, MISO has an annual auction, known as the Planning Resource Auction, or PRA. The Gulf Coast assets situated in the MISO market may participate in this auction.
- *Resource adequacy and bilateral contracts* — In California, there is a resource adequacy requirement that is primarily satisfied through bilateral contracts. Such bilateral contracts are typically short-term resource adequacy contracts. When bilateral contracting does not satisfy the resource adequacy need, such shortfalls can be addressed through procurement tools administered by the CAISO, including the capacity procurement mechanism or reliability must-run contracts. In addition, NRG earns demand payments from its long-term full-requirements load contracts with nine Louisiana distribution cooperatives, which expire in 2025. Demand payments from the current long-term contracts are tied to summer peak demand and provide a mechanism for recovering a portion of the costs associated with new or changed environmental laws or regulations. In Texas, capacity and contracted revenues are through bilateral contracts with load serving entities.
- *Long-term PPAs* — Output from the majority of renewable energy assets and certain conventional energy plants is sold through long-term PPAs and tolling agreements to a single counterparty, which is often a utility or commercial customer.

Fuel Supply and Transportation

NRG's fuel requirements consist of various forms of fossil fuel (including coal, natural gas and oil) and nuclear fuel. The prices of fossil fuels are highly volatile. The Company obtains its fossil fuels from multiple suppliers and through multiple transporters. Although availability is generally not an issue, localized shortages, transportation availability, delays arising from extreme weather conditions and supplier financial stability issues can and do occur. The preceding factors related to the sources and availability of raw materials are fairly uniform across the Company's businesses and fuel products used.

Coal — The Company believes it is adequately hedged, using forward coal supply agreements, for its domestic coal consumption for 2018. NRG actively manages its coal requirements based on forecasted generation, market volatility and its inventory on site. As of December 31, 2017, NRG had purchased forward contracts to provide fuel for approximately 41% of the Company's expected requirements from 2018 through 2021, including expected coal inventory draw down. NRG purchased approximately 21 million tons of coal in 2017, almost all of which was Powder River Basin coal. For fuel transport, NRG has entered into various rail and barge transportation and rail car lease agreements with varying tenures that provide for most of the Company's transportation requirements of Powder River Basin coal for the next 4 years.

The following table shows the percentage of the Company's coal requirements from 2018 through 2021 that have been purchased forward as of December 31, 2017:

	Percentage of Company's Requirement ^(a)
2018	97%
2019	40%
2020	26%
2021	—%

(a) Includes expected coal inventory draw down.

Natural Gas — NRG operates a fleet of mid-merit and peaking natural gas plants across all its U.S. wholesale regions. Fuel needs are managed on a spot basis, especially for peaking assets, as the Company does not believe it is prudent to forward purchase natural gas for these types of units, the dispatch of which is highly unpredictable. The Company contracts for natural gas storage services as well as natural gas transportation services to deliver natural gas when needed.

Nuclear Fuel — STP's owners satisfy their fuel supply requirements by: (i) acquiring uranium concentrates and contracting for conversion of the uranium concentrates into uranium hexafluoride; (ii) contracting for enrichment of uranium hexafluoride; and (iii) contracting for fabrication of nuclear fuel assemblies. Through its proportionate participation in STPNOC, which is the NRC-licensed operator of STP and responsible for all aspects of fuel procurement, NRG is party to a number of long-term forward purchase contracts with many of the world's largest suppliers covering STP's requirements for uranium concentrates with only approximately 25% of STP's requirements outstanding for the duration of the original operating license. Similarly, NRG is party to long-term contracts to procure STP's requirements for conversion and enrichment services and fuel fabrication for the life of the operating license. Since the operating license was renewed for another 20 years in September 2017, STPNOC has begun to review a second phase of fuel purchasing.

Retail Operations

In 2017, NRG's retail businesses sold electricity to residential, commercial and industrial consumers at either fixed, indexed or variable prices. Residential and smaller commercial consumers typically contract for terms ranging from one month to five years while industrial contracts are often between one year and five years in length. In 2017, NRG's retail businesses sold approximately 63 TWhs of electricity. In any given year, the quantity of TWhs sold can be affected by weather, economic conditions and competition. The wholesale supply is typically purchased as the load is contracted from a combination of NRG's wholesale portfolio and other third parties. The ability to choose supply from the market or the Company's portfolio allows for an optimal combination to support and stabilize retail margins.

Operational Statistics

The following are industry statistics for the Company's fossil and nuclear plants, as defined by the NERC, and are more fully described below:

Annual Equivalent Availability Factor, or EAF — Measures the percentage of maximum generation available over time as the fraction of net maximum generation that could be provided over a defined period of time after all types of outages and deratings, including seasonal deratings, are taken into account.

Net Heat Rate — The net heat rate represents the total amount of fuel in BTU required to generate one net kWh provided.

Net Capacity Factor — The net amount of electricity that a generating unit produces over a period of time divided by the net amount of electricity it could have produced if it had run at full power over that time period. The net amount of electricity produced is the total amount of electricity generated minus the amount of electricity used during generation.

The tables below present these performance metrics for the Company's global power generation portfolio, including leased facilities and those accounted for through equity method investments, for the years ended December 31, 2017 and 2016:

	Year Ended December 31, 2017				
	Net Owned Capacity (MW)	Net Generation (MWh) (In thousands) ^(b)	Fossil and Nuclear Plants		
			Annual Equivalent Availability Factor	Average Net Heat Rate BTU/kWh	Net Capacity Factor
Generation					
Gulf Coast	13,714	49,573	89.5%	10,106	38.9%
East/West	12,451	13,373	85.4	10,757	12.2
Renewables	1,565	3,836	94.7	—	38.2
NRG Yield ^(a)	5,247	10,686	95.5	8,938	21.4

	Year Ended December 31, 2016				
	Net Owned Capacity (MW)	Net Generation (MWh) (In thousands) ^(b)	Fossil and Nuclear Plants		
			Annual Equivalent Availability Factor	Average Net Heat Rate BTU/kWh	Net Capacity Factor
Generation					
Gulf Coast	14,085	47,827	88.2%	10,028	38.6%
East/West	12,519	17,114	78.3	10,258	15.7
Renewables	1,788	3,827	96.9	—	35.3
NRG Yield ^(a)	3,310	11,230	96.6	8,848	22.6

(a) NRG Yield includes thermal generation.

(b) Net generation excludes equity method investments.

The generation performance by region for the three years ended December 31, 2017, 2016 and 2015, is shown below:

	Net Generation		
	2017	2016	2015
(In thousands of MWh)			
Generation			
Gulf Coast			
Coal	28,622	25,197	29,301
Gas	11,442	13,071	16,288
Nuclear ^(a)	9,509	9,559	8,573
Total Gulf Coast	<u>49,573</u>	<u>47,827</u>	<u>54,162</u>
East/West			
Coal	8,407	11,096	19,155
Oil	319	318	567
Gas	4,647	5,700	4,909
Total East/West	<u>13,373</u>	<u>17,114</u>	<u>24,631</u>
Renewables			
Solar	1,740	1,634	1,027
Wind	2,096	2,193	2,281
Total Renewables	<u>3,836</u>	<u>3,827</u>	<u>3,308</u>
NRG Yield			
Solar	1,248	1,281	1,332
Wind	5,597	6,010	4,479
Gas and Dual-Fuel ^(b)	3,841	3,939	4,731
Total NRG Yield	<u>10,686</u>	<u>11,230</u>	<u>10,542</u>

(a) MWh information reflects the Company's undivided interest in total MWh generated by STP.

(b) Gas and Dual-Fuel includes thermal heating and chilled water generation as well as assets contracted under tolling agreements.

Segment Review

The Company's segment structure reflects how management currently makes financial decisions and allocates resources. Effective January 2017, the Company's businesses are segregated as follows: Generation, which includes generation, international and BETM; Retail which includes Mass customers and Business Solutions, which includes C&I customers and other distributed and reliability products; Renewables, which includes solar and wind assets, excluding those in NRG Yield; NRG Yield; and corporate activities. Intersegment sales are accounted for at market. The Company has recast data from prior periods to reflect changes in reportable segments to conform to the current year presentation.

During 2017, NRG Yield acquired several projects totaling 555 MW for cash consideration of approximately \$245 million from NRG. These acquisitions were accounted for as transfers of entities under common control and accordingly, all historical periods have been recast to reflect this change.

On June 14, 2017, NRG deconsolidated GenOn for financial reporting purposes. The financial information for all historical periods have been recast to present GenOn as discontinued operations within the corporate segment.

Revenues

The following table contains a summary of NRG's operating revenues by segment for the years ended December 31, 2017, 2016 and 2015, as discussed in Item 15 — Note 18, *Segment Reporting*, to the consolidated financial statements. Refer to that footnote for additional financial information about NRG's business segments including a profit measure and total assets. In addition, refer to Item 2 — *Properties*, to the consolidated financial statements for information about facilities in each of NRG's business segments.

	Year Ended December 31, 2017						
	Energy Revenues	Capacity Revenues	Retail Revenues	Mark-to-Market Activities	Contract Amortization	Other Revenues ^(a)	Total Operating Revenues ^(b)
	(In millions)						
Generation	\$ 2,636	\$ 851	\$ —	\$ 37	\$ 14	\$ 235	\$ 3,773
Retail	—	—	6,385	(4)	(1)	—	6,380
Renewables	359	—	—	(12)	—	77	424
NRG Yield	554	346	—	—	(69)	178	1,009
Corporate and Eliminations ^(b)	(1,088)	(11)	3	218	—	(79)	(957)
Total	<u>\$ 2,461</u>	<u>\$ 1,186</u>	<u>\$ 6,388</u>	<u>\$ 239</u>	<u>\$ (56)</u>	<u>\$ 411</u>	<u>\$ 10,629</u>

(a) Primarily consists of revenues generated by the Thermal business (NRG Yield segment), operation and maintenance revenues and unrealized trading activities, primarily at BETM (Generation segment).

(b) Energy revenues include inter-segment sales primarily between Generation and Retail.

	Year Ended December 31, 2016						
	Energy Revenues	Capacity Revenues	Retail Revenues	Mark-to-Market Activities	Contract Amortization	Other Revenues ^(c)	Total Operating Revenues ^(d)
	(In millions)						
Generation	\$ 3,171	\$ 891	\$ —	\$ (566)	\$ 15	\$ 322	\$ 3,833
Retail	—	—	6,336	—	(1)	—	6,335
Renewables	369	—	—	(6)	(1)	44	406
NRG Yield	582	345	—	—	(69)	177	1,035
Corporate and Eliminations ^(d)	(991)	(11)	21	(70)	—	(46)	(1,097)
Total	<u>\$ 3,131</u>	<u>\$ 1,225</u>	<u>\$ 6,357</u>	<u>\$ (642)</u>	<u>\$ (56)</u>	<u>\$ 497</u>	<u>\$ 10,512</u>

(c) Primarily consists of revenues generated by the Thermal business (NRG Yield segment), operation and maintenance revenues and unrealized trading activities, primarily at BETM (Generation segment).

(d) Energy revenues include inter-segment sales primarily between Generation and Retail.

Year Ended December 31, 2015

	Energy Revenues	Capacity Revenues	Retail Revenues ^(f)	Mark-to- Market Activities	Contract Amortization	Other Revenues ^(e)	Total Operating Revenues ^(f)
(In millions)							
Generation	\$ 4,072	\$ 1,027	\$ —	\$ (142)	\$ 15	\$ 207	\$ 5,179
Retail	—	—	6,910	4	(1)	—	6,913
Renewables	356	—	—	(3)	—	30	383
NRG Yield	495	341	—	(2)	(54)	188	968
Corporate and Eliminations ^(f)	(1,056)	(7)	(43)	9	—	(18)	(1,115)
Total	<u>\$ 3,867</u>	<u>\$ 1,361</u>	<u>\$ 6,867</u>	<u>\$ (134)</u>	<u>\$ (40)</u>	<u>\$ 407</u>	<u>\$ 12,328</u>

(e) Primarily consists of revenues generated by the Thermal business (NRG Yield segment), operation and maintenance revenues and unrealized trading activities, primarily at BETM (Generation segment).

(f) Energy revenues include inter-segment sales primarily between Generation and Retail.

Seasonality and Price Volatility

Annual and quarterly operating results of the Company's wholesale power generation segments can be significantly affected by weather, including wind resource availability, and energy commodity price volatility. Significant other events, such as the demand for natural gas, interruptions in fuel supply infrastructure and relative levels of hydroelectric capacity can increase seasonal fuel and power price volatility. The preceding factors related to seasonality and price volatility are fairly uniform across the Company's wholesale generation business segments.

The sale of electric power to retail customers is also a seasonal business with the demand for power generally peaking during the summer months. As a result, net working capital requirements for the Company's retail operations generally increase during summer months along with the higher revenues, and then decline during off-peak months. Weather may impact operating results and extreme weather conditions could materially affect results of operations. The rates charged to retail customers may be impacted by fluctuations in total power prices and market dynamics like the price of natural gas, transmission constraints, competitor actions, and changes in market heat rates.

Market Framework

Organized Energy Markets in CAISO, ERCOT, ISO-NE, MISO, NYISO and PJM

The majority of NRG's fleet operates in one of the organized energy markets, known as RTOs or ISOs. Each organized market administers day-ahead and real-time centralized bid-based energy and ancillary services markets pursuant to tariffs approved by FERC, or in the case of ERCOT, market rules approved by the PUCT. These tariffs and rules dictate how the energy markets operate, how market participants make bilateral sales with one another, and how entities with market-based rates are compensated. Established prices reflect the value of energy at the specific location and time it is delivered, which is known as the Locational Marginal Price, or LMP. Each market is subject to market mitigation measures designed to limit the exercise of locational market power. These market structures facilitate NRG's sale of power and capacity products at market-based rates.

Other than ERCOT, each of the ISO regions also operates a capacity or resource adequacy market that provides an opportunity for generating and demand response resources to earn revenues to offset their fixed costs that are not recovered in the energy and ancillary services markets. The ISOs are also responsible for transmission planning and operations.

Gulf Coast

NRG's Gulf Coast wholesale power generation business is located in the ERCOT and MISO markets. The ERCOT market is one of the nation's largest and historically fastest growing power markets. ERCOT is an energy only market, and has implemented market rule changes to provide pricing more reflective of higher energy value when operating reserves are scarce or constrained. NRG also operates generation assets that are located within MISO, participating in the MISO day-ahead and real-time energy and ancillary services markets. Additionally, MISO employs a one-year forward resource adequacy construct, in which capacity resources can compete for fixed cost recovery in the capacity auction. NRG continues to provide full requirements service to LSEs, including cooperatives and municipalities in the MISO region.

East/West

NRG's generation and demand response assets located in the East region of the U.S. are within the control areas of ISO-NE, NYISO and PJM. Each of the market regions in the East region provides for robust competition in the day-ahead and real-time energy and ancillary services markets. Additionally, the East region receives a significant portion of its revenues from capacity markets in ISO-NE, NYISO and PJM. PJM and ISO-NE use a three-year forward capacity auction, while NYISO uses a month-ahead capacity auction. Capacity market prices are sensitive to design parameters, as well as additions of new capacity. Both ISO-NE and PJM operate a pay-for-performance model where capacity payments are modified based on real-time generator performance. In such markets, NRG's actual revenues will be the combination of cleared auction prices times the quantity of MWs cleared, plus the net of any over-performance "bonus payments" and any under-performance charges. In both markets, bidding rules allow for the incorporation of a risk premium into generator bids.

In the West region, NRG operates a fleet of natural gas fired facilities located entirely within the CAISO footprint. The CAISO operates day-ahead and real-time locational markets for energy and ancillary services, while managing congestion primarily through nodal prices. The CAISO system facilitates NRG's sale of power, ancillary services and capacity products at market-based rates, either within the CAISO's centralized energy and ancillary service markets or bilaterally pursuant to tolling arrangements or other capacity sales with California's LSEs. The CPUC also determines capacity requirements for LSEs and for specified local areas utilizing inputs from the CAISO. Both the CAISO and CPUC rules require LSEs to contract with sufficient generation resources in order to maintain minimum levels of generation within defined local areas. Additionally, the CAISO has independent authority to contract with needed resources under certain circumstances, typically either when LSEs have failed to procure sufficient resources, or system conditions change unexpectedly.

Renewables

NRG operates a fleet of utility scale and distributed renewable generating assets across the U.S. Many states have implemented their own renewable portfolio standards requiring LSEs to provide a given percentage of their energy sales from renewable resources. As a result, a number of LSEs have entered into long-term PPAs with NRG's utility scale renewable generating facilities. There are examples of states increasing their RPS from initially stated levels, such as California's 50% RPS by 2030 and Hawaii's goal of achieving 100% renewables by 2045. In addition, given the cost competitiveness of renewables, LSEs are procuring renewables in excess of their RPS obligations. In December 2015, the U.S. Congress extended the 30% solar ITC so that projects which begin construction in 2016 through 2019 will continue to qualify for the 30% ITC. Projects beginning construction in 2020 and 2021 will be eligible for the ITC at the rates of 26% and 22%, respectively. The same legislation also extended the 10-year wind PTC for wind projects which begin construction in years 2016 through 2019. Wind projects which begin construction in the years 2017, 2018 and 2019 are eligible for PTC at 80%, 60% and 40% of the statutory rate per kWh, respectively.

Retail

NRG's retail businesses sell energy and related services as well as portable power and battery solutions to customers across the country. In most of the states that have introduced retail competition, NRG's retail businesses competitively offer retail power, natural gas, portable power or other value-enhancing services to end-use customers. Each retail choice state establishes its own retail competition laws and regulations, and the specific operational, licensing, and compliance requirements vary on a state-by-state basis. In the East markets, incumbent utilities currently provide default service and as a result typically serve a majority of residential customers. In Texas, NRG's retail business activities are subject to standards and regulations adopted by the PUCT and ERCOT, including the requirement for retailers to be certified by the PUCT in order to contract with end-users to sell electricity. A majority of the retail load is in the ERCOT market region and is served by competitive retail suppliers, except certain areas that are served by municipal utilities and electric cooperatives that have not opted into competitive choice. Regulated terms and conditions of default service, as well as any movement to replace default service with competitive services, as is done in ERCOT, can affect customer participation in retail competition. The attractiveness of NRG's retail offerings in each state may be impacted by the rules, regulations, market structure and communication requirements from public utility commissions across the country.

Regulatory Matters

As owners of power plants and participants in wholesale and retail energy markets, certain NRG entities are subject to regulation by various federal and state government agencies. These include the CFTC, FERC, NRC and the PUCT, as well as other public utility commissions in certain states where NRG's generating, thermal, or distributed generation assets are located. In addition, NRG is subject to the market rules, procedures and protocols of the various ISO and RTO markets in which it participates. Likewise, certain NRG entities participating in the retail markets are subject to rules and regulations established by the states in which NRG entities are licensed to sell at retail. NRG must also comply with the mandatory reliability requirements imposed by NERC and the regional reliability entities in the regions where NRG operates.

NRG's operations within the ERCOT footprint are not subject to rate regulation by FERC, as they are deemed to operate solely within the ERCOT market and not in interstate commerce. These operations are subject to regulation by the PUCT, as well as to regulation by the NRC with respect to NRG's ownership interest in STP.

Federal Energy Regulation

FERC

FERC regulates the transmission and the wholesale sale by public utilities of electricity in interstate commerce under the authority of the FPA. Under existing regulations, FERC determines whether an entity owning a generation facility is an EWG as defined in the PUHCA. FERC also determines whether a generation facility meets the ownership and technical criteria of a QF under PURPA. The transmission of electric energy occurring wholly within ERCOT is not subject to FERC's rate jurisdiction under Sections 203 or 205 of the FPA. Each of NRG's non-ERCOT U.S. generating facilities either qualifies as a QF, or the subsidiary owning the facility qualifies as an EWG.

Public utilities are required to obtain FERC's acceptance, pursuant to Section 205 of the FPA, of their rate schedules for the wholesale sale of electricity. Generally all of NRG's non-QF generating and power marketing entities located outside of ERCOT make sales of electricity pursuant to market-based rates, as opposed to traditional cost-of-service regulated rates.

Derivatives Regulatory Reforms

In the U.S., the CFTC regulates the trading of swaps, futures and many commodities under the Commodity Exchange Act, or CEA. In recent years, there have been a number of reforms to the regulation of the derivatives markets, both in the U.S. and internationally. These regulations, and any further changes thereto, or adoption of additional regulations, including any regulations relating to position limits on futures and other derivatives or margin for derivatives, could negatively impact NRG's ability to hedge its portfolio in an efficient, cost-effective manner by, among other things, potentially decreasing liquidity in the forward commodity and derivatives markets or limiting NRG's ability to utilize non-cash collateral for derivatives transactions.

Department of Energy's Proposed Grid Resiliency Pricing Rule — On September 29, 2017, the Department of Energy issued a proposed rulemaking titled the "Grid Resiliency Pricing Rule." The rulemaking proposed that FERC take action to reform the ISO/RTO markets to value certain reliability and resiliency attributes of electric generation resources. On October 23, 2017, NRG filed comments encouraging FERC to act expeditiously to modernize energy and capacity markets in a manner compatible with robust competitive markets. On January 8, 2018, FERC terminated the proposed rulemaking and opened a new rulemaking asking each ISO/RTO to address specific questions focused on grid resilience.

State Energy Regulation

In Texas, NRG's operations within the ERCOT footprint are not subject to rate regulation by FERC, because they operate solely within the ERCOT market. These operations are subject to regulation by the PUCT, as well as to regulation by the NRC with respect to NRG's ownership interest in STP.

In New York, NRG's generation subsidiaries are electric corporations subject to "lightened" regulation by the NYSPSC. As such, the NYSPSC exercises its jurisdictional authority over certain non-rate aspects of the facilities, including safety, retirements, and the issuance of debt secured by recourse to NRG's generation assets located in New York.

In California, NRG's generation subsidiaries are subject to regulation by the CPUC with regard to certain non-rate aspects of the facilities, including health and safety, outage reporting and other aspects of the facilities' operations. Additionally, the competitiveness of many of NRG's businesses depends on state competition and other policies.

State Out-Of-Market Subsidy Proposals — Certain states in the areas of the country in which NRG operates, including New Jersey, Ohio and Pennsylvania have considered but have not enacted proposals to provide out-of-market subsidy payments to potentially uneconomic nuclear and fossil generating units. NRG has opposed efforts to provide out-of-market subsidies, and intends to continue opposing them in the future.

Nuclear Operations

NRG South Texas LP owns 44% of a joint undivided interest in STP. The other owners of STP are the City of Austin, Texas (16%) and the City Public Service Board of San Antonio (40%). STP Nuclear Operating Company, or STPNOC, was founded by the then-owners in 1997 to operate the plant and it is the operator, licensee and holder of the Facility Operating Licenses NPF-76 and NPF-80. STPNOC is a nonstock, nonprofit, nonmember corporation. Each owner of STP appoints a board member (and the three directors then choose a fourth director who also serves as the chief executive officer of STPNOC). A participation agreement establishes an owners' committee with voting interests consistent with ownership interests.

As a holder of an ownership interest in STP, NRG South Texas LP is an NRC licensee and is subject to NRC regulation. The NRC license gives the Company the right only to possess an interest in STP but not to operate it. As a possession-only licensee, *i.e.*, non-operating co-owner, the NRC's regulation of NRG South Texas LP is primarily focused on the Company's ability to meet its financial and decommissioning funding assurance obligations. In connection with the NRC license, the Company and its subsidiaries have a support agreement to provide up to \$120 million to support operations at STP.

Decommissioning Trusts — Upon expiration of the operating licenses for the two generating units at STP, recently extended until 2047 and 2048, respectively, the co-owners of STP are required under federal law to decontaminate and decommission the STP facility. Under NRC regulations, a power reactor licensee generally must pre-fund the full amount of its estimated NRC decommissioning obligations unless it is a rate-regulated utility, or a state or municipal entity that sets its own rates, or has the benefit of a state-mandated non-bypassable charge available to periodically fund the decommissioning trust such that the trust, plus allowable earnings, will equal the estimated decommissioning obligations by the time the decommissioning is expected to begin.

NRG South Texas LP, through its 44% ownership interest, is the beneficiary of decommissioning trusts that have been established to provide funding for decontamination and decommissioning of STP. CenterPoint and AEP collect, through rates or other authorized charges to their electric utility customers, amounts designated for funding NRG South Texas LP's portion of the decommissioning of the facility. See also Item 15 — Note 6, *Nuclear Decommissioning Trust Fund*, to the Consolidated Financial Statements for additional discussion.

If the funds from the trusts are ultimately determined to be inadequate to decommission the STP facilities, the original owners of the Company's STP interests, CenterPoint and AEP, each will be required to collect, through their PUCT-authorized non-bypassable rates or other charges to customers, additional amounts required to fund NRG South Texas LP's obligations relating to the decommissioning of the facility. Following the completion of the decommissioning, if surplus funds remain in the decommissioning trusts, those excesses will be refunded to the respective rate payers of CenterPoint or AEP, or their successors.

Regional Regulatory Developments

NRG is affected by rule/tariff changes that occur in the ISO regions. For further discussion on regulatory developments see Item 15 — Note 23, *Regulatory Matters*, to the Consolidated Financial Statements.

Gulf Coast

MISO

Revisions to MISO Capacity Construct — On February 28, 2018, FERC issued two orders on MISO's capacity market design, which together, re-affirm MISO's existing capacity market structure. FERC also held that, even though there was a period of time between where MISO's capacity market structure may not have just and reasonable, that FERC exercised its remedial authority not to rerun past auctions. The Company has 30 days to seek an administrative rehearing with FERC. The eventual outcome of this proceeding will affect capacity prices in MISO and the incentive for generators in MISO to sell capacity into neighboring markets.

East/West

FERC's Fast-Start Pricing Dockets — On December 28, 2017, notices were published regarding FERC's initiation of FPA section 206 proceedings for the NYISO, PJM, and SPP to investigate these ISO pricing practices for fast-start generating resources. FERC found that the practices of each ISO regarding the pricing of fast-start resources may be unjust and unreasonable because the practices do not allow prices to reflect the marginal cost of serving load. FERC also terminated its generic rulemaking into these issues. The proceeding is ongoing. The outcome of this proceeding could affect price formation in the respective energy markets.

PJM

Minimum Offer Price Rule Exemption Appeal — On July 7, 2017, the D.C. Circuit vacated a FERC order from 2013 related to an exemption to the Minimum Offer Price Rule, or MOPR, and remanded the issue back to FERC. On October 23, 2017, PJM re-filed its initial 2012 MOPR. On December 8, 2017, FERC rejected PJM's filing and directed PJM to submit a compliance filing reinstating the MOPR in effect prior to PJM's December 2012 filing. PJM submitted a compliance filing modifying certain PJM tariff sections, retaining the unit-specific exception, which FERC has accepted.

Generators' Complaint on Existing Generation MOPR — On January 9, 2017, NRG, its trade association and other generators filed a joint amendment to the pending complaint seeking to apply the MOPR in the capacity market to existing resources that receive out-of-market subsidies. This filing amends the March 21, 2016 complaint filed by NRG and other companies related to ratepayer-funded subsidies approved by the PUCO. The national trade association sought expedited treatment to implement countermeasures to protect consumers and wholesale power markets from the negative effects of out-of-market subsidies, like the Zero Emission Credit. The complaint is pending at FERC.

2020/2021 PJM Auction Results — On May 23, 2017, PJM announced the results of its 2020/2021 Base Residual Auction. NRG cleared approximately 3,992 MW of Capacity Performance product. NRG's expected capacity revenues from the Base Residual Auction for the 2020/2021 delivery year are approximately \$268 million.

The table below provides a detailed description of NRG's 2020/2021 base residual auction results from May 23, 2017:

Zone	Capacity Performance Product	
	Cleared Capacity (MW) ^(a)	Price (\$/MW-day)
COMED	3,315	\$ 188.12
EMAAC	519	\$ 187.87
MAAC	158	\$ 86.04
Total	3,992	

(a) Includes imports. Does not include capacity sold by NRG Curtailment Solutions.

PJM Seasonal Capacity Proceeding — On November 17, 2016, PJM proposed to allow winter- and summer-peaking capacity resources to “aggregate” their seasonal capacity into an annual capacity product eligible to participate as Capacity Performance resources. NRG filed comments specifically supporting PJM's proposal to modify the aggregation rules to allow seasonal capacity resources to aggregate across LDAs and to allow aggregations through RPM auctions. On January 23, 2017, PJM amended its proposal to address questions from FERC. On March 21, 2017, FERC issued a decision accepting PJM's seasonal capacity aggregation filing pursuant to FERC staff's delegated authority, since FERC did not have a quorum at the time. On February 23, 2018, FERC re-affirmed its prior order. Rehearings are pending at FERC. The outcome of this proceeding could have a material impact on future PJM capacity prices.

Complaints Related to Extension of Base Capacity — In 2015, FERC approved changes to PJM's capacity market, which included moving from the Base Capacity product to the higher performance Capacity Performance product over the course of a five year transition. Under this transition, as of the May 2017 BRA, the Base Capacity product will no longer be available. Several parties have filed complaints at FERC seeking to maintain the RPM Base Capacity product for at least one more delivery year or until such time as PJM develops a model for seasonal resources to participate. If the transition is delayed, capacity prices could be materially impacted. The matters are pending at FERC.

Complaints Regarding Pseudo-Ties for Capacity — On April 6, 2017, Potomac Economics, the market monitor for MISO and NYISO, filed a complaint against PJM regarding the participation of external capacity resources in PJM’s auction. Currently, external resources must enter into a pseudo-tie agreement in order to sell capacity into PJM. The complaint alleges that the pseudo-tie requirement is causing market inefficiencies in PJM, New York and MISO and suggests a new protocol for incorporating external resources into PJM’s markets. In addition, other market participants have filed separate complaints at FERC against MISO or PJM, respectively, for issues resulting from pseudo-tied generators. The complainants argue that the generation owners with pseudo-ties from MISO to PJM are receiving double-charges for congestion. The outcome could impact the PJM, NYISO and MISO capacity markets.

Midwest Generation Reactive Power Compensation — On June 21, 2016, FERC issued an order directing Midwest Generation to make a compliance filing setting forth refunds for payments received in violation of its 2004 reactive power settlement or to show cause why it has not violated the settlement. FERC also ordered Midwest Generation to revise its tariff to reflect the costs of units continuing to provide reactive power or show cause why it should not be required to do so. FERC also referred this matter to FERC’s Office of Enforcement. On June 30, 2016, Midwest Generation filed a revised tariff, and on July 22, 2016, Midwest Generation made a compliance filing as ordered by FERC. On October 13, 2016, FERC found that Midwest Generation should only be liable for refunds that accrued after bankruptcy on April 1, 2014 through June 30, 2016. On November 16, 2017, Midwest Generation filed its Offer of Settlement, which was approved by FERC on February 22, 2018. In addition, FERC’s Office of Enforcement has closed the investigation into Midwest Generation without further action.

New England

Competitive Auctions with Sponsored Resources Proposal (CASPR) — On January 8, 2018, ISO-NE filed the CASPR proposal which attempts to accommodate state sponsored resources while maintaining competitive market pricing. On January 29, 2018, NRG protested certain aspects of the proposal and also supported ISO-NE’s beginning attempts to address state sponsored resources entering the capacity market. The outcome of this proceeding will potentially affect future capacity market prices.

Renewable Technology Resource (RTR) Exemption — In 2014, FERC approved a package of revisions that included a renewables exemption called the RTR Exemption. After FERC denied rehearing, the case was appealed to the D.C. Circuit. After a voluntary remand motion, the Court remanded the case back to FERC. In 2016, FERC issued an order reaffirming its decision. In 2017, a group of generators, including NRG, filed a petition for review with the D.C. Circuit. Briefing is complete. Oral argument is scheduled for April 13, 2018.

Challenge to ISO-NE’s Capacity Carry Forward Rule — On February 2, 2018, the D.C. Circuit remanded a FERC order regarding how generators that previously received a seven-year “price lock” should be priced in future auctions, known as the Capacity Carry Forward Rule. The price-lock mechanism permits qualified new resources that clear the auction to receive their first-year clearing price for seven years. Because the underlying orders focused on the implementation of the Capacity Carry Forward Rule, this remand does not implicate the validity of the underlying price-lock. Because several auctions have been held under the existing rules, any subsequent order from FERC could affect future capacity prices in New England, as well as affect the price that non-price locked resources could receive from prior capacity auction.

2021/2022 ISO-NE Auction Results — On February 6, 2018, ISO-NE announced the results of its 2021/2022 forward capacity auction. NRG cleared 1,529 MW at \$4.631 kW-month providing expected annualized capacity revenues of \$85 million. The 333 MWs at Canal Unit 3, which previously cleared the tenth forward capacity auction with a seven year price lock at a price of \$7.03 kW-month for the 2021/2022 deliverability year, are excluded from these results.

Massachusetts GHG Regulations — On September 11, 2017, multiple generators, including GenOn Energy, Inc. and the New England Power Generators Association, or NEPGA, filed complaints regarding the Massachusetts GHG regulations with the Superior Court in Massachusetts. The complaint alleges that the final regulation does not demonstrate a lowering of emissions and that the regulation violates the state’s Global Warming Solutions Act law. On January 30, 2018, the Massachusetts Supreme Judicial Court transferred the superior court cases to the Supreme Judicial Court for Suffolk County. At the same time, the Court stayed two pending appeals of siting certificates, one of which is the certificate of NRG’s Canal 3 development. The outcome of the matter may affect generators’ abilities to run their plants without violating environmental regulations.

Northern Pass Siting Application — On February 1, 2018, the New Hampshire Site Evaluation Committee denied the application for Northern Pass to cross the state with a 160-mile transmission line from Quebec into southern New Hampshire. The Northern Pass transmission line project had previously been awarded a contract by the State of Massachusetts, which is now in doubt. The addition of 1,000 MW of additional Canadian hydropower associated with Northern Pass would have affected energy and capacity prices.

Peak Energy Rent Adjustment Complaint — On September 30, 2016, the New England Power Generators Association, or NEPGA, filed a complaint against ISO-NE asking FERC to find the Peak Energy Rent, or PER, unjust and unreasonable. The PER adjustment reduces capacity payments on days where energy prices exceed a pre-defined level, known as the "PER strike price." On January 9, 2017, FERC granted NEPGA's complaint requiring a change to the methodology used to calculate the PER strike price. FERC also directed the parties to determine any refunds for PER paid between September 30, 2016 and May 31, 2018. On July 26, 2017, NEPGA filed settlement documents at FERC, which NRG supported. On February 20, 2018, FERC accepted the settlement and directed ISO-NE to submit a compliance filing setting out the PER calculation.

New York

Independent Power Producers of New York (IPPNY) Complaint — On January 9, 2017, EPSA requested FERC to promptly direct the NYISO to file tariff provisions to address pending market concerns related to out-of-market payments to existing generation in the NYISO. This request was prompted by the ZEC program initiated by the NYSPSC. This request follows IPPNY's complaint at FERC against the NYISO on May 10, 2013, as amended on March 25, 2014. The generators asked FERC to direct the NYISO to require that capacity from existing generation resources that would have exited the market but for out-of-market payments be mitigated. Failure to implement buyer-side mitigation measures could result in uneconomic entry, which artificially decreases capacity prices below competitive market levels.

New York Public Service Commission Retail Energy Market Proceedings — On February 23, 2016, the NYSPSC issued what it refers to as its "Retail Reset" order, or Reset Order, in docket 12-M-0476 et al. Among other things, the Reset Order placed a price cap on energy supply offers and required many retail providers to seek affirmative consent from certain retail customers. Various parties have challenged the NYSPSC's ability to regulate rates charged by competitive suppliers in New York state court. In conjunction with the court challenges, the NYSPSC noticed both an evidentiary and a collaborative track to address the functioning of the competitive retail markets. An administrative hearing commenced on November 29, 2017 as part of the evidentiary track, which is ongoing. The outcome of the evidentiary and collaborative processes, combined with the outcome of the appeal of the Reset Order, could affect the viability of the New York retail energy market.

CAISO

Puente Power Project — On October 5, 2017, the California Energy Commission, or CEC, the agency responsible for permitting the Puente Power Project, issued a statement on behalf of the committee of two Commissioners overseeing the permitting process stating their intention to issue a proposed decision that would deny a permit for the Puente Power Project. On October 16, 2017, NRG filed a motion to suspend the permitting proceeding for at least six months, which was granted on November 3, 2017. During the six month suspension period, which could be extended, NRG will evaluate the progress of a procurement process initiated by SCE to replace the Puente Power Project.

Environmental Matters

NRG is subject to numerous environmental laws in the development, construction, ownership and operation of projects. These laws generally require that governmental permits and approvals be obtained before construction and during operation of power plants. Federal and state environmental laws historically have become more stringent over time. Future laws may require the addition of emissions controls or other environmental controls or impose restrictions on our operations, which could affect the Company's operations. Complying with environmental laws often involves significant capital and operating expenses, as well as occasionally curtailing operations. NRG decides to invest capital for environmental controls based on the relative certainty of the requirements, an evaluation of compliance options, and the expected economic returns on capital.

A number of regulations that may affect the Company are under review by the EPA, including ESPS for GHGs, ash disposal requirements, NAAQS revisions and implementation and effluent limitation guidelines. NRG will evaluate the impact of these regulations as they are revised but cannot fully predict the impact of each until anticipated legal challenges are resolved.

Air

The CAA and the resulting regulations (as well as similar state and local requirements) have the potential to affect air emissions, operating practices and pollution control equipment required at power plants. Under the CAA, the EPA sets NAAQS for certain pollutants including SO₂, ozone, and PM_{2.5}. Many of the Company's facilities are located in or near areas that are classified by the EPA as not achieving certain NAAQS (non-attainment areas). The relevant NAAQS have become more stringent. The Company maintains a comprehensive compliance strategy to address continuing and new requirements. Complying with increasingly stringent air regulations could require the installation of additional emissions control equipment at some NRG facilities or retiring of units if installing such controls is not economic. Significant changes to air regulatory programs affecting the Company are described below.

Ozone NAAQS — On October 26, 2015, the EPA promulgated a rule that reduces the ozone NAAQS to 0.070 ppm. Challenges to this rule have been stayed at the request of the EPA so that it can evaluate the rule. If the rule is not altered by the EPA and survives legal challenges, this more stringent NAAQS will obligate the states to develop plans to reduce NO_x (an ozone precursor), which could affect some of the Company's units.

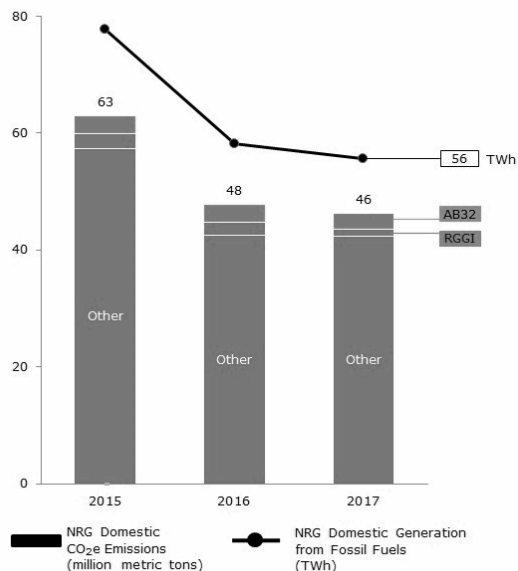
Cross-State Air Pollution Rule — The EPA finalized CSAPR in 2011, which was intended to replace CAIR in January 2012, to address certain states' obligations to reduce emissions so that downwind states can achieve federal air quality standards. In December 2011, the D.C. Circuit stayed the implementation of CSAPR and then vacated CSAPR in August 2012 but kept CAIR in place until the EPA could replace it. In April 2014, the U.S. Supreme Court reversed and remanded the D.C. Circuit's decision. In October 2014, the D.C. Circuit lifted the stay of CSAPR. In response, the EPA in November 2014 amended the CSAPR compliance dates. Accordingly, CSAPR replaced CAIR on January 1, 2015. On July 28, 2015, the D.C. Circuit held that the EPA had exceeded its authority by requiring certain reductions that were not necessary for downwind states to achieve federal standards. Although the D.C. Circuit kept the rule in place, the court ordered the EPA to revise the Phase 2 (or 2017) (i) SO₂ budgets for four states including Texas and (ii) ozone-season NO_x budgets for 11 states including Maryland, New Jersey, New York, Ohio, Pennsylvania and Texas. On October 26, 2016, the EPA finalized the CSAPR Update Rule, which reduces future NO_x allocations and discounts the current banked allowances to account for the more stringent 2008 Ozone NAAQS and to address the D.C. Circuit's July 2015 decision. This rule has been challenged in the D.C. Circuit. The Company believes its investment in pollution controls and cleaner technologies leave the fleet well-positioned for compliance.

MATS — In 2012, the EPA promulgated standards (the MATS rule) to control emissions of HAPs from coal and oil-fired electric generating units. The rule established limits for mercury, non-mercury metals, certain organics and acid gases, which had to be met beginning in April 2015 (with some units getting a 1-year extension). In June 2015, the U.S. Supreme Court issued a decision in the case of *Michigan v. EPA*, and held that the EPA unreasonably refused to consider costs when it determined that it was "appropriate and necessary" to regulate HAPs emitted by electric generating units. The U.S. Supreme Court did not vacate the MATS rule but rather remanded it to the D.C. Circuit for further proceedings. In December 2015, the D.C. Circuit remanded the MATS rule to the EPA without vacatur. On April 25, 2016, the EPA released a supplemental finding that the benefits of this regulation outweigh the costs to address the U.S. Supreme Court's ruling that the EPA had not properly considered costs. This finding has been challenged in the D.C. Circuit. On April 18, 2017, the EPA asked the D.C. Circuit to postpone oral argument that had been scheduled for May 18, 2017 because the EPA is closely reviewing the supplemental finding to determine whether it should reconsider all or part of the rule. On April 27, 2017, the D.C. Circuit granted the EPA's request to postpone the oral argument and hold the case in abeyance. While NRG cannot predict the final outcome of this rulemaking, NRG believes that because it has already invested in pollution controls and cleaner technologies, the fleet is well-positioned to comply with the MATS rule.

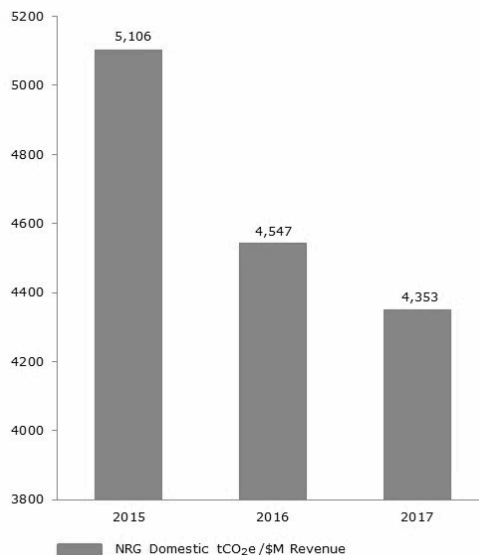
Clean Power Plan — The attention in recent years on GHG emissions has resulted in federal regulations and state legislative and regulatory action. In October 2015, the EPA finalized the Clean Power Plan, or CPP, addressing GHG emissions from existing EGUs. On February 9, 2016, the U.S. Supreme Court stayed the CPP. The D.C. Circuit heard oral argument on the legal challenges to the CPP in September 2016. At the EPA's request, the D.C. Circuit agreed on April 28, 2017 to hold the case in abeyance. On October 16, 2017, the EPA proposed a rule to repeal the CPP. The Company believes the CPP is not likely to survive.

Greenhouse Gas Emissions — NRG emits CO₂ and small quantities of other greenhouse gases, or GHGs, when generating electricity at most of its facilities. The graphs presented below illustrate NRG's domestic emissions of CO_{2e} for 2015, 2016 and 2017. A significant majority (>99%) of NRG's emission sources are subject to federal (U.S. EPA) GHG reporting requirements programs. NRG anticipates further reductions in CO_{2e} emissions as the Company modernizes the fleet. From 2016 to 2017, the Company's CO_{2e} emissions decreased from 48 million metric tons to approximately 46 million metric tons, representing a 4% reduction year over year. The primary factor leading to the decreased emissions include reductions in fleet wide annual net generation due to a continued market-driven shift towards increased generation from natural gas over coal. The Company's goal is to reduce CO_{2e} emissions by 50% by 2030, and 90% by 2050, using 2014 as a baseline.

NRG Domestic CO_{2e} Emissions and Generation



NRG Domestic Revenue Carbon Intensity



The effects from federal, regional or state regulation of GHGs on the Company's financial performance will depend on a number of factors, including the outcome of the legal challenges and actions of the current U.S. presidential administration.

Byproducts, Wastes, Hazardous Materials and Contamination

In April 2015, the EPA finalized the rule regulating byproducts of coal combustion (e.g., ash and gypsum) as solid wastes under the RCRA. On September 13, 2017, the EPA granted the petition for reconsideration that the Utility Solid Waste Activities Group filed in May 2017. The Company has evaluated the impact of the new rule on the Company's consolidated financial position, results of operations, or cash flows and has accrued its environmental and asset retirement obligations under the rule based on current estimates as of December 31, 2017.

Domestic Site Remediation Matters

Under certain federal, state and local environmental laws, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products. NRG may be responsible for property damage, personal injury and investigation and remediation costs incurred by a party in connection with hazardous material releases or threatened releases. These laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended by the Superfund Amendments and Reauthorization Act of 1986, or SARA, impose liability without regard to whether the owner knew of or caused the presence of the hazardous substances, and the courts have interpreted liability under such laws to be strict (without fault) and joint and several. Cleanup obligations can often be triggered during the closure or decommissioning of a facility, in addition to spills during its operations. Further discussions of affected NRG sites can be found in Item 15 — Note 24, *Environmental Matters*, to the Consolidated Financial Statements.

Nuclear Waste — The federal government's program to construct a nuclear waste repository at Yucca Mountain, Nevada was discontinued in 2010. Since 1998, the U.S. DOE has been in default of the federal government's obligations to begin accepting spent nuclear fuel, or SNF, and high-level radioactive waste, or HLW, under the U.S. Nuclear Waste Policy Act of 1982, or the Nuclear Waste Policy Act. Owners of nuclear plants, including the owners of STP, had been required to enter into contracts setting out the obligations of the owners and the U.S. DOE, including the fees to be paid by the owners for the U.S. DOE's services to license a spent fuel repository. Effective May 16, 2014, the U.S. DOE stopped collecting the fees.

On February 5, 2013, STPNOC entered into a settlement agreement with the U.S. DOE for payment of damages relating to the U.S. DOE's failure to accept SNF and HLW under the Nuclear Waste Policy Act through December 31, 2013, which was extended through an addendum dated January 24, 2014, to December 31, 2016. On December 12, 2016, STPNOC received the federal government's offer of another three-year extension of payment for continued failure to accept SNF and HLW. The proposal was reviewed and accepted. There are no facilities for the reprocessing or permanent disposal of SNF currently in operation in the U.S., nor has the NRC licensed any such facilities. STPNOC currently stores all SNF generated by its nuclear generating facilities in on-site storage pools. Since STPNOC's SNF storage pools do not have sufficient storage capacity for the life of the units, STPNOC is proceeding to construct dry cask storage capability on-site. STPNOC plans to continue to assert claims against the U.S. DOE for damages relating to the U.S. DOE's failure to accept SNF and HLW.

Under the federal Low-Level Radioactive Waste Policy Act of 1980, as amended, the state of Texas is required to provide, either on its own or jointly with other states in a compact, for the disposal of all low-level radioactive waste generated within the state. STP's warehouse capacity is adequate for on-site storage until a site in Andrews County, Texas becomes fully operational.

Water

Clean Water Act — The Company is required under the CWA to comply with intake and discharge requirements, requirements for technological controls and operating practices. As with air quality regulations, federal and state water regulations have become more stringent and imposed new requirements.

Once Through Cooling Regulation — In August 2014, EPA finalized the regulation regarding the use of water for once through cooling at existing facilities to address impingement and entrainment concerns. NRG anticipates that more stringent requirements will be incorporated into some of its water discharge permits over the next several years as NPDES permits are renewed.

Effluent Limitations Guidelines — In November 2015, the EPA revised the Effluent Limitations Guidelines for Steam Electric Generating Facilities, which would have imposed more stringent requirements (as individual permits were renewed) for wastewater streams from flue gas desulfurization, or FGD, fly ash, bottom ash, and flue gas mercury control. In April 2017, the EPA granted two petitions to reconsider the rule and also administratively stayed some of the deadlines. On September 18, 2017, the EPA promulgated a final rule that (i) postpones the compliance dates to preserve the status quo for FGD wastewater and bottom ash transport water by two years to November 2020 until the EPA completes its next rulemaking and (ii) withdrew the April 2017 administrative stay. The legal challenges have been suspended while the EPA reconsiders and likely modifies the rule. Accordingly, the Company has largely eliminated its estimate of the environmental capital expenditures that would have been required to comply with permits incorporating the revised guidelines. The Company will revisit these estimates after the rule is revised.

Regional Environmental Developments

New Source Review — In 2007, Midwest Generation received an NOV from the EPA alleging that past work at Crawford, Fisk, Joliet, Powerton, Waukegan and Will County generating stations violated NSR and other regulations. These alleged violations are the subject of litigation described in Item 15 — Note 22, *Commitments and Contingencies*. Additionally, in April 2013, the Connecticut Department of Energy and Environmental Protection issued four NOV's alleging that past work at oil-fired combustion turbines at the Torrington Terminal, Franklin, Branford and Middletown generating stations violated regulations regarding NSR.

Burton Island Old Ash Landfill — In January 2006, NRG's Indian River Power LLC was notified that it may be a potentially responsible party with respect to Burton Island Old Ash Landfill, a historic captive landfill located at the Indian River facility. On October 1, 2007, NRG signed an agreement with DNREC to investigate the site through the Voluntary Clean-up Program, or the VCP. On February 4, 2008, DNREC issued findings that no further action was required in relation to surface water and that a previously planned shoreline stabilization project would satisfactorily address shoreline erosion. The landfill itself required a Remedial Investigation and Feasibility Study to determine the type and scope of any additional required work. DNREC approved the Feasibility Study in December 2012. In January 2013, DNREC proposed a remediation plan based on the Feasibility Study. The remediation plan was approved in October 2013. In December 2015, DNREC approved the Company's remediation design, the Company's Closure Report and the Company's Long Term Stewardship Plan. The cost of completing the work required by the approved remediation plan is consistent with amounts budgeted in early 2016 and remediation was completed in 2017. The estimated cost to comply with the Long-Term Stewardship Plan was added to the liability in December 2016.

In addition to the VCP, on May 29, 2008, DNREC requested that NRG's Indian River Power LLC participate in the development and performance of a Natural Resource Damage Assessment at the Burton Island Old Ash Landfill. NRG is currently working with DNREC and other trustees to close out the assessment process.

RGGI — The Company operates generating units in Connecticut, Delaware, Maryland, and New York that are subject to RGGI, which is a regional cap and trade system. In 2013, each of these states finalized a rule that reduced and will continue to reduce the number of allowances through 2020. The nine RGGI states re-evaluated the program and published a model rule to further reduce the number of allowances. The revisions being currently contemplated could adversely impact NRG's results of operations, financial condition and cash flows.

Texas Regional Haze — On October 17, 2017, the EPA promulgated a final rule creating a Texas-only SO₂ cap-and-trade program to address regional haze. The program is scheduled to begin on January 1, 2019. Several of the Company's units in Texas will be affected by this rule. The rule has been challenged by several environmental groups in the Fifth Circuit of the U.S. Court of Appeals.

Customers

NRG sells to a wide variety of customers. No individual customer accounted for 10% or more of NRG's total revenue in 2017. The Company owns and operates power plants to generate and sell power to wholesale customers such as utilities and other intermediaries. The Company also directly sells to end-use customers in the residential, commercial and industrial sectors. NRG also receives significant revenues from PJM in its capacity as the regional transmission organization for the PJM footprint.

Employees

As of December 31, 2017, NRG and its consolidated subsidiaries, including NRG Yield, Inc., had 5,940 employees, approximately 24% of whom were covered by U.S. bargaining agreements. During 2017, the Company did not experience any labor stoppages or labor disputes at any of its facilities.

Available Information

NRG's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act are available free of charge through the Company's website, www.nrg.com, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The Company also routinely posts press releases, presentations, webcasts, sustainability reports and other information regarding the Company on the Company's website. The information posted on the Company's website is not a part of this report.

Item 1A — Risk Factors Related to NRG Energy, Inc.

Risks Related to the Operation of NRG's Business

The GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, and NRG is subject to the risks and uncertainties associated with bankruptcy proceedings.

On the Petition Date, the GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. GenOn Mid-Atlantic, as well as its consolidated subsidiaries, and REMA, did not file for relief under Chapter 11.

NRG is subject to a number of risks and uncertainties associated with the Chapter 11 Cases, which may lead to potential adverse effects on NRG's business, results of operations, or financial condition. NRG cannot assure you of the outcome of the Chapter 11 Cases. Potential risks to NRG associated with the Chapter 11 Cases include the following:

- the length of time the GenOn Entities will operate under the Chapter 11 proceedings and their ability to successfully emerge, including with respect to obtaining any necessary regulatory approvals;
- the ability of the GenOn Entities to consummate their plan of reorganization;
- risks associated with third party motions, proceedings and litigation in the Chapter 11 proceedings, which may interfere with the GenOn Entities' plan of reorganization;
- NRG's and the GenOn Entities' ability to manage contracts that are critical to NRG's operations, and to obtain and maintain appropriate credit and other terms with customers, suppliers and service providers;
- NRG's ability to attract, retain and motivate key employees;
- NRG's ability to fund and execute its business plan;
- the disposition or resolution of all pre-petition claims against NRG and the GenOn Entities; and
- NRG's ability to maintain existing customers and vendor relationships and expand sales to new customers.

The Settlement Agreement may not be consummated if certain conditions are not met. If the Settlement Agreement is not consummated, NRG may not be entitled to receive certain benefits contemplated by the Restructuring Support Agreement and plan of reorganization.

Under the Restructuring Support Agreement to which GenOn, NRG and certain of GenOn's and GenOn Americas Generation's senior unsecured noteholders are parties, each of them agreed to support Bankruptcy Court approval of the Settlement Agreement, subject to conditions.

While the Bankruptcy Court approved the Settlement Agreement and confirmed the proposed plan of reorganization on December 12, 2017, there can be no assurance that the conditions to the effectiveness of either the Settlement Agreement or plan of reorganization will be satisfied. In addition, GenOn is entitled to terminate the Restructuring Support Agreement and consider alternative transactions in accordance with its fiduciary duties. If the Settlement Agreement or plan of reorganization is not consummated, NRG may not receive certain of the benefits contemplated by the Restructuring Support Agreement.

The Chapter 11 Cases may disrupt NRG's business and may materially and adversely affect NRG's operations.

NRG has attempted to minimize the adverse effect of the GenOn Entities' Chapter 11 Cases on NRG's relationships with its employees, suppliers, customers and other parties. Nonetheless, NRG's relationships with its employees, suppliers, customers and other parties may be adversely impacted by negative publicity or otherwise and NRG's operations could be materially and adversely affected. In addition, the Chapter 11 Cases could negatively affect NRG's ability to attract new employees and retain existing high performing employees or executives, which could materially and adversely affect NRG's operations.

As a result of the Chapter 11 Cases, NRG's historical financial information will not be indicative of NRG's future financial performance.

NRG's corporate structure will be significantly altered under any plan of reorganization. As of June 14, 2017, GenOn and its consolidated subsidiaries were deconsolidated from NRG's financial statements. Consequently, NRG's results of operations following the deconsolidation will not be comparable to the financial condition and results of operations reflected in NRG's historical financial statements for periods prior to the deconsolidation.

NRG adopted and initiated the Transformation Plan. If the Transformation Plan does not achieve its expected benefits, there could be negative impacts to NRG's business, results of operations and financial condition.

NRG adopted and initiated the Transformation Plan, designed to significantly strengthen earnings and cost competitiveness, lower risk and volatility, and create significant shareholder value. The three-part, three-year plan is comprised of the following components: (i) operations and cost excellence; (ii) portfolio optimization; and (iii) capital structure and allocation enhancements.

As part of the Transformation, Plan, on February 6, 2018, NRG and GIP entered into a purchase and sale agreement for NRG to sell its ownership in NRG Yield, Inc. and its renewables platform to GIP for cash of \$1.375 billion, subject to certain adjustments. Also on February 6, 2018, NRG and Cleco entered into a purchase and sale agreement for NRG to sell its South Central business to Cleco for cash of \$1.0 billion, subject to certain adjustments. Both of these transactions are subject to various closing conditions and approvals.

NRG may be unable to fully implement the components of the Transformation Plan, in which case, NRG would not realize the anticipated benefits. Alternatively, such components of the Transformation Plan, even if implemented, may not result in the anticipated benefits to NRG's business, results of operations and financial condition in a timely manner if at all. Further, NRG could experience unexpected delays, business disruptions resulting from supporting these initiatives during and following completion of these activities, decreased productivity, adverse effects on employee morale and employee turnover as a result of such initiatives, any of which may impair NRG's ability to achieve anticipated results or otherwise harm NRG's business, results of operations and financial condition.

The proposed sales of assets to GIP and Cleco could be delayed or fail to close, or otherwise cause unanticipated issues, which could adversely affect NRG's business, results of operations and financial condition.

As described above, on February 6, 2018, NRG entered into a purchase and sale agreement with GIP pursuant to which NRG agreed to sell its ownership interest in NRG Yield, Inc. and NRG's Renewables platform. Also on February 6, 2018, NRG and Cleco entered into a purchase and sale agreement for Cleco to purchase NRG's South Central business. The proposed sales are subject to numerous closing conditions, including, among others, the receipt of certain consents and regulatory approvals. A number of the closing conditions are outside of NRG's control and it cannot be predicted with certainty whether all of the required closing conditions will be satisfied or waived or if other uncertainties may arise. In addition, regulators could impose additional requirements or obligations as conditions for their approval, which may be burdensome. If such closing conditions are not met or additional obligations are imposed, the proposed sales may not be consummated at all or may encounter delays or other roadblocks that are not currently anticipated. Planning and executing the proposed separation and sale of NRG's renewables platform will require significant time, effort, and expense, and may divert management's attention from other aspects of NRG's business operations, and any delays in completion of the proposed sale may increase the amount of time, effort, and expense that NRG devotes to the transactions, which could adversely affect NRG's other operations. The current price of NRG's stock may reflect an assumption that the pending sales will occur and failure to complete the proposed sales could result in a decline in NRG's stock price. In addition, even if NRG completes the proposed sales, the actual impacts on NRG's business and financial results may differ from the anticipated results.

NRG's financial performance may be impacted by price fluctuations in the wholesale power and natural gas, coal and oil markets and other market factors that are beyond the Company's control.

Market prices for power, capacity, ancillary services, natural gas, coal and oil are unpredictable and tend to fluctuate substantially. Unlike most other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, power prices are subject to significant volatility due to supply and demand imbalances, especially in the day-ahead and spot markets. Long- and short-term power prices may also fluctuate substantially due to other factors outside of the Company's control, including:

- changes in generation capacity in the Company's markets, including the addition of new supplies of power as a result of the development of new plants, expansion of existing plants, the continued operation of uneconomic power plants due to state subsidies, or additional transmission capacity;
- environmental regulations and legislation;
- electric supply disruptions, including plant outages and transmission disruptions;
- changes in power transmission infrastructure;
- fuel transportation capacity constraints or inefficiencies;
- changes in law, including judicial decisions;
- weather conditions, including extreme weather conditions and seasonal fluctuations, including the effects of climate change;
- changes in commodity prices and the supply of commodities, including but not limited to natural gas, coal and oil;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices, distributed generation, and more efficient end-use technologies;
- development of new fuels, new technologies and new forms of competition for the production of power;
- fuel price volatility;
- economic and political conditions;
- regulations and actions of the ISOs and RTOs;
- federal and state power regulations and legislation;
- changes in prices related to RECs; and
- changes in capacity prices and capacity markets.

Such factors and the associated fluctuations in power prices have affected the Company's wholesale power operating results in the past and will continue to do so in the future.

Many of NRG's power generation facilities operate, wholly or partially, without long-term power sale agreements.

Many of NRG's facilities operate as "merchant" facilities without long-term power sales agreements for some or all of their generating capacity and output and therefore are exposed to market fluctuations. Without the benefit of long-term power sales agreements for these assets, NRG cannot be sure that it will be able to sell any or all of the power generated by these facilities at commercially attractive rates or that these facilities will be able to operate profitably. This could lead to future impairments of the Company's property, plant and equipment or to the closing of certain of its facilities, resulting in economic losses and liabilities, which could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

NRG's costs, results of operations, financial condition and cash flows could be adversely impacted by disruption of its fuel supplies.

NRG relies on natural gas, coal and oil to fuel a majority of its power generation facilities. Delivery of these fuels to the facilities is dependent upon the continuing financial viability of contractual counterparties as well as upon the infrastructure (including rail lines, rail cars, barge facilities, roadways, riverways and natural gas pipelines) available to serve each generation facility. As a result, the Company is subject to the risks of disruptions or curtailments in the production of power at its generation facilities if no fuel is available at any price or if a counterparty fails to perform or if there is a disruption in the fuel delivery infrastructure.

NRG has sold forward a substantial portion of its coal and nuclear power in order to lock in long-term prices that it deemed to be favorable at the time it entered into the forward power sales contracts. In order to hedge its obligations under these forward power sales contracts, the Company has entered into long-term and short-term contracts for the purchase and delivery of fuel. Many of the forward power sales contracts do not allow the Company to pass through changes in fuel costs or discharge the power sale obligations in the case of a disruption in fuel supply due to force majeure events or the default of a fuel supplier or transporter. Disruptions in the Company's fuel supplies may therefore require it to find alternative fuel sources at higher costs, to find other sources of power to deliver to counterparties at a higher cost, or to pay damages to counterparties for failure to deliver power as contracted. Any such event could have a material adverse effect on the Company's financial performance.

NRG also buys significant quantities of fuel on a short-term or spot market basis. Prices for all of the Company's fuels fluctuate, sometimes rising or falling significantly over a relatively short period of time. The price NRG can obtain for the sale of energy may not rise at the same rate, or may not rise at all, to match a rise in fuel or delivery costs. This may have a material adverse effect on the Company's financial performance. Changes in market prices for natural gas, coal and oil may result from the following:

- weather conditions;
- seasonality;
- demand for energy commodities and general economic conditions;
- disruption or other constraints or inefficiencies of electricity, gas or coal transmission or transportation;
- additional generating capacity;
- availability and levels of storage and inventory for fuel stocks;
- natural gas, crude oil, refined products and coal production levels;
- changes in market liquidity;
- federal, state and foreign governmental regulation and legislation; and
- the creditworthiness and liquidity and willingness of fuel suppliers/transporters to do business with the Company.

NRG's plant operating characteristics and equipment, particularly at its coal-fired plants, often dictate the specific fuel quality to be combusted. The availability and price of specific fuel qualities may vary due to supplier financial or operational disruptions, transportation disruptions and force majeure. At times, coal of specific quality may not be available at any price, or the Company may not be able to transport such coal to its facilities on a timely basis. In this case, the Company may not be able to run the coal facility even if it would be profitable. Operating a coal facility with different quality coal can lead to emission or operating problems. If the Company had sold forward the power from such a coal facility, it could be required to supply or purchase power from alternate sources, perhaps at a loss. This could have a material adverse impact on the financial results of specific plants and on the Company's results of operations.

Changes in the price of coal and natural gas could cause the Company to hold excess coal inventories and incur contract termination costs.

Low natural gas prices can cause natural gas to be the more cost-competitive fuel compared to coal for generating electricity. Because the Company enters into guaranteed supply contracts to provide for the amount of coal needed to operate its base load coal-fired generating facilities, the Company may experience periods where it holds excess amounts of coal if fuel pricing results in the Company reducing or idling coal-fired generating facilities. In addition, the Company may incur costs to terminate supply contracts for coal in excess of its generating requirements.

Volatile power supply costs and demand for power could adversely affect the financial performance of NRG's retail businesses.

Although NRG is the primary provider of its retail businesses' wholesale electricity supply requirements, the retail businesses purchase a significant portion of their supply requirements from third parties. As a result, financial performance depends on the ability to obtain adequate supplies of electric generation from third parties at prices below the prices it charges its customers. Consequently, the Company's earnings and cash flows could be adversely affected in any period in which the retail businesses' wholesale electricity supply costs rise at a greater rate than the rates it charges to customers. The price of wholesale electricity supply purchases associated with the retail businesses' energy commitments can be different than that reflected in the rates charged to customers due to, among other factors:

- varying supply procurement contracts used and the timing of entering into related contracts;
- subsequent changes in the overall price of natural gas;
- daily, monthly or seasonal fluctuations in the price of natural gas relative to the 12-month forward prices;
- transmission constraints and the Company's ability to move power to its customers; and
- changes in market heat rate (i.e., the relationship between power and natural gas prices).

The retail businesses' earnings and cash flows could also be adversely affected in any period in which its customers' actual usage of electricity significantly varies from the forecasted usage, which could occur due to, among other factors, weather events, competition and economic conditions.

There may be periods when NRG will not be able to meet its commitments under forward sale obligations at a reasonable cost or at all.

A substantial portion of the output from NRG's coal and nuclear facilities has been sold forward under fixed price power sales contracts through 2018 and the Company also sells forward the output from its intermediate and peaking facilities when it is commercially advantageous to do so. The Company also sells fixed price gas as a proxy for power. Because the obligations under most of these agreements are not contingent on a unit being available to generate power, NRG is generally required to deliver power to the buyer, even in the event of a plant outage, fuel supply disruption or a reduction in the available capacity of the unit. To the extent that the Company does not have sufficient lower-cost capacity to meet its commitments under its forward sale obligations, the Company would be required to supply replacement power either by running its other, higher cost power plants or by obtaining power from third-party sources at market prices that could substantially exceed the contract price. If NRG fails to deliver the contracted power, it would be required to pay the difference between the market price at the delivery point and the contract price, and the amount of such payments could be substantial.

In the Gulf Coast region, NRG has long-term contracts with rural cooperatives that require it to serve all of the cooperatives' requirements at prices for energy that generally reflect the cost of coal-fired generation. On December 19, 2013, the Entergy region joined the MISO RTO, which employs a two settlement market in which NRG submits bids for energy to cover its load obligations and submits offers to sell energy from its resources. Given the "full requirements" obligation contained in the cooperative contracts, and the possibility of unplanned forced outages of its generation, NRG may be exposed to locational market prices as a net buyer of energy for certain periods, which could have a negative impact on NRG's financial returns from its Gulf Coast region.

NRG's trading operations and use of hedging agreements could result in financial losses that negatively impact its results of operations.

The Company typically enters into hedging agreements, including contracts to purchase or sell commodities at future dates and at fixed prices, to manage the commodity price risks inherent in its power generation operations. These activities, although intended to mitigate price volatility, expose the Company to other risks. When the Company sells power forward, it gives up the opportunity to sell power at higher prices in the future, which not only may result in lost opportunity costs but also may require the Company to post significant amounts of cash collateral or other credit support to its counterparties. The Company also relies on counterparty performance under its hedging agreements and is exposed to the credit quality of its counterparties under those agreements. Further, if the values of the financial contracts change in a manner that the Company does not anticipate, or if a counterparty fails to perform under a contract, it could harm the Company's business, operating results or financial position.

NRG does not typically hedge the entire exposure of its operations against commodity price volatility. To the extent it does not hedge against commodity price volatility, the Company's results of operations and financial position may be improved or diminished based upon movement in commodity prices.

NRG may engage in trading activities, including the trading of power, fuel and emissions allowances that are not directly related to the operation of the Company's generation facilities or the management of related risks. These trading activities take place in volatile markets and some of these trades could be characterized as speculative. The Company would expect to settle these trades financially rather than through the production of power or the delivery of fuel. This trading activity may expose the Company to the risk of significant financial losses which could have a material adverse effect on its business and financial condition.

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

The Company is exposed to market risks through its power marketing business, which involves the sale of energy, capacity and related products and the purchase and sale of fuel, transmission services and emission allowances. These market risks include, among other risks, volatility arising from location and timing differences that may be associated with buying and transporting fuel, converting fuel into energy and delivering energy to a buyer.

NRG undertakes these marketing activities through agreements with various counterparties. Many of the Company's agreements with counterparties include provisions that require the Company to provide guarantees, offset of netting arrangements, letters of credit, a first lien on assets and/or cash collateral to protect the counterparties against the risk of the Company's default or insolvency. The amount of such credit support that must be provided typically is based on the difference between the price of the commodity in a given contract and the market price of the commodity. Significant movements in market prices can result in the Company being required to provide cash collateral and letters of credit in very large amounts. The effectiveness of the Company's strategy may depend on the amount of collateral available to enter into or maintain these contracts, and liquidity requirements may be greater than the Company anticipates or will be able to meet. Without a sufficient amount of working capital to post as collateral in support of performance guarantees or as a cash margin, the Company may not be able to manage price volatility effectively or to implement its strategy. An increase in the amount of letters of credit or cash collateral required to be provided to the Company's counterparties may negatively affect the Company's liquidity and financial condition.

Further, if any of NRG's facilities experience unplanned outages, the Company may be required to procure replacement power at spot market prices to fulfill contractual commitments. Without adequate liquidity to meet margin and collateral requirements, the Company may be exposed to significant losses, may miss significant opportunities, and may have increased exposure to the volatility of spot markets.

The accounting for NRG's hedging activities may increase the volatility in the Company's quarterly and annual financial results.

NRG engages in commodity-related marketing and price-risk management activities in order to financially hedge its exposure to market risk with respect to electricity sales from its generation assets, fuel utilized by those assets and emission allowances.

NRG generally attempts to balance its fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are accounted for in accordance with the FASB ASC 815, *Derivatives and Hedging*, or ASC 815, which requires the Company to record all derivatives on the balance sheet at fair value with changes in the fair value resulting from fluctuations in the underlying commodity prices immediately recognized in earnings, unless the derivative qualifies for cash flow hedge accounting treatment. Whether a derivative qualifies for cash flow hedge accounting treatment depends upon it meeting specific criteria used to determine if the cash flow hedge is and will remain appropriate for the term of the derivative. All economic hedges may not necessarily qualify for cash flow hedge accounting treatment. As a result, the Company's quarterly and annual results are subject to significant fluctuations caused by changes in market prices.

Competition in wholesale power markets may have a material adverse effect on NRG's results of operations, cash flows and the market value of its assets.

NRG has numerous competitors in all aspects of its business, and additional competitors may enter the industry. Because many of the Company's facilities are old, newer plants owned by the Company's competitors are often more efficient than NRG's aging plants, which may put some of the Company's plants at a competitive disadvantage to the extent the Company's competitors are able to consume the same or less fuel as the Company's plants consume. Over time, the Company's plants may be squeezed out of their markets or may be unable to compete with these more efficient plants.

In NRG's power marketing and commercial operations, NRG competes on the basis of its relative skills, financial position and access to capital with other providers of electric energy in the procurement of fuel and transportation services, and the sale of capacity, energy and related products. In order to compete successfully, the Company seeks to aggregate fuel supplies at competitive prices from different sources and locations and to efficiently utilize transportation services from third-party pipelines, railways and other fuel transporters and transmission services from electric utilities.

Other companies with which NRG competes may have greater liquidity, greater access to credit and other financial resources, lower cost structures, more effective risk management policies and procedures, greater ability to incur losses, longer-standing relationships with customers, greater potential for profitability from ancillary services or greater flexibility in the timing of their sale of generation capacity and ancillary services than NRG does.

NRG's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or to devote greater resources to the construction, expansion or refurbishment of their power generation facilities than NRG can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. There can be no assurance that NRG will be able to compete successfully against current and future competitors, and any failure to do so would have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Operation of power generation facilities involves significant risks and hazards customary to the power industry that could have a material adverse effect on NRG's revenues and results of operations, and NRG may not have adequate insurance to cover these risks and hazards.

The ongoing operation of NRG's facilities involves risks that include the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency and the inability to transport the Company's product to its customers in an efficient manner due to a lack of transmission capacity. Unplanned outages of generating units, including extensions of scheduled outages due to mechanical failures or other problems occur from time to time and are an inherent risk of the Company's business. Unplanned outages typically increase the Company's operation and maintenance expenses and may reduce the Company's revenues as a result of selling fewer MWh or non-performance penalties or require NRG to incur significant costs as a result of running one of its higher cost units or obtaining replacement power from third parties in the open market to satisfy the Company's forward power sales obligations. NRG's inability to operate the Company's plants efficiently, manage capital expenditures and costs, and generate earnings and cash flow from the Company's asset-based businesses could have a material adverse effect on the Company's results of operations, financial condition or cash flows. While NRG maintains insurance, obtains warranties from vendors and obligates contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not be adequate to cover the Company's lost revenues, increased expenses or liquidated damages payments should the Company experience equipment breakdown or non-performance by contractors or vendors.

Power generation involves hazardous activities, including acquiring, transporting and unloading fuel, operating large pieces of rotating equipment and delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards, such as fire, explosion, structural collapse and machinery failure are inherent risks in the Company's operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in NRG being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental cleanup costs, personal injury and property damage and fines and/or penalties. NRG maintains an amount of insurance protection that it considers adequate, but the Company cannot provide any assurance that its insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which it may be subject. A successful claim for which the Company is not fully insured could hurt its financial results and materially harm NRG's financial condition. NRG cannot provide any assurance that its insurance coverage will continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Maintenance, expansion and refurbishment of power generation facilities involve significant risks that could result in unplanned power outages or reduced output and could have a material adverse effect on NRG's results of operations, cash flows and financial condition.

Many of NRG's facilities are old and require periodic maintenance and repair. Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditures could result in reduced profitability.

NRG cannot be certain of the level of capital expenditures that will be required due to changing environmental and safety laws (including changes in the interpretation or enforcement thereof), needed facility repairs and unexpected events (such as natural disasters or terrorist attacks). The unexpected requirement of large capital expenditures could have a material adverse effect on the Company's liquidity and financial condition.

If NRG significantly modifies a unit, the Company may be required to install the best available control technology or to achieve the lowest achievable emission rates as such terms are defined under the new source review provisions of the CAA, which would likely result in substantial additional capital expenditures.

The Company may incur additional costs or delays in the development, construction and operation of new plants, improvements to existing plants, or the implementation of environmental control equipment at existing plants and may not be able to recover their investment or complete the project.

The Company is developing or constructing new generation facilities, improving its existing facilities and adding environmental controls to its existing facilities. The development, construction, expansion, modification and refurbishment of power generation facilities involve many risks, including:

- inability to obtain sufficient funding on reasonable terms and/or necessary government financial incentives;
- delays in obtaining necessary permits and licenses;
- inability to sell down interests in a project or develop successful partnering relationships;
- environmental remediation of soil or groundwater at contaminated sites;
- interruptions to dispatch at the Company's facilities;
- supply interruptions;
- work stoppages;
- labor disputes;
- weather interferences;
- unforeseen engineering, environmental and geological problems, including those related to climate change;
- unanticipated cost overruns;
- exchange rate risks; and
- failure of contracting parties to perform under contracts, including EPC contractors.

Any of these risks could cause NRG's financial returns on new investments to be lower than expected or could cause the Company to operate below expected capacity or availability levels, which could result in lost revenues, increased expenses, higher maintenance costs and penalties. Insurance is maintained to protect against these risks, warranties are generally obtained for limited periods relating to the construction of each project and its equipment in varying degrees, and contractors and equipment suppliers are obligated to meet certain performance levels. The insurance, warranties or performance guarantees, however, may not be adequate to cover increased expenses. As a result, a project may cost more than projected and may be unable to fund principal and interest payments under its construction financing obligations, if any. A default under such a financing obligation could result in the Company losing its interest in a power generation facility.

Furthermore, where the Company has partnering relationships with a third party, the Company is subject to the viability and performance of the third party. The Company's inability to find a replacement contracting party, particularly an EPC contractor, where the original contracting party has failed to perform, could result in the abandonment of the development and/or construction of such project, while the Company could remain obligated on other agreements associated with the project, including PPAs.

If the Company is unable to complete the development or construction of a facility or environmental control, or decides to delay, downsize, or cancel such project, it may not be able to recover its investment in that facility or environmental control. Furthermore, if construction projects are not completed according to specification, the Company may incur liabilities and suffer reduced plant efficiency, higher operating costs and reduced net income.

NRG and its subsidiaries have guaranteed the performance of third parties, which may result in substantial costs in the event of non-performance.

NRG and its subsidiaries have issued certain guarantees of the performance of others, which obligate NRG and its subsidiaries to perform in the event that the third parties do not perform. In the event of non-performance by the third parties, NRG could incur substantial cost to fulfill their obligations under these guarantees. Such performance guarantees could have a material impact on the operating results, financial condition, or cash flows of the Company.

The Company's development programs are subject to financing and public policy risks that could adversely impact NRG's financial performance or result in the abandonment of such development projects.

While NRG currently intends to develop and finance its more capital intensive projects on a non-recourse or limited recourse basis through separate project financed entities and intends to seek additional investments in most of these projects from third parties, NRG anticipates that it will need to make significant equity investments in these projects. NRG may also decide to develop and finance some of the projects using corporate financial resources rather than non-recourse debt, which could subject NRG to significant capital expenditure requirements and to risks inherent in the development and construction of new generation facilities. In addition to providing some or all of the equity required to develop and build the proposed projects, NRG's ability to finance these projects on a non-recourse basis is contingent upon a number of factors, including the terms of the EPC contracts, construction costs, PPAs and fuel procurement contracts, capital markets conditions, the availability of tax credits and other government incentives for certain new technologies. To the extent NRG is not able to obtain non-recourse financing for any project or should credit rating agencies attribute a material amount of the project finance debt to NRG's credit, the financing of the development projects could have a negative impact on the credit ratings of NRG.

NRG may also choose to undertake the repowering, refurbishment or upgrade of current facilities based on the Company's assessment that such activity will provide adequate financial returns. Such projects often require several years of development and capital expenditures before commencement of commercial operations, and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future fuel and power prices.

Furthermore, the viability of the Company's renewable development projects are contingent on public policy mechanisms including production and investment tax credits, cash grants, loan guarantees, accelerated depreciation tax benefits, renewable portfolio standards, or RPS, and carbon-related mandates or controls. These mechanisms have been implemented at the state and federal levels to support the development of renewable generation, demand-side and smart grid, and other clean infrastructure technologies. The availability and continuation of public policy support mechanisms will drive a significant part of the economics and viability of the Company's development program and expansion into clean energy investments.

The Company's renewables business has a pipeline of projects across the utility scale and distributed generation markets, including both organically developed projects and projects acquired from third-parties. If a number of the projects fail to proceed to construction or are not completed, the Company's business, financial condition or operating results could be materially adversely affected.

The development process is long and includes many steps such as project siting, financing, construction, permitting, government approvals and the negotiation of project development agreements. There can be no assurance that the projects in the Company's renewables project pipeline will be completed on schedule or within budget, generate revenues, or receive the necessary financing for construction, among other risks. As the Company develops its renewables project pipeline, some of the projects in the pipeline may not be completed or proceed to construction as a result of various factors. These factors may include changes in applicable laws and regulations, including government incentives, environmental concerns regarding a project or changes in the economics related to a project, including the ability to finance a particular project. If a number of projects are not completed, the Company's business, financial condition or operating results could be materially adversely affected.

Supplier and/or customer concentration at certain of NRG's facilities may expose the Company to significant financial credit or performance risks.

NRG often relies on a single contracted supplier or a small number of suppliers for the provision of fuel, transportation of fuel and other services required for the operation of certain of its facilities. If these suppliers cannot perform, the Company utilizes the marketplace to provide these services. There can be no assurance that the marketplace can provide these services as, when and where required or at comparable prices.

At times, NRG relies on a single customer or a few customers to purchase all or a significant portion of a facility's output, in some cases under long-term agreements that account for a substantial percentage of the anticipated revenue from a given facility. The Company has also hedged a portion of its exposure to power price fluctuations through forward fixed price power sales and natural gas price swap agreements. Counterparties to these agreements may breach or may be unable to perform their obligations. NRG may not be able to enter into replacement agreements on terms as favorable as its existing agreements, or at all. If the Company was unable to enter into replacement PPAs, the Company would sell its plants' power at market prices. If the Company is unable to enter into replacement fuel or fuel transportation purchase agreements, NRG would seek to purchase the Company's fuel requirements at market prices, exposing the Company to market price volatility and the risk that fuel and transportation may not be available during certain periods at any price.

The failure of any supplier or customer to fulfill its contractual obligations to NRG could have a material adverse effect on the Company's financial results. Consequently, the financial performance of the Company's facilities is dependent on the credit quality of, and continued performance by, suppliers and customers.

The Company's retail businesses may lose a significant number of retail customers due to competitive marketing activity by other retail electricity providers which could adversely affect the financial performance of the Company's retail businesses.

The Company's retail businesses face competition for customers. Competitors may offer different products, lower prices, and other incentives, which may attract customers away from NRG's retail businesses. In some retail electricity markets, the principal competitor may be the incumbent utility. The incumbent utility has the advantage of long-standing relationships with its customers and strong brand recognition. Furthermore, NRG's retail businesses may face competition from a number of other energy service providers, other energy industry participants, or nationally branded providers of consumer products and services, who may develop businesses that will compete with NRG and its retail businesses.

NRG relies on power transmission facilities that it does not own or control and that are subject to transmission constraints within a number of the Company's core regions. If these facilities fail to provide NRG with adequate transmission capacity, the Company may be restricted in its ability to deliver wholesale electric power to its customers and the Company may either incur additional costs or forego revenues. Conversely, improvements to certain transmission systems could also reduce revenues.

NRG depends on transmission facilities owned and operated by others to deliver the wholesale power it sells from the Company's power generation plants to its customers. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, NRG's ability to sell and deliver wholesale power may be adversely impacted. If a region's power transmission infrastructure is inadequate, the Company's recovery of wholesale costs and profits may be limited. If restrictive transmission price regulation is imposed, the transmission companies may not have sufficient incentive to invest in expansion of transmission infrastructure. The Company also cannot predict whether transmission facilities will be expanded in specific markets to accommodate competitive access to those markets.

In addition, in certain of the markets in which NRG operates, energy transmission congestion may occur and the Company may be deemed responsible for congestion costs if it schedules delivery of power between congestion zones during times when congestion occurs between the zones. If NRG were liable for such congestion costs, the Company's financial results could be adversely affected.

The Company has a significant amount of generation located in load pockets, making that generation valuable, particularly with respect to maintaining the reliability of the transmission grid. Expansion of transmission systems to reduce or eliminate these load pockets could negatively impact the value or profitability of the Company's existing facilities in these areas.

The Company's use and enjoyment of real property rights for its projects may be adversely affected by the rights of lienholders and leaseholders that are superior to those of the grantors of those real property rights to the Company.

Solar and wind projects generally are, and are likely to be, located on land occupied by the project pursuant to long-term easements and leases. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil or mineral rights) that were created prior to the project's easements and leases. As a result, the project's rights under these easements or leases may be subject, and subordinate, to the rights of those third parties. The Company performs title searches and obtains title insurance to protect itself against these risks. Such measures may, however, be inadequate to protect the Company against all risk of loss of its rights to use the land on which the renewable projects are located, which could have a material adverse effect on the Company's business, financial condition and results of operations.

One of the Company's subsidiaries, NRG Yield, Inc., is a publicly traded corporation, which may involve a greater exposure to legal liability than the Company's historic business operations.

One of the Company's subsidiaries is NRG Yield, Inc., a publicly traded corporation. NRG's controlling voting interest in NRG Yield, Inc. and the position of certain of its executive officers that are serving on the Board of Directors of NRG Yield, Inc. or as executive officers may increase the possibility of claims of breach of fiduciary duties including claims of conflicts of interest related to NRG Yield, Inc. Any liability resulting from such claims could have a material adverse effect on NRG's future business, financial condition, results of operations and cash flows.

Because NRG owns less than a majority of the ownership interests of some of its project investments, the Company cannot exercise complete control over their operations.

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

NRG may be unable to integrate the operations of acquired entities in the manner expected.

NRG enters into acquisitions that result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of these acquisitions depends on whether the businesses can be integrated into NRG in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of NRG's businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the Company's ability to achieve the anticipated benefits of the acquisitions. NRG may have difficulty addressing possible differences in corporate cultures and management philosophies. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect NRG's future business, financial condition, operating results and prospects.

Future acquisition or disposition activities could involve unknown risks and may have materially adverse effects.

NRG may in the future make acquisitions or dispositions of businesses or assets or pursue other business activities, directly or indirectly through subsidiaries, that involve a number of risks. The acquisition of companies and assets is subject to substantial risks, including the failure to identify material problems during due diligence, the risk of over-paying for assets, the ability to retain customers and the inability to arrange financing for an acquisition as may be required or desired. Further, the integration and consolidation of acquisitions requires substantial human, financial and other resources and, ultimately, the Company's acquisitions may not be successfully integrated. In the case of dispositions, such risks may relate to employment matters, counterparties, regulators and other stakeholders in the disposed business, risks relating to separating the disposed assets from NRG's business, risks related to the management of NRG's ongoing business, risks unknown to NRG at the time, and other financial, legal and operational risks related to such disposition. Any such risk may result in one or more costly disputes or litigation. There can be no assurances that any future acquisitions will perform as expected or that the returns from such acquisitions will support the indebtedness incurred to acquire them or the capital expenditures needed to develop them. There can also be no assurances that NRG will realize the anticipated benefits from any such dispositions. The failure to realize the anticipated returns or benefits from an acquisition or disposition could adversely affect NRG's results of operations, cash flows and financial condition.

NRG's business, financial condition and results of operations could be adversely impacted by strikes or work stoppages by its unionized employees or inability to replace employees as they retire.

As of December 31, 2017, approximately 24% of NRG's employees at its U.S. generation plants were covered by collective bargaining agreements. In the event that the Company's union employees strike, participate in a work stoppage or slowdown or engage in other forms of labor strife or disruption, NRG would be responsible for procuring replacement labor or the Company could experience reduced power generation or outages. Although NRG's ability to procure such labor is uncertain, contingency staffing planning is completed as part of each respective contract negotiations. Strikes, work stoppages or the inability to negotiate future collective bargaining agreements on favorable terms could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. In addition, a number of the Company's employees at NRG's plants are close to retirement. The Company's inability to replace retiring workers could create potential knowledge and expertise gaps as such workers retire.

Changes in technology may impair the value of NRG's power plants.

Research and development activities are ongoing to provide alternative and more efficient technologies to produce power, including wind, photovoltaic (solar) cells, energy storage, and improvements in traditional technologies and equipment, such as more efficient gas turbines. Advances in these or other technologies could reduce the costs of power production to a level below what the Company has currently forecasted, which could adversely affect its cash flows, results of operations or competitive position.

The Company may potentially be affected by emerging technologies that may over time affect change in capacity markets and the energy industry overall with the inclusion of distributed generation and clean technology.

Some emerging technologies like distributed renewable energy technologies, broad consumer adoption of electric vehicles and energy storage devices could affect the price of energy. These emerging technologies may affect the financial viability of utility counterparties and could have significant impacts on wholesale market prices, which could ultimately have a material adverse effect on NRG's financial condition, results of operations and cash flows.

Risks that are beyond NRG's control, including but not limited to acts of terrorism or related acts of war, natural disaster, hostile cyber intrusions or other catastrophic events could have a material adverse effect on NRG's financial condition, results of operations and cash flows.

NRG's generation facilities and the facilities of third parties on which they rely may be targets of terrorist activities, as well as events occurring in response to or in connection with them, that could cause environmental repercussions and/or result in full or partial disruption of the facilities ability to generate, transmit, transport or distribute electricity or natural gas. Strategic targets, such as energy-related facilities, may be at greater risk of future terrorist activities than other domestic targets. Hostile cyber intrusions, including those targeting information systems as well as electronic control systems used at the generating plants and for the distribution systems, could severely disrupt business operations and result in loss of service to customers, as well as significant expense to repair security breaches or system damage. Any such environmental repercussions or disruption could result in a significant decrease in revenues or significant reconstruction or remediation costs, beyond what could be recovered through insurance policies which could have a material adverse effect on the Company's financial condition, results of operations and cash flows. In addition, significant weather events or terrorist actions could damage or shut down the power transmission and distribution facilities upon which the Company's retail businesses are dependent. Power supply may be sold at a loss if these events cause a significant loss of retail customer load.

The operation of NRG's businesses is subject to cyber-based security and integrity risk.

Numerous functions affecting the efficient operation of NRG's businesses depend on the secure and reliable storage, processing and communication of electronic data and the use of sophisticated computer hardware and software systems. The operation of NRG's generation plants, including STP, and of NRG's energy and fuel trading businesses rely on cyber-based technologies and, therefore, subject to the risk that such systems could be the target of disruptive actions, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, or otherwise be compromised by unintentional events. As a result, operations could be interrupted, property could be damaged and sensitive customer information could be lost or stolen, causing NRG to incur significant losses of revenues, other substantial liabilities and damages, costs to replace or repair damaged equipment and damage to NRG's reputation. In addition, NRG may experience increased capital and operating costs to implement increased security for its cyber systems and plants.

The Company's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to its reputation and/or the results of operations of the Company's retail businesses.

The Company's retail businesses require access to sensitive customer data in the ordinary course of business. Examples of sensitive customer data are names, addresses, account information, historical electricity usage, expected patterns of use, payment history, credit bureau data, credit and debit card account numbers, driver's license numbers, social security numbers and bank account information. NRG's retail businesses may need to provide sensitive customer data to vendors and service providers, who require access to this information in order to provide services, such as call center operations, to NRG's retail businesses. If a significant breach occurred, the reputation of NRG and its retail businesses may be adversely affected, customer confidence may be diminished, or NRG and its retail businesses may be subject to legal claims, any of which may contribute to the loss of customers and have a negative impact on the business and/or results of operations.

Risks Related to Governmental Regulation and Laws

NRG's business is subject to substantial energy regulation and may be adversely affected by legislative or regulatory changes, as well as liability under, or any future inability to comply with, existing or future energy regulations or requirements.

NRG's business is subject to extensive U.S. federal, state and local laws and foreign laws. Compliance with the requirements under these legal and regulatory regimes may cause the Company to incur significant additional costs, and failure to comply with such requirements could result in the shutdown of a non-complying facility, the imposition of liens, fines, and/or civil or criminal liability.

Public utilities under the FPA are required to obtain FERC acceptance of their rate schedules for wholesale sales of electricity. Except for ERCOT generating facilities and power marketers, all of NRG's non-qualifying facility generating companies and power marketing affiliates in the U.S. make sales of electricity in interstate commerce and are public utilities for purposes of the FPA. FERC has granted each of NRG's generating and power marketing companies that make sales of electricity outside of ERCOT the authority to sell electricity at market-based rates. FERC's orders that grant NRG's generating and power marketing companies market-based rate authority reserve the right to revoke or revise that authority if FERC subsequently determines that NRG can exercise market power in transmission or generation, create barriers to entry, or engage in abusive affiliate transactions. In addition, NRG's market-based sales are subject to certain market behavior rules, and if any of NRG's generating and power marketing companies were deemed to have violated those rules, they are subject to potential disgorgement of profits associated with the violation and/or suspension or revocation of their market-based rate authority. If NRG's generating and power marketing companies were to lose their market-based rate authority, such companies would be required to obtain FERC's acceptance of a cost-of-service rate schedule and could become subject to the accounting, record-keeping, and reporting requirements that are imposed on utilities with cost-based rate schedules. This could have a material adverse effect on the rates NRG charges for power from its facilities.

Substantially all of the Company's generation assets are also subject to the reliability standards promulgated by the designated Electric Reliability Organization (currently NERC) and approved by FERC. If NRG fails to comply with the mandatory reliability standards, NRG could be subject to sanctions, including substantial monetary penalties and increased compliance obligations. NRG is also affected by legislative and regulatory changes, as well as changes to market design, market rules, tariffs, cost allocations, and bidding rules that occur in the existing ISOs. The ISOs that oversee most of the wholesale power markets impose, and in the future may continue to impose, mitigation, including price limitations, offer caps, non-performance penalties and other mechanisms to address some of the volatility and the potential exercise of market power in these markets. These types of price limitations and other regulatory mechanisms may have a material adverse effect on the profitability of NRG's generation facilities that sell energy and capacity into the wholesale power markets.

The regulatory environment has undergone significant changes in the last several years due to state and federal policies affecting wholesale and retail competition and the creation of incentives for the addition of large amounts of new renewable generation and, in some cases, transmission. These changes are ongoing, and the Company cannot predict the future design of the wholesale power markets or the ultimate effect that the changing regulatory environment will have on NRG's business. In addition, in some of these markets, interested parties have proposed material market design changes, including the elimination of a single clearing price mechanism, as well as proposals to reinstate the vertical monopoly utility of the markets or require divestiture by generating companies to reduce their market share. If competitive restructuring of the electric power markets is reversed, discontinued, or delayed, the Company's business prospects and financial results could be negatively impacted. In addition, since 2010, there have been a number of reforms to the regulation of the derivatives markets, both in the United States and internationally. These regulations, and any further changes thereto, or adoption of additional regulations, including any regulations relating to position limits on futures and other derivatives or margin for derivatives, could negatively impact NRG's ability to hedge its portfolio in an efficient, cost-effective manner by, among other things, potentially decreasing liquidity in the forward commodity and derivatives markets or limiting NRG's ability to utilize non-cash collateral for derivatives transactions.

NRG's business may be affected by state interference in the competitive wholesale marketplace.

NRG's legacy generation and competitive retail businesses rely on a competitive wholesale marketplace. The competitive wholesale marketplace may be undermined by out-of-market subsidies provided by states or state entities, including bailouts of uneconomic nuclear plants, imports of power from Canada, renewable mandates or subsidies, as well as out-of-market payments to new generators. These out-of-market subsidies to existing or new generation undermine the competitive wholesale marketplace, which can lead to premature retirement of existing facilities, including those owned by the Company. If these measures continue, capacity and energy prices may be suppressed, and the Company may not be successful in its efforts to insulate the competitive market from this interference.

Government regulations providing incentives for renewable generation could change at any time and such changes may adversely impact NRG's business, revenues, margins, results of operations and cash flows.

The Company's growth strategy depends in part on government policies that support renewable generation and enhance the economic viability of owning renewable electric generation assets. Renewable generation assets currently benefit from various federal, state and local governmental incentives such as ITCs, PTCs, cash grants in lieu of ITCs, loan guarantees, RPS programs, modified accelerated cost-recovery system of depreciation and bonus depreciation. For example, in December 2015, the U.S. Congress enacted an extension of the 30% solar ITC so that projects which began construction in 2016 through 2019 will continue to qualify for the 30% ITC. Projects beginning construction in 2020 and 2021 will be eligible for the ITC at the rates of 26% and 22%, respectively. The same legislation also extended the 10-year wind PTC for wind projects which began construction in 2016 through 2019. Wind projects which begin construction in the years 2017, 2018 and 2019 are eligible for PTCs at 80%, 60% and 40% of the statutory rate per kWh, respectively.

Many states have adopted RPS programs mandating that a specified percentage of electricity sales come from eligible sources of renewable energy. However, the regulations that govern the RPS programs, including pricing incentives for renewable energy, or reasonableness guidelines for pricing that increase valuation compared to conventional power (such as a projected value for carbon reduction or consideration of avoided integration costs), may change. If the RPS requirements are reduced or eliminated, it could lead to fewer future power contracts or lead to lower prices for the sale of power in future power contracts, which could have a material adverse effect on the Company's future growth prospects.

Such material adverse effects may result from decreased revenues, reduced economic returns on certain project company investments, increased financing costs, and/or difficulty obtaining financing. Furthermore, the ARRA included incentives to encourage investment in the renewable energy sector, such as cash grants in lieu of ITCs, bonus depreciation and expansion of the U.S. DOE loan guarantee program. It is uncertain what loan guarantees may be made by the U.S. DOE loan guarantee program in the future. In addition, the cash grant in lieu of ITCs program only applies to facilities that commenced construction prior to December 31, 2011, which commencement date may be determined in accordance with the safe harbor if more than 5% of the total cost of the eligible property was paid or incurred by December 31, 2011.

If the Company is unable to utilize various federal, state and local government incentives to acquire additional renewable assets in the future, or the terms of such incentives are revised in a manner that is less favorable to the Company, it may suffer a material adverse effect on the business, financial condition, results of operations and cash flows.

The integration of the Capacity Performance product into the PJM market and the Pay-for-Performance mechanism in ISO-NE could lead to substantial changes in capacity income and non-performance penalties, which could have a material adverse effect on NRG's results of operations, financial condition and cash flows.

Both ISO-NE and PJM operate a pay-for-performance model where capacity payments are modified based on real-time generator performance. Capacity market prices are sensitive to design parameters, as well as additions of new capacity. NRG may experience substantial changes in capacity income and non-performance penalties, which could have a material adverse effect on NRG's results of operations, financial condition and cash flows.

Certain of NRG's long-term bilateral contracts result from state-mandated procurements and could be declared invalid by a court of competent jurisdiction.

A significant portion of NRG's revenues are derived from long-term bilateral contracts with utilities that are regulated by their respective states, and have been entered into pursuant to certain state programs. Certain long-term contracts that other companies have with state-regulated utilities have been challenged in federal court and have been declared unconstitutional on the grounds that the rate for energy and capacity established by the contracts impermissibly conflicts with the rate for energy and capacity established by FERC pursuant to the FPA. If certain of the Company's state-mandated agreements with utilities are ever held to be invalid, NRG may be unable to replace such contracts, which could have a material adverse effect on NRG's business, financial condition, results of operations and cash flows.

NRG's ownership interest in a nuclear power facility subjects the Company to regulations, costs and liabilities uniquely associated with these types of facilities.

Under the Atomic Energy Act of 1954, as amended, or AEA, ownership and operation of STP, of which NRG indirectly owns a 44% interest, is subject to regulation by the NRC. Such regulation includes licensing, inspection, enforcement, testing, evaluation and modification of all aspects of nuclear reactor power plant design and operation, environmental and safety performance, technical and financial qualifications, decommissioning funding assurance and transfer and foreign ownership restrictions. The current facility operating licenses for STP expire on August 20, 2047 (Unit 1) and December 15, 2048 (Unit 2).

There are unique risks to owning and operating a nuclear power facility. These include liabilities related to the handling, treatment, storage, disposal, transport, release and use of radioactive materials, particularly with respect to spent nuclear fuel, and uncertainties regarding the ultimate, and potential exposure to, technical and financial risks associated with modifying or decommissioning a nuclear facility. The NRC could require the shutdown of the plant for safety reasons or refuse to permit restart of the unit after unplanned or planned outages. New or amended NRC safety and regulatory requirements may give rise to additional operation and maintenance costs and capital expenditures. Additionally, aging equipment may require more capital expenditures to keep each of these nuclear power plants operating efficiently. This equipment is also likely to require periodic upgrading and improvement. Any unexpected failure, including failure associated with breakdowns, forced outages, or any unanticipated capital expenditures, could result in reduced profitability. STP will be obligated to continue storing spent nuclear fuel if the U.S. DOE continues to fail to meet its contractual obligations to STP made pursuant to the U.S. Nuclear Waste Policy Act of 1982 to accept and dispose of STP's spent nuclear fuel. See also Item 1 — *Regulatory Matters — Nuclear Operations - Decommissioning Trusts* and Item 1 — *Environmental Matters — Federal Environmental Initiatives — Nuclear Waste* for further discussion. Costs associated with these risks could be substantial and could have a material adverse effect on NRG's results of operations, financial condition or cash flow to the extent not covered by the Decommissioning Trusts or recovered from ratepayers. In addition, to the extent that all or a part of STP is required by the NRC to permanently or temporarily shut down or modify its operations, or is otherwise subject to a forced outage, NRG may incur additional costs to the extent it is obligated to provide power from more expensive alternative sources — either NRG's own plants, third party generators or the ERCOT — to cover the Company's then existing forward sale obligations. Such shutdown or modification could also lead to substantial costs related to the storage and disposal of radioactive materials and spent nuclear fuel.

While STP maintains property and liability insurance for losses related to nuclear operations, there may be limitations on the amounts and types of insurance commercially available. See also Item 15 — Note 22, *Commitments and Contingencies, Nuclear Insurance*. An accident at STP or another nuclear facility could have a material adverse effect on NRG's financial condition, its operational results, or liquidity as losses may exceed the insurance coverage available and/or may result in the obligation to pay retrospective premium obligations.

NRG is subject to environmental laws that impose extensive and increasingly stringent requirements on the Company's ongoing operations, as well as potentially substantial liabilities arising out of environmental contamination. These environmental requirements and liabilities could adversely impact NRG's results of operations, financial condition and cash flows.

NRG is subject to the environmental laws of foreign and U.S., federal, state and local authorities. The Company must comply with numerous environmental laws and obtain numerous governmental permits and approvals to build and operate the Company's plants. Federal and state environmental laws generally have become more stringent over time, although this trend could slow or pause. Should NRG fail to comply with any environmental requirements that apply to its operations, the Company could be subject to administrative, civil and/or criminal liability and fines, and regulatory agencies could take other actions seeking to curtail the Company's operations. In addition, when new requirements take effect or when existing environmental requirements are revised, reinterpreted or subject to changing enforcement policies, NRG's business, results of operations, financial condition and cash flows could be adversely affected.

NRG's businesses are subject to physical, market and economic risks relating to potential effects of climate change.

Climate change is producing changes in weather and other environmental conditions, including temperature and precipitation levels, and thus may affect consumer demand for electricity. In addition, the potential physical effects of climate change, such as increased frequency and severity of storms, floods and other climatic events, could disrupt NRG's operations and supply chain, and cause them to incur significant costs in preparing for or responding to these effects. These or other meteorological changes could lead to increased operating costs, capital expenses or power purchase costs. NRG's commercial and residential customers may also experience the potential physical impacts of climate change and may incur significant costs in preparing for or responding to these efforts, including increasing the mix and resiliency of their energy solutions and supply.

Climate change could also affect the availability of a secure and economical supply of water in some locations, which is essential for the continued operation of NRG's generation plants. Water risk is monitored by the risk owners (individual plant operators) and reported to Company management upon changes with a significance threshold of 20% in water consumption and withdrawal levels. If it is determined that a water supply risk exists that could impact projected generation levels at any plant within the subsequent two year time frame, risk mitigation efforts are identified and economically evaluated for implementation. Water risk regarding the impact for barge delivery is evaluated on a daily basis, with contingency plans developed as needed.

GHG regulation could increase the cost of electricity generated by fossil fuels, and such increases could reduce demand for the power NRG generates and markets. Also, demand for NRG's energy-related services could be similarly impacted by consumers' preferences or market factors favoring energy efficiency, low-carbon power sources or reduced electricity usage.

Policies at the national, regional and state levels to regulate GHG emissions, as well as mitigate climate change, could adversely impact NRG's results of operations, financial condition and cash flows.

NRG's GHG emissions for 2017 can be found in Item 1, *Business — Environmental Matters*. In 2015, the EPA promulgated the final GHG emissions rules for new and existing fossil-fuel-fired electric generating units, which have been stayed by the U.S. Supreme Court and the EPA has proposed repealing.

The Company operates generating units in Connecticut, Delaware, Maryland, and New York that are subject to RGGI, which is a regional cap and trade system. In 2013, each of these states finalized a rule that reduced and will continue to reduce the number of allowances through 2020. The nine RGGI states re-evaluated the program and published a model rule to further reduce the number of allowances. The revisions being currently contemplated could adversely impact NRG's results of operations, financial condition and cash flows.

California has a CO₂ cap and trade program for electric generating units greater than 25 MW. The impact on the Company depends on the cost of the allowances and the ability to pass these costs through to customers.

Hazards customary to the power production industry include the potential for unusual weather conditions, which could affect fuel pricing and availability, the Company's route to market or access to customers, *i.e.*, transmission and distribution lines, or critical plant assets. The contribution of climate change to the frequency or intensity of weather-related events could affect NRG's operations and planning process.

NRG's retail businesses are subject to changing state rules and regulations that could have a material impact on the profitability of its business lines.

The competitiveness of NRG's retail businesses partially depends on state regulatory policies that establish the structure, rules, terms and conditions on which services are offered to retail customers. These state policies, which can include controls on the retail rates NRG's retail businesses can charge, the imposition of additional costs on sales, restrictions on the Company's ability to obtain new customers through various marketing channels and disclosure requirements, which can affect the competitiveness of NRG's retail businesses. Additionally, state or federal imposition of net metering or RPS programs can make it more or less expensive for retail customers to supplement or replace their reliance on grid power. NRG's retail businesses have limited ability to influence development of these policies, and its business model may be more or less effective, depending on changes to the regulatory environment.

The Company's international operations are exposed to political and economic risks, commercial instability and events beyond the Company's control in the countries in which it operates, which risks may negatively impact the Company's business.

The Company's international operations depend on products manufactured, purchased and sold in the U.S. and internationally, including in countries with political and economic instability. In some cases, these countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than in NRG's other markets. The Company's business could be negatively impacted by adverse fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for the Company's products. Operating and seeking to expand business in a number of different regions and countries exposes the Company to a number of risks, including:

- multiple and potentially conflicting laws, regulations and policies that are subject to change;
- imposition of currency restrictions on repatriation of earnings or other restraints;
- imposition of burdensome tariffs or quotas;
- national and international conflict, including terrorist acts; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

The occurrence of one or more of these events may negatively impact the Company's business, results of operations and financial condition.

Risks Related to Economic and Financial Market Conditions

NRG's level of indebtedness could adversely affect its ability to raise additional capital to fund its operations or return capital to stockholders. It could also expose it to the risk of increased interest rates and limit its ability to react to changes in the economy or its industry.

NRG's substantial debt could have negative consequences, including:

- increasing NRG's vulnerability to general economic and industry conditions;
- requiring a substantial portion of NRG's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, therefore reducing NRG's ability to pay dividends to holders of its preferred or common stock or to use its cash flow to fund its operations, capital expenditures and future business opportunities;
- limiting NRG's ability to enter into long-term power sales or fuel purchases which require credit support;
- exposing NRG to the risk of increased interest rates because certain of its borrowings, including borrowings under its senior secured credit facility are at variable rates of interest;
- limiting NRG's ability to obtain additional financing for working capital including collateral postings, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting NRG's ability to adjust to changing market conditions and placing it at a competitive disadvantage compared to its competitors who have less debt.

The indentures for NRG's notes and senior secured credit facility contain financial and other restrictive covenants that may limit the Company's ability to return capital to stockholders or otherwise engage in activities that may be in its long-term best interests. Furthermore, financial and other restrictive covenants contained in any project level subsidiary debt may limit the ability of NRG to receive distributions from such subsidiary. NRG's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of the Company's indebtedness.

In addition, NRG's ability to arrange financing, either at the corporate level, a non-recourse project-level subsidiary or otherwise, and the costs of such capital, are dependent on numerous factors, including:

- general economic and capital market conditions;
- credit availability from banks and other financial institutions;
- investor confidence in NRG, its partners and the regional wholesale power markets;
- NRG's financial performance and the financial performance of its subsidiaries;
- NRG's level of indebtedness and compliance with covenants in debt agreements;
- maintenance of acceptable credit ratings;
- cash flow; and
- provisions of tax and securities laws that may impact raising capital.

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

Adverse economic conditions could adversely affect NRG's business, financial condition, results of operations and cash flows.

Adverse economic conditions and declines in wholesale energy prices, partially resulting from adverse economic conditions, may impact NRG's earnings. The breadth and depth of negative economic conditions may have a wide-ranging impact on the U.S. business environment, including NRG's businesses. In addition, adverse economic conditions also reduce the demand for energy commodities. Reduced demand from negative economic conditions continues to impact the key domestic wholesale energy markets NRG serves. The combination of lower demand for power and increased supply of natural gas has put downward price pressure on wholesale energy markets in general, further impacting NRG's energy marketing results. In general, economic and commodity market conditions will continue to impact NRG's unhedged future energy margins, liquidity, earnings growth and overall financial condition. In addition, adverse economic conditions, declines in wholesale energy prices, reduced demand for power and other factors may negatively impact the trading price of NRG's common stock and impact forecasted cash flows, which may require NRG to evaluate its goodwill and other long-lived assets for impairment. Any such impairment could have a material impact on NRG's financial statements.

Goodwill and/or other intangible assets not subject to amortization that NRG has recorded in connection with its acquisitions are subject to mandatory annual impairment evaluations and as a result, the Company could be required to write off some or all of this goodwill and other intangible assets, which may adversely affect the Company's financial condition and results of operations.

In accordance with ASC 350, *Intangibles — Goodwill and Other*, or ASC 350, goodwill is not amortized but is reviewed annually or more frequently for impairment and other intangibles are also reviewed at least annually or more frequently, if certain conditions exist, and may be amortized. Any reduction in or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect NRG's reported results of operations and financial position in future periods.

A valuation allowance may be required for NRG's deferred tax assets.

A valuation allowance may need to be recorded against the Company's remaining net deferred tax assets, which are predominantly related to NRG Yield, Inc., that the Company estimates as more likely than not to be unrealizable, based on available evidence including cumulative and forecasted pretax book earnings at the time the estimate is made. Currently, the Company has recorded a valuation allowance of approximately \$1.8 billion against NRG's net deferred tax assets that are not related to NRG Yield, Inc. A valuation allowance related to deferred tax assets can be affected by changes to tax laws, statutory tax rates and future taxable income levels. In the event that the Company determines that it would not be able to realize all or a portion of its net deferred tax assets in the future, the Company would reduce such amounts accordingly through a charge to income tax expense in the period in which that determination was made, which could have a material adverse impact on the Company's financial condition and results of operations.

The Company has made investments, and may continue to make investments, in new business initiatives predominantly focused on consumer products and in markets that may not be successful, may not achieve the intended financial results or may result in product liability and reputational risk that could adversely affect the Company.

NRG continues to pursue growth in its existing businesses and markets and further diversification across the competitive energy value chain. NRG is continuing to pursue investment opportunities in renewables, consumer products and distributed generation. Such initiatives may involve significant risks and uncertainties, including distraction of management from current operations, inadequate return on capital, and unidentified issues not discovered in the diligence performed prior to launching an initiative or entering a market.

As part of these initiatives, the Company may be liable to customers for any damage caused to customers' homes, facilities, belongings or property during the installation of Company products and systems, such as residential solar systems and mass market back-up generators. In addition, shortages of skilled labor for Company projects could significantly delay a project or otherwise increase its costs. The products that the Company sells or manufactures may expose the Company to product liability claims relating to personal injury, death, or environmental or property damage, and may require product recalls or other actions. Although the Company maintains liability insurance, the Company cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to the Company on economically reasonable terms, or at all. Further, any product liability claim or damage caused by the Company could significantly impair the Company's brand and reputation, which may result in a failure to maintain customers and achieve the Company's desired growth initiatives in these new businesses.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

- NRG's ability to achieve the expected benefits of its Transformation Plan;
- NRG's ability to engage in successful sales and divestitures as well as mergers and acquisitions activity;
- The potential adverse effects of the GenOn Entities' filings under Chapter 11 of the Bankruptcy Code and restructuring transactions on NRG's operations, management and employees and the risks associated with operating NRG's business during the restructuring process;
- Risks and uncertainties associated with the GenOn Entities' Chapter 11 Cases including the ability to achieve anticipated benefits therefrom;
- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Changes in law, including judicial decisions;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions (including wind and solar conditions), catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that NRG may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of NRG's risk management policies and procedures, and the ability of NRG's counterparties to satisfy their financial commitments;
- Counterparties' collateral demands and other factors affecting NRG's liquidity position and financial condition;
- NRG's ability to operate its businesses efficiently and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- NRG's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including changes in market rules, rates, tariffs and environmental laws;
- Price mitigation strategies and other market structures employed by ISOs or RTOs that result in a failure to adequately and fairly compensate NRG's generation units;
- NRG's ability to mitigate forced outage risk for units subject to capacity performance requirements in PJM, performance incentives in ISO-NE, and scarcity pricing in ERCOT;
- NRG's ability to borrow funds and access capital markets, as well as NRG's substantial indebtedness and the possibility that NRG may incur additional indebtedness going forward;
- Operating and financial restrictions placed on NRG and its subsidiaries that are contained in the indentures governing NRG's outstanding notes, in NRG's Senior Credit Facility, and in debt and other agreements of certain of NRG subsidiaries and project affiliates generally;
- Cyber terrorism and inadequate cybersecurity, or the occurrence of a catastrophic loss and the possibility that NRG may not have adequate insurance to cover losses resulting from such hazards or the inability of NRG's insurers to provide coverage;
- NRG's ability to develop and build new power generation facilities;
- NRG's ability to develop and innovate new products as retail and wholesale markets continue to change and evolve;
- NRG's ability to implement its strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- NRG's ability to increase cash from operations through operational and commercial initiatives, corporate efficiencies, asset strategy, and a range of other programs throughout NRG to reduce costs or generate revenues;
- NRG's ability to sell assets to NRG Yield, Inc. and to close drop-down transactions;

- NRG's ability to achieve its strategy of regularly returning capital to stockholders;
- NRG's ability to obtain and maintain retail market share;
- NRG's ability to successfully evaluate investments and achieve intended financial results in new business and growth initiatives;
- NRG's ability to successfully integrate, realize cost savings and manage any acquired businesses; and
- NRG's ability to develop and maintain successful partnering relationships.

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

Item 1B — Unresolved Staff Comments

None.

Item 2 — Properties

Listed below are descriptions of NRG's interests in facilities, operations and/or projects owned or leased as of December 31, 2017. The MW figures provided represent nominal summer net MW capacity of power generated as adjusted for the Company's owned or leased interest excluding capacity from inactive/mothballed units as of December 31, 2017. The following table summarizes NRG's power production and cogeneration facilities by region:

Name of Facility	Power Market	Plant Type	Primary Fuel	Location	Rated MW Capacity	Net MW Capacity ^(a)	% Owned
Gulf Coast							
Bayou Cove ⁽ⁱ⁾	MISO	Fossil	Natural Gas	LA	225	225	100.0
Big Cajun I ⁽ⁱ⁾	MISO	Fossil	Natural Gas	LA	430	430	100.0
Big Cajun II ⁽ⁱ⁾	MISO	Fossil	Coal	LA	580	580	100.0
Big Cajun II ⁽ⁱ⁾	MISO	Fossil	Natural Gas	LA	540	540	100.0
Big Cajun II ⁽ⁱ⁾	MISO	Fossil	Coal	LA	588	341	58.0
Cedar Bayou	ERCOT	Fossil	Natural Gas	TX	1,495	1,495	100.0
Cedar Bayou 4	ERCOT	Fossil	Natural Gas	TX	498	249	50.0
Cottonwood ⁽ⁱ⁾	MISO	Fossil	Natural Gas	TX	1,263	1,263	100.0
Greens Bayou	ERCOT	Fossil	Natural Gas	TX	344	344	100.0
Gregory	ERCOT	Fossil	Natural Gas	TX	388	388	100.0
Limestone	ERCOT	Fossil	Coal	TX	1,689	1,689	100.0
Petra Nova Cogen	ERCOT	Fossil	Natural Gas	TX	44	22	50.0
San Jacinto	ERCOT	Fossil	Natural Gas	TX	162	162	100.0
South Texas Project ^(b)	ERCOT	Nuclear	Uranium	TX	2,582	1,136	44.0
Sterlington ⁽ⁱ⁾	MISO	Fossil	Natural Gas	LA	176	176	100.0
T.H. Wharton	ERCOT	Fossil	Natural Gas	TX	1,025	1,025	100.0
W.A. Parish	ERCOT	Fossil	Coal	TX	2,504	2,504	100.0
W.A. Parish	ERCOT	Fossil	Natural Gas	TX	1,145	1,145	100.0
Total Gulf Coast					15,678	13,714	
East/West							
Arthur Kill	NYISO	Fossil	Natural Gas	NY	858	858	100.0
Astoria Turbines	NYISO	Fossil	Natural Gas	NY	404	404	100.0
Conemaugh & Keystone	PJM	Fossil	Coal	PA	3,343	125	3.7
Conemaugh & Keystone	PJM	Fossil	Oil	PA	20	1	3.7
Connecticut Jet Power	ISO-NE	Fossil	Oil	CT	142	142	100.0
Devon	ISO-NE	Fossil	Oil	CT	133	133	100.0
Doga		Fossil	Natural Gas	Turkey	180	144	80.0
Encina ^(f)	CAISO	Fossil	Natural Gas	CA	859	859	100.0
Fisk	PJM	Fossil	Oil	IL	172	172	100.0
Gladstone		Fossil	Coal	AUS	1,613	605	37.5
Indian River	PJM	Fossil	Coal	DE	410	410	100.0
Indian River	PJM	Fossil	Oil	DE	16	16	100.0
Joliet ^(c)	PJM	Fossil	Natural Gas	IL	1,326	1,326	100.0
Long Beach	CAISO	Fossil	Natural Gas	CA	260	260	100.0
Middletown	ISO-NE	Fossil	Oil	CT	770	770	100.0
Midway-Sunset	CAISO	Fossil	Natural Gas	CA	226	113	50.0
Montville	ISO-NE	Fossil	Oil	CT	494	494	100.0
Oswego	NYISO	Fossil	Oil	NY	1,639	1,639	100.0
Powerton ^(c)	PJM	Fossil	Coal	IL	1,538	1,538	100.0
Saguaro	WECC	Fossil	Natural Gas	NV	92	46	50.0

Name of Facility	Power Market	Plant Type	Primary Fuel	Location	Rated MW Capacity	Net MW Capacity ^(a)	% Owned
East/West (continued)							
San Diego Turbines ^(d)	CAISO	Fossil	Natural Gas	CA	61	61	100.0
SMECO	PJM	Fossil	Natural Gas	MD	78	78	100.0
Sunrise	CAISO	Fossil	Natural Gas	CA	586	586	100.0
Vienna	PJM	Fossil	Oil	MD	167	167	100.0
Watson	CAISO	Fossil	Natural Gas	CA	416	204	49.0
Waukegan	PJM	Fossil	Coal	IL	682	682	100.0
Waukegan	PJM	Fossil	Oil	IL	108	108	100.0
Will County	PJM	Fossil	Coal	IL	510	510	100.0
Total East/West					17,103	12,451	
Renewables							
Agua Caliente ^{(g)(i)}	CAISO/WECC	Renewable	Solar	AZ	290	102	35.0
Blythe II	CAISO	Renewable	Solar	CA	20	20	100.0
Broken Bow ^(g)	MISO	Renewable	Wind	NE	80	13	16.0
Cedro Hill ^(g)	ERCOT	Renewable	Wind	TX	150	47	31.0
Crofton Bluffs ^(g)	MISO	Renewable	Wind	NE	42	8	20.0
Distributed Solar	AZNMSNV/WECC	Renewable	Solar	various	179	179	100.0
Eastridge ^(h)	MISO	Renewable	Wind	MN	10	10	99.0
Guam ⁽ⁱ⁾		Renewable	Solar	Guam	26	26	100.0
Ivanpah ^{(g)(i)}	CAISO	Renewable	Solar	CA	392	196	50.1
Langford Wind Farm	ERCOT	Renewable	Wind	TX	150	150	100.0
Mountain Wind I ^(g)	WECC	Renewable	Wind	WY	61	19	31.0
Mountain Wind II ^(g)	WECC	Renewable	Wind	WY	80	25	31.0
Sherbino Wind Farm ⁽ⁱ⁾	ERCOT	Renewable	Wind	TX	150	75	50.0
Spanish Town ⁽ⁱ⁾		Renewable	Solar	USVI	4	4	100.0
Stadiums ⁽ⁱ⁾		Renewable	Solar	various	6	6	100.0
Total Renewables					1,640	880	
NRG Yield							
Agua Caliente ^(g)	CAISO/WECC	Renewable	Solar	AZ	290	46	16.0
Alpine	CAISO	Renewable	Solar	CA	66	66	100.0
Alta Wind	CAISO	Renewable	Wind	CA	947	947	100.0
Avenal	CAISO	Renewable	Solar	CA	45	23	50.0
Avra Valley	CAISO	Renewable	Solar	AZ	26	26	100.0
Blythe	CAISO	Renewable	Solar	CA	21	21	100.0
Borrego	CAISO	Renewable	Solar	CA	26	26	100.0
Buffalo Bear	SPP	Renewable	Wind	OK	19	19	100.0
California Valley Solar Ranch	CAISO/WECC	Renewable	Solar	OK	250	250	100.0
Crosswinds	MISO	Renewable	Wind	CA	21	21	99.0
Desert Sunlight	CAISO	Renewable	Solar	IA	550	138	25.0
Distributed Solar	Various	Renewable	Solar	various	27	27	100.0
Dover Cogeneration	PJM	Fossil	Natural Gas	DE	103	103	100.0
El Segundo	CAISO	Fossil	Natural Gas	CA	550	550	100.0
Elbow Creek	ERCOT	Renewable	Wind	TX	122	122	100.0
Elkhorn Ridge	MISO	Renewable	Wind	NE	81	54	66.7
Forward	PJM	Renewable	Wind	PA	29	29	100.0
Four Brothers Solar	WECC	Renewable	Solar	UT	320	160	50.0

Name of Facility	Power Market	Plant Type	Primary Fuel	Location	Rated MW Capacity	Net MW Capacity ^(a)	% Owned
NRG Yield (continued)							
GenConn Devon	ISO-NE	Fossil	Dual-fuel	CT	190	95	50.0
GenConn Middletown	ISO-NE	Fossil	Dual-fuel	CT	190	95	50.0
Goat Mountain Wind	ERCOT	Renewable	Wind	TX	150	150	100.0
Granite Mountain	WECC	Renewable	Solar	UT	130	65	50.0
Hardin	MISO	Renewable	Wind	IA	15	15	99.0
High Desert	WECC	Renewable	Solar	CA	20	20	100.0
Iron Springs	WECC	Renewable	Solar	UT	80	40	50.0
Kansas South	WECC	Renewable	Solar	CA	20	20	100.0
Laredo Ridge	MISO	Renewable	Wind	NE	80	80	100.0
Lookout	PJM	Renewable	Wind	PA	38	38	100.0
Marsh Landing	CAISO	Fossil	Natural Gas	CA	720	720	100.0
Odin	MISO	Renewable	Wind	MN	20	20	99.9
Paxton Creek Cogeneration	PJM	Fossil	Natural Gas	PA	12	12	100.0
Pinnacle	PJM	Renewable	Wind	WV	55	55	100.0
Princeton Hospital ^(e)	PJM	Fossil	Natural Gas	NJ	5	5	100.0
Roadrunner	WECC	Renewable	Solar	NM	20	20	100.0
San Juan Mesa	MISO	Renewable	Wind	NM	120	90	75.0
Sleeping Bear	SPP	Renewable	Wind	OK	95	95	100.0
SPP projects	Various	Renewable	Solar	various	25	25	100.0
South Trent Wind Farm	ERCOT	Renewable	Wind	TX	101	101	100.0
Spanish Fork, UT	WECC	Renewable	Wind	UT	19	19	100.0
Spring Canyon II and III	WECC	Renewable	Wind	CO	60	54	90.1
Taloga	SPP	Renewable	Wind	OK	130	130	100.0
Tucson Convention Center	WECC	Fossil	Natural Gas	AZ	2	2	100.0
University of Bridgeport	ISO-NE	Fossil	Natural Gas	CT	1	1	100.0
Wildorado	ERCOT	Renewable	Wind	TX	161	161	100.0
Walnut Creek	CAISO	Fossil	Natural Gas	CA	485	485	100.0
Total NRG Yield					6,437	5,241	
NRG's Noncontrolling Interest						(2,353)	
Net NRG Yield						2,888	
Other							
Residential solar		Renewable	Solar	various	114	114	100.0
Total Other					114	114	
Total					40,972	30,047	

- (a) Actual capacity can vary depending on factors including weather conditions, operational conditions, and other factors. Additionally, ERCOT requires periodic demonstration of capability, and the capacity may vary individually and in the aggregate from time to time.
- (b) Generation capacity figure consists of the Company's 44% interest in the two units at STP.
- (c) NRG leases 100% interests in the Powerton facility and Units 7 and 8 of the Joliet facility through facility lease agreements expiring in 2034 and 2030, respectively. NRG owns 100% interest in Joliet Unit 6. NRG operates the Powerton and Joliet facilities.
- (d) These units are located on property owned by SDG&E under an annual license agreement. The Miramar and El Cajon sites (51 MW) retired on January, 1, 2017.
- (e) The output of Princeton Hospital is primarily dedicated to serving the hospital. Excess power is sold to the local utility under its state-jurisdictional tariff.
- (f) Encina Unit 1 was deactivated on March 31, 2017.
- (g) Capacity attributable to noncontrolling interest for these Renewables facilities was 685 MWs as of December 31, 2017.
- (h) In January 2018, NRG sold the Eastridge assets to a third party.
- (i) Assets that are part of NRG's South Central business.
- (j) Assets that are not included in the announced sale of NRG's ownership in NRG Yield, Inc. Agua Caliente remains as a ROFO asset under the ROFO Agreement between NRG and NRG Yield, Inc.

Thermal Facilities

The Company's thermal businesses in Pittsburgh, Harrisburg and San Francisco are regulated by their respective state's Public Utility Commission. The other thermal businesses are subject to contract terms with their customers. The Company's thermal businesses are owned by NRG Yield LLC. The following table summarizes NRG's thermal steam and chilled water facilities as of December 31, 2017:

Name and Location of Facility	Thermal Energy Purchaser	% Owned	Rated Megawatt Thermal Equivalent Capacity (MWt)	Net Megawatt Thermal Equivalent Capacity (MWt)	Generating Capacity
NRG Energy Center Minneapolis, MN	Approx 100 steam and 55 chilled water customers	100	322 136	322 136	Steam: 1,100 MMBtu/hr. Chilled water: 38,700 tons
NRG Energy Center San Francisco, CA	Approx 180 steam customers	100	133	133	Steam: 454 MMBtu/hr.
NRG Energy Center Omaha, NE	Approx 60 steam and 65 chilled water customers	100 12 ^(a) 100 0 ^(a)	142 73 77 26	142 9 77 0	Steam: 485 MMBtu/hr Steam: 250 MMBtu/hr Chilled water: 22,000 tons Chilled water: 7,250 tons
NRG Energy Center Harrisburg, PA	Approx 125 steam and 5 chilled water customers	100	108 13	108 13	Steam: 370 MMBtu/hr. Chilled water: 3,600 tons
NRG Energy Center Phoenix, AZ	Approx 35 chilled water customers	24 ^(a) 100 12 ^(a) 0 ^(a)	5 104 14 28	1 104 2 0	Steam: 17 MMBtu/hr Chilled water: 29,600 tons Chilled water: 3,920 tons Chilled water: 8,000 tons
NRG Energy Center Pittsburgh, PA	Approx 25 steam and 25 chilled water customers	100	88 49	88 49	Steam: 302 MMBtu/hr. Chilled water: 13,874 tons
NRG Energy Center San Diego, CA	Approx 20 chilled water customers	100	31	31	Chilled water: 8,825 tons
NRG Energy Center Dover, DE	Kraft Foods Inc. and Procter & Gamble Company	100	66	66	Steam: 225 MMBtu/hr.
NRG Energy Center Princeton, NJ	Princeton HealthCare System	100	21 17	21 17	Steam: 72 MMBtu/hr. Chilled water: 4,700 tons
	Total Generating Capacity (MWt)		1,453	1,319	

(a) Net MWt capacity excludes 134 MWt available under the right-to-use provisions contained in agreements between two of NRG Yield Inc.'s thermal facilities and certain of its customers.

Other Properties

NRG owns several real properties and facilities related to its generation assets, other vacant real property unrelated to the Company's generation assets, interests in construction projects, and properties not used for operational purposes. NRG believes it has satisfactory title to its plants and facilities in accordance with standards generally accepted in the electric power industry, subject to exceptions that, in the Company's opinion, would not have a material adverse effect on the use or value of its portfolio.

NRG leases its financial and commercial corporate headquarters at 804 Carnegie Center, Princeton, New Jersey, its operational headquarters in Houston, Texas, its retail business offices and call centers, and various other office space.

Item 3 — Legal Proceedings

See Item 15 — Note 22, *Commitments and Contingencies*, to the Consolidated Financial Statements for discussion of the material legal proceedings to which NRG is a party.

Item 4 — Mine Safety Disclosures

Not applicable.

PART II

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

Market Information and Holders and Dividends

NRG's authorized capital stock consists of 500,000,000 shares of NRG common stock and 10,000,000 shares of preferred stock. A total of 25,000,000 shares of the Company's common stock are authorized for issuance under the NRG LTIP. No shares of NRG common stock were available for future issuance under the NRG GenOn LTIP. For more information about the NRG LTIP and the NRG GenOn LTIP, refer to Item 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* and Item 15 — Note 20, *Stock-Based Compensation*, to the Consolidated Financial Statements.

NRG's common stock is listed on the New York Stock Exchange and has been assigned the symbol: NRG. The high and low sales prices, as well as the closing price for the Company's common stock on a per share basis for 2017 and 2016 are set forth below:

<u>Common Stock Price</u>	<u>Fourth Quarter 2017</u>	<u>Third Quarter 2017</u>	<u>Second Quarter 2017</u>	<u>First Quarter 2017</u>	<u>Fourth Quarter 2016</u>	<u>Third Quarter 2016</u>	<u>Second Quarter 2016</u>	<u>First Quarter 2016</u>
High	\$ 29.78	\$ 26.25	\$ 19.07	\$ 18.95	\$ 13.06	\$ 16.02	\$ 18.32	\$ 14.47
Low	24.55	15.95	14.52	12.19	9.84	10.70	11.69	8.92
Closing	28.48	25.59	17.22	18.70	12.26	11.21	14.99	13.01
Dividends Per Common Share	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.145

NRG had 316,743,089 shares outstanding as of December 31, 2017. As of January 31, 2018, there were 317,637,917 shares outstanding, and there were 21,150 common stockholders of record.

On January 19, 2018, NRG declared a quarterly dividend on the Company's common stock of \$0.030 per share, or \$0.12 per share on an annualized basis, payable on February 15, 2018, to stockholders of record as of February 1, 2018.

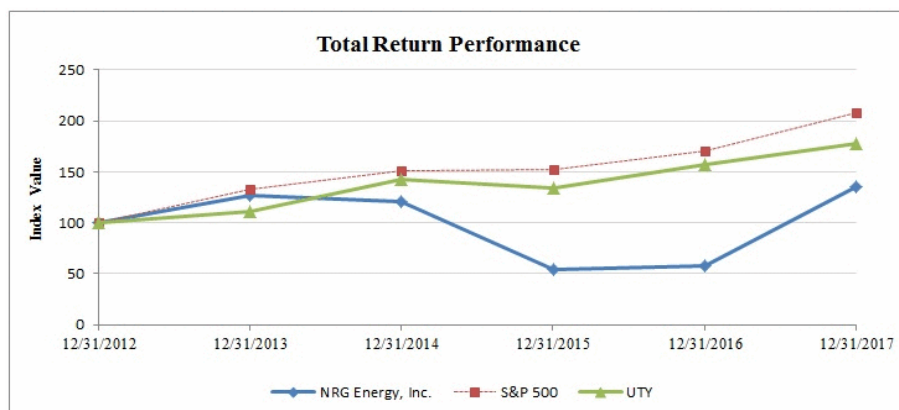
The Company's common stock dividends are subject to available capital, market conditions, and compliance with associated laws and regulations.

Stock Performance Graph

The performance graph below compares NRG's cumulative total stockholder return on the Company's common stock for the period December 31, 2012 through December 31, 2017 with the cumulative total return of the Standard & Poor's 500 Composite Stock Price Index, or S&P 500, and the Philadelphia Utility Sector Index, or UTY. NRG's common stock trades on the New York Stock Exchange under the symbol "NRG."

The performance graph shown below is being furnished and compares each period assuming that \$100 was invested on December 31, 2012, in each of the common stock of NRG, the stocks included in the S&P 500 and the stocks included in the UTY, and that all dividends were reinvested.

Comparison of Cumulative Total Return



	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017
NRG Energy, Inc.	\$ 100.00	\$ 127.02	\$ 121.33	\$ 54.56	\$ 58.06	\$ 135.68
S&P 500	100.00	132.39	150.51	152.59	170.84	208.14
UTY	100.00	110.98	143.09	134.14	157.47	177.66

Item 6 — Selected Financial Data

The following table presents NRG's historical selected financial data. This historical data should be read in conjunction with the Consolidated Financial Statements and the related notes thereto in Item 15 and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*. The Company has completed several acquisitions and dispositions, as described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In millions except ratios and per share data)				
Statement of income data:					
Total operating revenues	\$ 10,629	\$ 10,512	\$ 12,328	\$ 12,810	\$ 8,820
Total operating costs and other expenses ^(a)	(10,484)	(10,633)	(12,612)	(13,033)	(8,944)
Impairment losses ^(b)	(1,709)	(702)	(4,860)	(15)	(459)
Operating (loss)/income	(587)	266	(4,051)	895	198
Impairment losses on investments	(79)	(268)	(56)	—	(99)
Loss from continuing operations, net	(1,548)	(983)	(6,331)	(72)	(308)
(Loss)/income from discontinued operations, net	(789)	92	(105)	204	(43)
Net (loss)/income attributable to NRG Energy, Inc.	\$ (2,153)	\$ (774)	\$ (6,382)	\$ 134	\$ (386)
Common share data:					
Basic shares outstanding — average	317	316	329	334	323
Diluted shares outstanding — average	317	316	329	339	323
Shares outstanding — end of year	317	315	314	337	324
Per share data:					
Net (loss)/income attributable to NRG — basic and diluted	\$ (6.79)	\$ (2.22)	\$ (19.46)	\$ 0.23	\$ (1.22)
Dividends declared per common share	0.12	0.24	0.58	0.54	0.45
Book value	\$ 6.20	\$ 14.09	\$ 17.29	\$ 34.68	\$ 32.33
Business metrics:					
Cash flow from operations	\$ 1,387	\$ 2,088	\$ 1,349	\$ 1,559	\$ 1,149
Liquidity position ^(c)	3,210	2,373	2,418	2,757	2,767
Ratio of earnings to fixed charges	(0.52)	0.29	(4.01)	0.98	0.36
Ratio of earnings to fixed charges and preferred dividends	(0.52)	0.29	(3.88)	0.89	0.36
Return on equity	(109.40)%	(17.41)%	(117.45)%	1.15%	(3.69)%
Ratio of debt to total capitalization	88.70 %	77.75 %	72.58 %	56.98%	52.81 %
Balance sheet data:					
Current assets	\$ 4,415	\$ 6,714	\$ 7,619	\$ 8,784	\$ 7,776
Current liabilities	3,317	4,702	4,602	5,236	4,381
Property, plant and equipment, net	13,908	15,369	15,901	19,321	16,676
Total assets	23,318	30,682	33,125	40,856	34,081
Long-term debt, including current maturities, and capital leases	16,404	16,473	16,698	17,047	13,485
Total stockholders' equity	\$ 1,968	\$ 4,446	\$ 5,434	\$ 11,676	\$ 10,467

(a) Excludes impairment losses and impairment losses on investments.

(b) Includes goodwill impairment as described in Item 15 - Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.

(c) Liquidity position is determined as disclosed in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Liquidity Position*. It excludes collateral funds deposited by counterparties of \$37 million, \$2 million, and \$91 million as of December 31, 2017, 2016 and 2015, respectively, which represents cash held as collateral from hedge counterparties in support of energy risk management activities. It is the Company's intention to limit the use of these funds for repayment of the related current liability for collateral received in support of energy risk management activities.

The following table provides the details of NRG's operating revenues:

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In millions)				
Energy revenue	\$ 3,549	\$ 4,122	\$ 4,923	\$ 4,960	\$ 3,638
Capacity revenue	1,197	1,236	1,368	1,201	936
Retail revenue	6,385	6,336	6,910	7,372	6,315
Mark-to-market for economic hedging activities	21	(572)	(143)	690	(185)
Contract amortization	(56)	(56)	(40)	(12)	(32)
Other revenues	490	543	425	536	287
Corporate/Eliminations	(957)	(1,097)	(1,115)	(1,937)	(2,139)
Total operating revenues ^(a)	<u>\$ 10,629</u>	<u>\$ 10,512</u>	<u>\$ 12,328</u>	<u>\$ 12,810</u>	<u>\$ 8,820</u>

^(a) Inter-segment sales and net derivative gains and losses included in operating revenues.

Energy revenue consists of revenues received from third parties as well as from the Company's retail businesses, for sales of electricity in the day-ahead and real-time markets, as well as bilateral sales. It also includes energy sold through long-term PPAs for renewable facilities. In addition, energy revenue includes revenues from the settlement of financial instruments and net realized trading revenues.

Capacity revenue consists of revenues received from a third party at either the market or negotiated contract rates for making installed generation capacity available in order to satisfy system integrity and reliability requirements. Capacity revenue also includes revenues from the settlement of financial instruments. In addition, capacity revenue includes revenues received under tolling arrangements, which entitle third parties to dispatch NRG's facilities and assume title to the electrical generation produced from that facility.

Retail revenue, representing operating revenues of NRG's retail businesses, consists of revenues from retail sales to residential, small business, commercial, industrial and governmental/institutional customers, revenues from the sale of excess supply into various markets, primarily in Texas, as well as product sales.

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges and ineffectiveness on cash flow hedges.

Contract amortization revenue consists of the amortization of the intangible assets for net in-market C&I contracts established in connection with the acquisitions of Reliant Energy and Green Mountain Energy, as well as acquired power contracts, gas derivative instruments, and certain power sales agreements assumed at Fresh Start and Texas Genco purchase accounting dates related to the sale of electric capacity and energy in future periods. These amounts are amortized into revenue over the term of the underlying contracts based on actual generation or contracted volumes.

Other revenues include revenues generated by the Thermal Business consisting of revenues received from the sale of steam, hot and chilled water generally produced at a central district energy plant and sold to commercial, governmental and residential buildings for space heating, domestic hot water heating and air conditioning. It also includes the sale of high-pressure steam produced and delivered to industrial customers that is used as part of an industrial process. Other revenues also consists of operations and maintenance fees, or O&M fees, construction management services, or CMA fees, sale of natural gas and emission allowances, and revenues from ancillary services. O&M fees consist of revenues received from providing certain unconsolidated affiliates with services under long-term operating agreements. CMA fees are earned where NRG provides certain management and oversight of construction projects pursuant to negotiated agreements such as for the GenConn, Cedar Bayou 4 and certain solar construction projects. Ancillary services are comprised of the sale of energy-related products associated with the generation of electrical energy such as spinning reserves, reactive power and other similar products. Other revenues also include unrealized trading activities.

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

The discussion and analysis below has been organized as follows:

- Executive Summary, including the business environment in which NRG operates, a discussion of regulation, weather, competition and other factors that affect the business, and significant events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of NRG's Consolidated Statements of Operations;
- Financial condition addressing credit ratings, liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements; and
- Critical accounting policies which are most important to both the portrayal of the Company's financial condition and results of operations, and which require management's most difficult, subjective or complex judgment.

As you read this discussion and analysis, refer to NRG's Consolidated Statements of Operations to this Form 10-K, which presents the results of the Company's operations for the years ended December 31, 2017, 2016, and 2015, and also refer to Item 1 to this Form 10-K for more detailed discussion about the Company's business.

Executive Summary

NRG Energy, Inc., or NRG or the Company, is a leading integrated power company built on the strength of a diverse competitive electric generation portfolio and leading retail electricity platform. NRG aims to create a sustainable energy future by producing, selling and delivering electricity and related products and services in major competitive power markets in the U.S. in a manner that delivers value to all of NRG's stakeholders. The Company owns and operates approximately 30,000 MW of generation; trades wholesale energy, capacity and related products; transacts in and trades fuel and transportation services; and directly sells energy, services, and innovative, sustainable products and services to retail customers under the names "NRG", "Reliant" and other retail brand names owned by NRG.

Business Environment

The industry dynamics and external influences affecting the Company and its businesses, and the power generation and retail energy industry in general in 2017 and for the future medium term include:

Capacity Markets — Capacity markets are a major source of revenue for the Company. Centralized capacity markets exist in ISO-NE, MISO, NYISO and PJM. Bilateral markets exist in CAISO and MISO. These auctions are either an annual market held three years ahead of the delivery period as in the case of PJM and ISO-NE, or six months to one month ahead as in the case of NYISO. Many variables affect the prices derived in these auctions. These variables include the load forecast, the target reserve margin, rules surrounding demand response, capacity performance penalties, capacity imports and exports from the region, new generation entrants, slope of the demand curve, generation retirements, the cost of retrofitting old generation to meet new environmental rules, expected profitability of the units themselves in the energy market and various other auction rules. In theory, a high capacity price indicates that the ISO doesn't have sufficient generation capacity against its needed reserve margin and new construction should enter the market. Similarly, a low capacity price suggests the market is over-built and units should retire. The Company has seen many swings in the pricing for capacity markets and the rules in many of the markets are undergoing significant changes, as discussed in this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Commodities Markets — The price of natural gas plays an important role in setting the price of electricity in many of the regions where NRG operates power plants. Natural gas prices are driven by variables including demand from the industrial, residential, and electric sectors, productivity across natural gas supply basins, costs of natural gas production, changes in pipeline infrastructure, and the financial and hedging profile of natural gas consumers and producers. In 2017, average natural gas prices at Henry Hub were 26.3% higher than in 2016.

If long-term gas prices decrease, the Company is likely to encounter lower realized energy prices, leading to lower energy revenues as higher priced hedge contracts mature and are replaced by contracts with lower gas and power prices. NRG's retail gross margins have historically improved as natural gas prices decline and are likely to partially offset the impact of declining gas prices on conventional wholesale power generation. To further mitigate this impact, NRG may increase its percentage of coal and nuclear capacity sold forward using a variety of hedging instruments, as described under the heading "Energy-Related Commodities" in Item 15 — Note 5, *Accounting for Derivative Instruments and Hedging Activities*, to the Consolidated Financial Statements.

Natural gas prices are a primary driver of coal demand. The low priced commodity environment has stressed coal equities, leading coal suppliers to file for bankruptcy protection, launch debt exchanges, rationalize assets, and cut production. If multiple parties withdraw from the market, liquidity could be challenged in the short term. Inventory overhang will be utilized to offset production losses. Coal prices are typically affected by the price of natural gas.

Electricity Prices — The price of electricity is a key determinant of the profitability of the Company. Many variables such as the price of different fuels, weather, load growth and unit availability all coalesce to impact the final price for electricity and the Company's profitability. The following table summarizes average on-peak power prices for each of the major markets in which NRG operates for the years ended December 31, 2017, 2016, and 2015. For the year ended December 31, 2017 as compared to the same period in 2016, the average on-peak power prices increased primarily due to the increase in natural gas prices. For the year ended December 31, 2016 as compared to the same period in 2015 the average on-peak power prices decreased primarily due to the decrease in natural gas prices.

Region	Average on Peak Power Price (\$/MWh)				
	Year Ended December 31			2017 vs 2016	2016 vs 2015
	2017	2016	2015	Change %	Change %
Gulf Coast ^(a)					
ERCOT - Houston ^(b)	\$ 33.95	\$ 26.91	\$ 28.15	26%	(4)%
ERCOT - North ^(b)	25.86	24.53	27.61	5%	(11)%
MISO - Louisiana Hub ^(c)	40.02	34.30	34.55	17%	(1)%
East/West					
NY J/NYC ^(c)	38.34	35.29	46.42	9%	(24)%
NEPOOL ^(c)	37.18	35.05	48.25	6%	(27)%
COMED (PJM) ^(c)	32.46	32.11	34.13	1%	(6)%
PJM West Hub ^(c)	34.14	33.79	41.97	1%	(19)%
CAISO - NP15 ^(c)	35.68	31.73	35.50	12%	(11)%
CAISO - SP15 ^(c)	36.48	31.17	32.45	17%	(4)%

(a) Gulf Coast region also transacts in PJM - West Hub.

(b) Average on-peak power prices based on real time settlement prices as published by the respective ISOs.

(c) Average on-peak power prices based on day ahead settlement prices as published by the respective ISOs.

The following table summarizes average realized power prices for each region in which NRG operates for the years ended December 31, 2017, 2016, and 2015, which reflects the impact of settled hedges.

Region	Average Realized Power Price (\$/MWh)				
	Year Ended December 31			2017 vs 2016	2016 vs 2015
	2017	2016	2015	Change %	Change %
Gulf Coast	\$ 36.43	\$ 43.34	\$ 42.89	(16)%	1 %
East/West	62.07	64.16	68.79	(3)%	(7)%

Though the average on peak power prices have increased on average by 9% for the year ended December 31, 2017 as compared to the same period in 2016, and decreased on average by 15% for the year ended December 31, 2016 as compared to the same period in 2015, average realized prices by region for the Company were driven by the Company's multi-year hedging program and the success of the Company's commercial operations team in optimizing the value of the Company's assets on a daily basis.

Environmental Regulatory Landscape — The MATS rule, finalized in 2012, had been the primary regulatory force behind the decision to retrofit, repower or retire uncontrolled coal fired power plants. In June 2015, the U.S. Supreme Court held that the EPA unreasonably refused to consider costs when it determined to regulate HAPs emitted by electric generating units. The U.S. Supreme Court did not vacate the MATS rule but rather remanded it to the D.C. Circuit for further proceedings. In December 2015, the D.C. Circuit remanded the MATS rule to the EPA without vacatur. On April 25, 2016, the EPA released a supplemental finding that the benefits of this regulation outweigh the costs to address the U.S. Supreme Court's ruling that the EPA had not properly considered costs. This finding has been challenged in the D.C. Circuit. On April 18, 2017, the EPA asked the D.C. Circuit to postpone oral argument that had been scheduled for May 18, 2017 because the EPA is closely reviewing the supplemental finding to determine whether it should reconsider all or part of the rule. On April 27, 2017, the D.C. Circuit granted the EPA's request to postpone the oral argument and hold the case in abeyance. A number of regulations on GHGs, ambient air quality, coal combustion byproducts and water use with the potential for increased capital costs or operational impacts have been finalized and are under review by the courts and being re-evaluated by the current Administration. The design, timing and stringency of these regulations and the legal outcomes will affect the decision to retrofit or retire existing fossil plants. See Item 1— Business, *Environmental Matters*, for further discussion.

Public Policy Support and Government Financial Incentives for Clean Infrastructure Development — Policy mechanisms including production and investment tax credits, cash grants, loan guarantees, accelerated depreciation tax benefits, RPS, and carbon trading plans have been implemented at the state and federal levels to support the development of renewable generation, demand-side and smart grid, and other clean infrastructure technologies. The availability and continuation of public policy support mechanisms will drive a significant part of the economics of the Company's development program. In December 2015, the U.S. Congress enacted an extension of the 30% solar ITC so that projects that began construction in 2016 through 2019 will continue to qualify for the 30% ITC. Projects beginning construction in 2020 and 2021 will be eligible for the ITC at the rates of 26% and 22% respectively. The same legislation also extended the 10 year wind PTC for wind projects that began construction in years 2016 through 2019. Wind projects that begin construction in the years 2017, 2018 and 2019 are eligible for PTC at 80%, 60% and 40% of the statutory rate per kilowatt hour respectively.

Weather — Weather conditions in the regions of the U.S. in which NRG does business influence the Company's financial results. Weather conditions can affect the supply and demand for electricity and fuels. Weather may also impact the availability of the Company's generating assets. Changes in energy supply and demand may impact the price of these energy commodities in both the spot and forward markets, which may affect the Company's results in any given period. Typically, demand for and the price of electricity is higher in the summer and the winter seasons, when temperatures are more extreme. The demand for and price of natural gas is also generally higher in the winter. However, all regions of the U.S. typically do not experience extreme weather conditions at the same time, thus NRG is typically not exposed to the effects of extreme weather in all parts of its business at once.

Wind and Solar Resource Availability — The availability of the wind and solar resources affects the financial performance of the wind and solar facilities, which may impact the Company's overall financial performance. Due to the variable nature of the wind and solar resources, the Company cannot predict the availability of the wind and solar resources and the potential variances from expected performance levels from quarter to quarter. To the extent the wind and solar resources are not available at expected levels, it could have a negative impact on the Company's financial performance for such periods.

ERCOT Retirements — A number of announced retirement notices of coal generating facilities owned by others in Texas could lower reserve margins in ERCOT. This trend of retirement notices could have an effect on the Company's results of operations and future business performance, particularly in the ERCOT market.

Net Impact of Tax Reform — The Tax Cuts and Jobs Act of 2017, or the Tax Act, which was signed into law on December 22, 2017, makes significant changes to the taxation of U.S. businesses. These changes include a permanent reduction to the federal corporate income tax rate, changes in the deductibility of interest on certain debt obligations and limiting the amount of NOL available to offset taxable income, among other things. The Tax Act requires the Company to revalue its deferred tax assets, which reduced the Company's deferred tax assets by \$733 million offset by valuation allowance of \$660 million. In addition, the Company established a non-current receivable for its refundable AMT credits of \$64 million, net of sequestration. The net impact of the Tax Act on net income is a decrease of \$9 million due to the expense of \$73 million resulting from the Company's revaluation of its net deferred tax asset, partially offset by a \$64 million benefit from establishing the AMT credit receivable.

Other Factors — A number of other factors significantly influence the level and volatility of prices for energy commodities and related derivative products for NRG's business. These factors include:

- seasonal, daily and hourly changes in demand;
- extreme peak demands;
- available supply resources;
- transportation and transmission availability and reliability within and between regions;
- location of NRG's generating facilities relative to the location of its load-serving opportunities;
- procedures used to maintain the integrity of the physical electricity system during extreme conditions; and
- changes in the nature and extent of federal and state regulations.

These factors can affect energy commodity and derivative prices in different ways and to different degrees. These effects may vary throughout the country as a result of regional differences in:

- weather conditions;
- market liquidity;
- capability and reliability of the physical electricity and gas systems;
- local transportation systems; and
- the nature and extent of electricity deregulation.

Environmental Matters, Regulatory Matters and Legal Proceedings — Details of environmental matters are presented in Item 15 — Note 24, *Environmental Matters*, to the Consolidated Financial Statements and Item 1— Business, *Environmental Matters*, section. Details of regulatory matters are presented in Item 15 — Note 23, *Regulatory Matters*, to the Consolidated Financial Statements and Item 1— Business, *Regulatory Matters*, section. Details of legal proceedings are presented in Item 15 — Note 22, *Commitments and Contingencies*, to the Consolidated Financial Statements. Some of this information relates to costs that may be material to the Company's financial results.

Significant Events

NRG Transformation Plan

- NRG is in process of executing its Transformation Plan. The three-part, three-year plan is comprised of targets in the areas of operational and cost excellence, portfolio optimization, and capital structure and allocation enhancement. For further discussion, refer to Item 1 - *Business*.
- During 2017, NRG received cash proceeds from asset sales in the amount of \$150 million, which includes the sales to NRG Yield, Inc. (also included below in Transfers of Assets Under Common Control) and sale of Minnesota wind projects to third parties.
- On February 6, 2018, NRG entered into a purchase and sale agreement with GIP to sell NRG's ownership in NRG Yield, Inc. and NRG's renewables platform for a total purchase price of \$1.375 billion, subject to certain conditions.
- On February 6, 2018, NRG entered into a purchase and sale agreement with Cleco to sell NRG's South Central business for a total purchase price of \$1.0 billion, subject to certain adjustments.
- On January 24, 2018, the Company entered into an agreement with NRG Yield, Inc. to sell 100% of its ownership interest in Buckthorn Solar for cash consideration of \$42 million, subject to other adjustments.
- On February 6, 2018, the Company entered into an agreement with NRG Yield, Inc. to sell 100% of the membership interests in Carlsbad Energy Holdings LLC, which owns the Carlsbad project, a 527 MW natural gas fired project in Carlsbad, CA, pursuant to the ROFO Agreement. The purchase price for the transaction is \$365 million in cash consideration, subject to customary working capital and other adjustments.
- On February 23, 2018, the Company entered into an agreement to sell BETM to a third party for \$70 million. The transaction is expected to close in the second half of 2018 and is subject to various customary closing conditions, approvals and consents.

GenOn Chapter 11 Bankruptcy Filing

- On June 14, 2017, the GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. On December 12, 2017, the Bankruptcy Court entered an order confirming the plan of reorganization. For further discussion, refer to Item 15 — Note 1, *Nature of Business*, Note 3, *Discontinued Operations, Acquisitions and Dispositions*, and Note 21, *Related Party Transactions*, to the Consolidated Financial Statements.

Tax Act

- As of December 31, 2017, as a result of the Tax Act, the Company reduced its deferred tax assets by \$733 million offset by valuation allowance of \$660 million. In addition, the Company established a non-current receivable for its refundable AMT credits of \$64 million, net of sequestration. The net impact of the Tax Act on net income is a decrease of \$9 million primarily due to the expense of \$73 million resulting from the Company's revaluation of its net deferred tax asset, partially offset by a \$64 million benefit from establishing the AMT credit receivable.

Transfers of Assets Under Common Control

- During 2017, the Company completed the sale of several projects totaling 555 MW to NRG Yield, Inc. for aggregate cash consideration of approximately \$245 million, as discussed in more detail in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*, to the Consolidated Financial Statements.

Financing Activities

- *Debt Issuances* — During 2017, the Company issued approximately \$0.9 billion in recourse debt, approximately \$0.8 billion in non-recourse debt and repriced the 2023 Term Loan Facility as discussed in more detail in Item 15 - Note 12, *Debt and Capital Leases*, to the Consolidated Financial Statements.
- *Debt Repurchases* — During 2017, the Company repurchased \$1.5 billion in aggregate principal of outstanding Senior Notes for approximately \$1.5 billion, including accrued interest, as discussed in more detail in Item 15 - Note 12, *Debt and Capital Leases*, to the Consolidated Financial Statements.

Extreme Weather Events

- In late August 2017, Hurricane Harvey made landfall on the Texas coast. During the third quarter of 2017, the Company's Retail business was impacted by Hurricane Harvey by approximately \$20 million.
- In addition, during August 2017, NRG's Cottonwood generating station was damaged when the Sabine River Authority opened the floodgates of the Toledo Bend reservoir, which resulted in downstream flooding of the Sabine River. The generating station was returned to service during the fourth quarter of 2017. The Company estimates the impact of the Cottonwood damage and Hurricane Harvey on Gulf Coast Generation to be approximately \$20 million.

Impairments

- *Impairment losses* — During 2017, the Company recorded impairment losses of \$1.7 billion as discussed in more detail in Item 15 — Note 10, *Asset Impairments* and Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.
- *Impairment losses on Investments* — During 2017, the Company recorded impairment losses of \$79 million related primarily to Petra Nova, as discussed in more detail in Item 15 — Note 10, *Asset Impairments*, to the Consolidated Financial Statements.

Operational Matters

Bacliff Project

On June 16, 2017, the Company provided notice to BTEC New Albany, LLC that NRG Texas Power LLC was exercising its right to terminate the Amended and Restated Membership Interest Purchase Agreement, or MIPA, due to the Bacliff Project, a new peaking facility at the former P.H. Robinson Electric Generating Station, not achieving commercial completion by the contractual expiration date of May 31, 2017. On July 14, 2017, the Company gave notice to BTEC New Albany, LLC that it owes NRG Texas Power LLC approximately \$48 million under the terminated MIPA, consisting of \$38 million in purchaser incurred costs and \$10 million in liquidated damages. On July 18, 2017, BTEC filed a lawsuit alleging that NRG Texas Power LLC breached the MIPA by improperly terminating it, and seeks a declaratory judgment as to the rights and obligations of the parties. On August 14, 2017, NRG filed its answer. On September 7, 2017, NRG filed a counterclaim for breach of contract seeking damages in excess of \$48 million.

Consolidated Results of Operations for the years ended 2017 and 2016

The following table provides selected financial information for the Company:

(in millions except otherwise noted)	Year Ended December 31,		Change
	2017	2016	
Operating Revenues			
Energy revenue ^(a)	\$ 2,461	\$ 3,131	\$ (670)
Capacity revenue ^(a)	1,186	1,225	(39)
Retail revenue	6,388	6,357	31
Mark-to-market for economic hedging activities	239	(642)	881
Contract amortization	(56)	(56)	—
Other revenues ^(b)	411	497	(86)
Total operating revenues	10,629	10,512	117
Operating Costs and Expenses			
Cost of sales ^(b)	5,698	5,827	129
Mark-to-market for economic hedging activities	46	(508)	(554)
Contract and emissions credit amortization ^(c)	34	43	9
Operations and maintenance	1,393	1,599	206
Other cost of operations	365	340	(25)
Total cost of operations	7,536	7,301	(235)
Depreciation and amortization	1,056	1,172	116
Impairment losses	1,709	702	(1,007)
Selling, general and administrative	907	1,095	188
Reorganization costs	44	—	(44)
Development costs	67	89	22
Total operating costs and expenses	11,319	10,359	(960)
Other income - affiliate	87	193	(106)
Gain/(loss) on sale of assets	16	(80)	96
Operating (Loss)/ Income	(587)	266	(853)
Other Income/(Expense)			
Equity in earnings of unconsolidated affiliates	31	27	4
Impairment losses on investments	(79)	(268)	189
Other income, net	38	34	4
Net loss on debt extinguishment	(53)	(142)	89
Interest expense	(890)	(895)	5
Total other (expense)/income	(953)	(1,244)	291
Loss from Continuing Operations Before Income Taxes	(1,540)	(978)	(562)
Income tax expense	8	5	3
Loss from Continuing Operations	(1,548)	(983)	(565)
(Loss)/income from discontinued operations, net of income tax	(789)	92	(881)
Net Loss	(2,337)	(891)	(1,446)
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(184)	(117)	(67)
Net Loss Attributable to NRG Energy, Inc.	\$ (2,153)	\$ (774)	\$ (1,379)
Business Metrics			
Average natural gas price — Henry Hub (\$/MMBtu)	\$ 3.11	\$ 2.46	26%

(a) Includes realized gains and losses from financially settled transactions.

(b) Includes unrealized trading gains and losses.

(c) Includes amortization of SO₂ and NO_x credits and excludes amortization of RGGI credits.

Gross Margin

The Company calculates gross margin in order to evaluate operating performance as operating revenues less cost of sales, which includes cost of fuel, other costs of sales, contract and emission credit amortization and mark-to-market for economic hedging activities.

Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company's presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as the sum of energy revenue, capacity revenue and other revenue, less cost of fuels and other cost of sales.

Economic gross margin does not include mark-to-market gains or losses on economic hedging activities, contract amortization, emission credit amortization, or other operating costs.

The tables below present the composition and reconciliation of gross margin and economic gross margin which reflects the Company's current view of reporting segments for the years ended December 31, 2017 and 2016:

(In millions except otherwise noted)	Year Ended December 31, 2017							Total
	Generation			Retail	Renewables	NRG Yield	Corporate/Eliminations	
	Gulf Coast	East/West ^(a)	Subtotal					
Energy revenue	\$ 1,806	\$ 830	\$ 2,636	\$ —	\$ 359	\$ 554	\$ (1,088)	\$ 2,461
Capacity revenue	266	585	851	—	—	346	(11)	1,186
Retail revenue	—	—	—	6,385	—	—	3	6,388
Mark-to-market for economic hedging activities	72	(35)	37	(4)	(12)	—	218	239
Contract amortization	14	—	14	(1)	—	(69)	—	(56)
Other revenue ^(b)	186	49	235	—	77	178	(79)	411
Operating revenue	2,344	1,429	3,773	6,380	424	1,009	(957)	10,629
Cost of fuel	(994)	(401)	(1,395)	(12)	(4)	(35)	45	(1,401)
Other costs of sales ^(c)	(344)	(238)	(582)	(4,756)	(11)	(28)	1,080	(4,297)
Mark-to-market for economic hedging activities	(20)	11	(9)	181	—	—	(218)	(46)
Contract and emission credit amortization	(30)	(4)	(34)	—	—	—	—	(34)
Gross margin	\$ 956	\$ 797	\$ 1,753	\$ 1,793	\$ 409	\$ 946	\$ (50)	\$ 4,851
Less: Mark-to-market for economic hedging activities, net	52	(24)	28	177	(12)	—	—	193
Less: Contract and emission credit amortization, net	(16)	(4)	(20)	(1)	—	(69)	—	(90)
Economic gross margin	\$ 920	\$ 825	\$ 1,745	\$ 1,617	\$ 421	\$ 1,015	\$ (50)	\$ 4,748
Business Metrics								
MWh sold (thousands) ^{(d)(e)}	53,802	19,954			3,836	6,880		
MWh generated (thousands) ^(f)	49,574	13,373			3,836	8,761		

(a) Includes International, BETM and Generation eliminations.

(b) Renewables Other revenue includes \$29 million of intercompany revenue to NRG Yield.

(c) Includes purchased energy, capacity and emissions credits.

(d) MWh sold excludes generation at facilities in the West and NRG Yield that generate revenue under tolling agreements.

(e) Does not include MWh of 35 thousand or MWt of 1,926 thousand for thermal sold by NRG Yield.

(f) Does not include MWh of 108 thousand or MWt of 1,926 thousand for thermal generated by NRG Yield.

Year Ended December 31, 2016

(In millions except otherwise noted)	Generation			Retail	Renewables	NRG Yield	Corporate/Eliminations	Total
	Gulf Coast	East/West ^(a)	Subtotal					
Energy revenue	\$ 2,073	\$ 1,098	\$ 3,171	\$ —	\$ 369	\$ 582	\$ (991)	\$ 3,131
Capacity revenue	293	598	891	—	—	345	(11)	1,225
Retail revenue	—	—	—	6,336	—	—	21	6,357
Mark-to-market for economic hedging activities	(518)	(48)	(566)	—	(6)	—	(70)	(642)
Contract amortization	15	—	15	(1)	(1)	(69)	—	(56)
Other revenue ^(b)	237	85	322	—	44	177	(46)	497
Operating revenue	2,100	1,733	3,833	6,335	406	1,035	(1,097)	10,512
Cost of fuel	(938)	(469)	(1,407)	(8)	(3)	(33)	130	(1,321)
Other costs of sales ^(c)	(387)	(299)	(686)	(4,679)	(11)	(28)	898	(4,506)
Mark-to-market for economic hedging activities	71	2	73	365	—	—	70	508
Contract and emission credit amortization	(29)	(5)	(34)	(6)	—	(6)	3	(43)
Gross margin	\$ 817	\$ 962	\$ 1,779	\$ 2,007	\$ 392	\$ 968	\$ 4	\$ 5,150
Less: Mark-to-market for economic hedging activities, net	(447)	(46)	(493)	365	(6)	—	—	(134)
Less: Contract and emission credit amortization, net	(14)	(5)	(19)	(7)	(1)	(75)	3	(99)
Economic gross margin	\$ 1,278	\$ 1,013	\$ 2,291	\$ 1,649	\$ 399	\$ 1,043	\$ 1	\$ 5,383

Business Metrics

MWh sold (thousands) ^{(d)(e)}	52,929	25,995			3,827	7,363		
MWh generated (thousands) ^(f)	47,828	17,114			3,827	9,264		

- (a) Includes International, BETM and Generation eliminations.
(b) Renewables Other revenue includes \$19 million of intercompany revenue to NRG Yield.
(c) Includes purchased energy, capacity and emissions credits.
(d) MWh sold excludes generation at facilities in the West and NRG Yield that generate revenue under tolling agreements.
(e) Does not include MWh of 71 thousand or MWt of 1,966 thousand for thermal sold by NRG Yield.
(f) Does not include MWh of 275 thousand or MWt of 1,966 thousand for thermal generated by NRG Yield.

The table below represents the weather metrics for 2017 and 2016:

Weather Metrics	Years ended December 31,		Quarters ended December 31,		Quarters ended September 30,		Quarters ended June 30,		Quarters ended March 31,	
	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West
2017										
CDDs ^(a)	2,949	1,155	296	84	1,528	770	921	281	204	20
HDDs ^(a)	1,383	3,199	710	1,157	1	34	41	380	631	1,628
2016										
CDDs	2,966	1,169	362	71	1,655	806	873	273	76	19
HDDs	1,529	3,191	545	1,145	—	23	53	410	931	1,613
10 year average										
CDDs	2,904	1,043	249	67	1,617	705	957	254	81	17
HDDs	1,903	3,504	736	1,227	6	40	75	438	1,086	1,799

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

(b) CDDs/HDDs for the Gulf Coast region represent an average of cumulative population-weighted CDDs/HDDs for Texas and the West South-Central Climate region.

Generation gross margin and economic gross margin

Generation gross margin decreased \$26 million and economic gross margin decreased \$546 million, both of which include intercompany sales, during the year ended December 31, 2017 compared to the same period in 2016.

The tables below describe the changes in Generation gross margin and in economic gross margin:

Gulf Coast Region

	(In millions)
Lower gross margin due to a 14% decrease in average realized prices primarily in Texas due to lower hedged power prices	\$ (315)
Lower energy margins due to increased supply cost on load contracts	(48)
Lower capacity margins on contract expirations and lower demand in South Central business	(27)
Lower gross margin due to lower gas generation driven by the current mothball status of Gregory in Texas	(17)
Lower gross margin due to a 24% decrease in ISO capacity prices and a 76% decrease in volume	(14)
Higher gross margin due to a 17% increase in coal generation mainly in Texas driven by the timing of planned and unplanned outages	68
Other	(5)
Decrease in economic gross margin	(358)
Increase in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	499
Decrease in contract and emission credit amortization	(2)
Increase in gross margin	\$ 139

East/West Region

	(In millions)
Lower gross margin from commercial optimization activities	\$ (59)
Lower gross margin due to a decrease in generation driven by lower economic generation due to milder weather conditions and the Will County outage	(54)
Lower gross margin due to lower load contracted prices coupled with slightly lower volumes	(28)
Lower gross margin due to a lower cost of market adjustment for fuel oil inventory	(33)
Lower gross margin by BETM due to higher gains in 2016 on over the counter strategies, offset in small part by higher gains in 2017 congestion strategies	(20)
Other	6
Decrease in economic gross margin	\$ (188)
Increase in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	22
Increase in contract and emission credit amortization	1
Decrease in gross margin	\$ (165)

Retail gross margin and economic gross margin

The following is a discussion of gross margin and economic gross margin for Retail.

(In millions except otherwise noted)	Years ended December 31,	
	2017	2016
Retail revenue	\$ 6,115	\$ 6,100
Supply management revenue	187	154
Capacity revenues	83	82
Customer mark-to-market	(4)	—
Contract amortization	(1)	(1)
Other	—	—
Operating revenue ^(a)	6,380	6,335
Cost of sales ^(b)	(4,768)	(4,687)
Mark-to-market for economic hedging activities	181	365
Contract amortization	—	(6)
Gross margin	\$ 1,793	\$ 2,007
Less: Mark-to-market for economic hedging activities, net	177	365
Less: Contract and emission credit amortization	(1)	(7)
Economic gross margin	\$ 1,617	\$ 1,649
Business Metrics		
Mass electricity sales volume (GWh) - Gulf Coast	36,169	35,102
Mass electricity sales volume (GWh) - All other regions	6,221	6,764
C&I electricity sales volume (GWh) All regions ^(c)	20,400	18,906
Natural gas sales volumes (MDth)	3,212	2,199
Average Retail Mass customer count (in thousands)	2,863	2,778
Ending Retail Mass customer count (in thousands)	2,876	2,818

(a) Includes intercompany sales of \$5 million and \$4 million in 2017 and 2016, respectively, representing sales from Retail to the Gulf Coast region.

(b) Includes intercompany purchases of \$1,035 million and \$850 million in 2017 and 2016, respectively.

(c) Includes volumes for 2017 for one customer that self-supplied their volumes for all of 2016 versus only two months in 2017.

Retail gross margin decreased \$214 million and economic gross margin decreased \$32 million for the year ended December 31, 2017, compared to the same period in 2016, due to:

	(In millions)
Lower gross margin due to lower rates to customers driven by customer product, term, and mix of \$103 million or approximately \$1.60 per MWh, partially offset by lower supply costs of \$28 million or approximately \$0.50 per MWh driven primarily by a decrease in power prices at the time of procurement	\$ (75)
Lower gross margin due to milder weather conditions in 2017 as compared to 2016 resulting in a reduction in load of 350,000 MWh	(11)
Lower gross margin related to the impact of Hurricane Harvey in 2017, driven by \$9 million due to a reduction in load of 200,000 MWh, and the unfavorable impact of selling back excess supply along with \$7 million of customer relief	(16)
Higher gross margin driven by higher average customer counts of 85,000 along with higher average usage due to customer mix	70
Decrease in economic gross margin	\$ (32)
Decrease in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	(188)
Increase in contract and emission credit amortization	6
Decrease in gross margin	\$ (214)

Renewables gross margin and economic gross margin

Renewables gross margin increased \$17 million and economic gross margin increased \$22 million for the year ended December 31, 2017, compared to the same period in 2016, primarily driven by new distributed generation solar projects placed in service, increased margin in operations and maintenance agreements which focus on servicing NRG Yield assets and receipt of insurance proceeds offsetting lower volume at the Ivanpah solar plant.

NRG Yield gross margin and economic gross margin

NRG Yield gross margin decreased \$22 million and economic gross margin decreased \$28 million for the year ended December 31, 2017, compared to the same period in 2016, primarily due to a 5% decrease in volume generated at our Alta Wind and NRG Wind TE Holdco projects, due to lower wind resources.

Mark-to-market for Economic Hedging Activities

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges. Total net mark-to-market results increased by \$327 million during the year ended December 31, 2017, compared to the same period in 2016.

The breakdown of gains and losses included in operating revenues and operating costs and expenses by region was as follows:

	Year Ended December 31, 2017						Total
	Generation		Retail	Renewables	Elimination ^(a)		
	Gulf Coast	East/West					
	(In millions)						
Mark-to-market results in operating revenues							
Reversal of previously recognized unrealized losses/(gains) on settled positions related to economic hedges	\$ 107	\$ (40)	\$ (2)	\$ 1	\$ 64		\$ 130
Net unrealized (losses)/gains on open positions related to economic hedges	(35)	5	(2)	(13)	154		109
Total mark-to-market gains/(losses) in operating revenues	\$ 72	\$ (35)	\$ (4)	\$ (12)	\$ 218		\$ 239
Mark-to-market results in operating costs and expenses							
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$ (17)	\$ (1)	\$ (1)	\$ —	\$ (64)		\$ (83)
Net unrealized (losses)/gains on open positions related to economic hedges	(3)	12	182	—	(154)		37
Total mark-to-market (losses)/gains in operating costs and expenses	\$ (20)	\$ 11	\$ 181	\$ —	\$ (218)		\$ (46)

(a) Represents the elimination of the intercompany activity between Retail and Generation.

Year Ended December 31, 2016

	Generation					Elimination ^(a)	Total
	Gulf Coast	East/West	Retail	Renewables	NRG Yield		
	(In millions)						
Mark-to-market results in operating revenues							
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	\$ (389)	\$ (89)	\$ (2)	\$ —	\$ —	\$ 33	\$ (447)
Net unrealized (losses)/gains on open positions related to economic hedges	(129)	41	2	(6)	—	(103)	(195)
Total mark-to-market losses in operating revenues	\$ (518)	\$ (48)	\$ —	\$ (6)	\$ —	\$ (70)	\$ (642)
Mark-to-market results in operating costs and expenses							
Reversal of previously recognized unrealized losses/(gains) on settled positions related to economic hedges	\$ 31	\$ 16	\$ 305	\$ —	\$ —	\$ (33)	\$ 319
Reversal of acquired gain positions related to economic hedges	—	(12)	—	—	—	—	(12)
Net unrealized gains/(losses) on open positions related to economic hedges	40	(2)	60	—	—	103	201
Total mark-to-market gains in operating costs and expenses	\$ 71	\$ 2	\$ 365	\$ —	\$ —	\$ 70	\$ 508

(a) Represents the elimination of the intercompany activity between Retail and Generation.

Mark-to-market results consist of unrealized gains and losses on contracts that are yet to be settled. The settlement of these transactions is reflected in the same revenue or cost caption as the items being hedged.

The reversals of acquired gain or loss positions were valued based upon the forward prices on the acquisition date.

For the year ended December 31, 2017, the \$239 million gain in operating revenues from economic hedge positions was driven primarily by the reversal of previously recognized unrealized losses on contracts that settled during the period and an increase in value of open positions as a result of decreases in gas prices. The \$46 million loss in operating costs and expenses from economic hedge positions was driven primarily by the reversal of previously recognized unrealized gains on contracts that settled during the period partially offset by an increase in the value of open positions as a result of increases in ERCOT heat rate.

In accordance with ASC 815, the following table represents the results of the Company's financial and physical trading of energy commodities for the years ended December 31, 2017 and 2016. The realized and unrealized financial and physical trading results are included in operating revenue. The Company's trading activities are subject to limits within the Company's Risk Management Policy and are primarily transacted through BETM.

(In millions)	Year ended December 31,	
	2017	2016
Trading gains/(losses)		
Realized	\$ 43	\$ 71
Unrealized	(11)	28
Total trading gains	<u>\$ 32</u>	<u>\$ 99</u>

Operations and Maintenance Expense

	Generation						Eliminations	Total
	Gulf Coast	East/West	Retail	Renewables	NRG Yield	Corporate		
	(In millions)							
Year Ended December 31, 2017	\$ 515	\$ 371	\$ 222	\$ 118	\$ 196	\$ 15	\$ (44)	\$ 1,393
Year Ended December 31, 2016	\$ 577	\$ 488	\$ 245	\$ 122	\$ 176	\$ 27	\$ (36)	\$ 1,599

Operations and maintenance expenses decreased by \$206 million for the year ended December 31, 2017, compared to the same period in 2016, due to the following:

	(In millions)
Decrease in operation and maintenance expenses due to major maintenance activities and environmental control work at Midwest Generation offset by higher variable operating costs	\$ (96)
Decrease in operations and maintenance expenses due to timing of planned outages in Texas	(32)
Decrease in operations and maintenance expenses due to lower expenses at Big Cajun II in 2017	(24)
Decrease in operations and maintenance expenses due to the deactivation of the Huntley and Dunkirk facilities in 2016	(18)
Decrease in Retail operation and maintenance expenses due to reduced headcount	(22)
Decrease in operations and maintenance expense due to a reduction in headcount related to the sale of the engine services business	(10)
Operations and maintenance expense increased due to forced outages at Walnut Creek and El Segundo in 2017	20
Other	(24)
	<u>\$ (206)</u>

Other Cost of Operations

	Generation						Corporate	Total
	Gulf Coast	East/West	Retail	Renewables	NRG Yield			
	(In millions)							
Year Ended December 31, 2017	\$ 101	\$ 76	\$ 100	\$ 21	\$ 67	\$ —	\$ 365	
Year Ended December 31, 2016	\$ 95	\$ 66	\$ 93	\$ 20	\$ 65	\$ 1	\$ 340	

Other cost of operations, increased by \$25 million for the year ended December 31, 2017, compared to the same period in 2016.

	(In millions)
Increase in asset retirement expenses of \$18 million in the East, offset by a reduction in property taxes at Huntley and Dunkirk	\$ 10
Increase in expense due to a \$10 million sales tax audit settlement received in 2016, offset slightly by a decrease in gross receipt taxes in 2017	7
Increase of \$14 million in reclamation expenses at the Jewett Mine, offset by favorable tax assessments related to coal plants in Texas	4
Other	4
	<u>\$ 25</u>

Depreciation and Amortization

	Generation	Retail	Renewables	NRG Yield	Corporate	Total
	(In millions)					
Year Ended December 31, 2017	\$ 377	\$ 117	\$ 196	\$ 334	\$ 32	\$ 1,056
Year Ended December 31, 2016	\$ 516	\$ 111	\$ 185	\$ 303	\$ 57	\$ 1,172

Depreciation and amortization expense decreased by \$116 million for the year ended December 31, 2017, compared to the same period in 2016, due to the Jewett Mine being fully depreciated in December 2016 as well as impairments in 2016.

Impairment Losses

For the year ended December 31, 2017, the Company recorded impairment losses of \$1,709 million related to various facilities as further described in Item 15 — Note 10, *Asset Impairments* and Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.

In 2016, the Company recorded impairment losses of \$702 million related to various facilities, as well as goodwill for its Texas reporting units, as further described in Item 15 — Note 10, *Asset Impairments* and Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.

Selling, General and Administrative Expenses

	Generation	Retail	Renewables	NRG Yield	Corporate	Total
	(In millions)					
Year Ended December 31, 2017	\$ 207	\$ 452	\$ 56	\$ 22	\$ 170	\$ 907
Year Ended December 31, 2016	\$ 265	\$ 498	\$ 61	\$ 17	\$ 254	\$ 1,095

Selling, general and administrative expenses decreased by \$188 million for the year ended December 31, 2017 compared to the same period in 2016. The decrease in year over year expenses is due primarily to a reduction in personnel costs and selling and marketing activities as the Company continues to focus on cost management.

Reorganization Costs

Reorganization costs of \$44 million, primarily related to employee costs were incurred as part of the Transformation Plan announced in 2017.

Other Income - Affiliate

Other income - affiliate represents the services fees charged to GenOn for shared services under the Services Agreement through the June 14, 2017, the date of deconsolidation.

Gain/(Loss) on Sale of Assets

During the year ended December 31, 2017, the Company sold land and certain wind assets which resulted in gains of \$16 million. During the year ended December 31, 2016, the Company sold a majority interest in its EVgo business to Vision Ridge Partners, which resulted in a loss on sale as described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*, to the Consolidated Financial Statements.

Impairment Losses on Investments

For the year ended December 31, 2017, the Company recorded other-than-temporary impairment losses of \$79 million, which is primarily due to an other-than-temporary impairment of the Company's investment in Petra Nova Parish Holdings, as further described in Item 15 — Note 10, *Asset Impairments*, to the Consolidated Financial Statements.

For the year ended December 31, 2016, the Company recorded other-than-temporary impairment losses of \$268 million, which is primarily due to other-than-temporary impairments on the Company's interests in Petra Nova Parish Holdings, Sherbino and Community Wind North, as further described in Item 15 — Note 10, *Asset Impairments*, to the Consolidated Financial Statements.

Loss on Debt Extinguishment

A loss on debt extinguishment of \$53 million was recorded for the year ended December 31, 2017, primarily driven by the redemption of NRG Senior Notes at a price above par value.

A loss on debt extinguishment of \$142 million was recorded for the year ended December 31, 2016, primarily driven by the repurchase of NRG Senior Notes at a price above par value and the write-off of the unamortized debt issuance costs related to the replacement of the 2018 Term Loan Facility with the new 2023 Term Loan Facility.

Income Tax Expense

For the year ended December 31, 2017, NRG recorded income tax expense of \$8 million on a pre-tax loss of \$1,540 million. For the same period in 2016, NRG recorded income tax expense of \$5 million on a pre-tax loss of \$978 million. The effective tax rate was (0.5)% and (0.5)% for the years ended December 31, 2017 and 2016, respectively.

For the year ended December 31, 2017, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to tax expense recorded from the revaluation of the existing net deferred tax asset and state taxes, partially offset by the change in valuation allowance, establishing the AMT credit receivable and the generation of PTC's from various wind facilities. The tax expense recorded for revaluation of the net deferred tax asset is required to reflect the reduction in the corporate income tax rate from 35% to 21% in accordance with the Tax Act.

	Year Ended December 31,	
	2017	2016
	(In millions except as otherwise stated)	
Loss before income taxes	\$ (1,540)	\$ (978)
Tax at 35%	(539)	(342)
State taxes	19	—
Foreign operations	2	10
Tax Act - corporate income tax rate change	733	—
Valuation allowance due to corporate income tax rate change	(660)	—
Valuation allowance - current period activities	482	398
Impact of non-taxable entity earnings	(5)	22
Book goodwill impairment	30	—
Net interest accrued on uncertain tax positions	—	1
Production tax credits	(20)	(26)
Recognition of uncertain tax benefits	(5)	2
Tax expense attributable to consolidated partnerships	4	(1)
State rate change including true-up to current period activity	18	(59)
AMT refundable credit	(64)	—
Other	13	—
Income tax expense	\$ 8	\$ 5
Effective income tax rate	(0.5)%	(0.5)%

The effective income tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses and changes in valuation allowances in accordance with ASC 740, *Income Taxes*, or ASC 740. These factors and others, including the Company's history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets.

Income from Discontinued Operations, Net of Income Tax

For the year ended December 31, 2017, NRG recorded loss from discontinued operations, net of income tax (benefit)/expense of \$789 million, related to GenOn, as further described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

For the year ended December 31, 2016, NRG recorded income from discontinued operations, net of income tax (benefit)/expense of \$92 million, related to GenOn, as further described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests was \$184 million for the year ended December 31, 2017, compared to \$117 million for the year ended December 31, 2016. For the years ended December 31, 2017, and 2016, the net losses attributable to noncontrolling interests primarily reflect losses allocated to tax equity investors using the hypothetical liquidation at book value, or HLBV, method, offset in part by NRG Yield, Inc.'s share of income for the period.

Consolidated Results of Operations for the years ended 2016 and 2015

The following table provides selected financial information for the Company:

<u>(In millions except otherwise noted)</u>	Year Ended December 31,		
	2016	2015	Change
Operating Revenues			
Energy revenue ^(a)	\$ 3,131	\$ 3,867	\$ (736)
Capacity revenue ^(a)	1,225	1,361	(136)
Retail revenue	6,357	6,867	(510)
Mark-to-market for economic hedging activities	(642)	(134)	(508)
Contract amortization	(56)	(40)	(16)
Other revenues ^(b)	497	407	90
Total operating revenues	10,512	12,328	(1,816)
Operating Costs and Expenses			
Cost of sales ^(a)	5,827	6,870	1,043
Mark-to-market for economic hedging activities	(508)	59	567
Contract and emissions credit amortization ^(c)	43	41	(2)
Operations and maintenance	1,599	1,657	58
Other cost of operations	340	373	33
Total cost of operations	7,301	9,000	1,699
Depreciation and amortization	1,172	1,351	179
Impairment losses	702	4,860	4,158
Selling, general and administrative	1,095	1,228	133
Development costs	89	154	65
Total operating costs and expenses	10,359	16,593	6,234
Other income - affiliate	193	193	—
Loss on sale of assets	(80)	—	(80)
Gain on postretirement benefits curtailment	—	21	(21)
Operating Income/(Loss)	266	(4,051)	4,317
Other Income/(Expense)			
Equity in earnings of unconsolidated affiliates	27	36	(9)
Impairment losses on investments	(268)	(56)	(212)
Other income, net	34	26	8
Loss on sale of equity method investment	—	(14)	14
Net (loss)/gain on debt extinguishment	(142)	10	(152)
Interest expense	(895)	(937)	42
Total other expense	(1,244)	(935)	(309)
Loss from Continuing Operations Before Income Taxes	(978)	(4,986)	4,008
Income tax expense	5	1,345	1,340
Net Loss from Continuing Operations	(983)	(6,331)	5,348
Income/(loss) from discontinued operations, net of tax	92	(105)	197
Net Loss	(891)	(6,436)	5,545
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(117)	(54)	(63)
Net Loss Attributable to NRG Energy, Inc.	\$ (774)	\$ (6,382)	\$ 5,608
Business Metrics			
Average natural gas price — Henry Hub (\$/MMBtu)	\$ 2.46	\$ 2.66	(8)%

(a) Includes realized gains and losses from financially settled transactions.

(b) Includes unrealized trading gains and losses.

(c) Includes amortization of SO₂ and NO_x credits and excludes amortization of RGGI.

Gross Margin

The Company calculates gross margin in order to evaluate operating performance as operating revenues less cost of sales, which includes cost of fuel, other costs of sales, contract and emission credit amortization and mark-to-market for economic hedging activities.

Economic Gross Margin

In addition to gross margin, the Company evaluates its operating performance using the measure of economic gross margin, which is not a GAAP measure and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Economic gross margin should be viewed as a supplement to and not a substitute for the Company's presentation of gross margin, which is the most directly comparable GAAP measure. Economic gross margin is not intended to represent gross margin. The Company believes that economic gross margin is useful to investors as it is a key operational measure reviewed by the Company's chief operating decision maker. Economic gross margin is defined as the sum of energy revenue, capacity revenue and other revenue, less cost of fuels and other cost of sales.

Economic gross margin does not include mark-to-market gains or losses on economic hedging activities, contract amortization, emission credit amortization, or other operating costs.

The tables below present the composition and reconciliation of gross margin and economic gross margin which reflects the Company's current view of reporting segments for the years ended December 31, 2016 and 2015:

(In millions except otherwise noted)	Generation			Retail	Renewables	NRG Yield	Corporate/Eliminations	Total
	Gulf Coast	East/West	Subtotal					
Energy revenue	\$ 2,073	\$ 1,098	\$ 3,171	\$ —	\$ 369	\$ 582	\$ (991)	\$ 3,131
Capacity revenue	293	598	891	—	—	345	(11)	1,225
Retail revenue	—	—	—	6,336	—	—	21	6,357
Mark-to-market for economic hedging activities	(518)	(48)	(566)	—	(6)	—	(70)	(642)
Contract amortization	15	—	15	(1)	(1)	(69)	—	(56)
Other revenue ^(a)	237	85	322	—	44	177	(46)	497
Operating revenue	2,100	1,733	3,833	6,335	406	1,035	(1,097)	10,512
Cost of fuel	(938)	(469)	(1,407)	(8)	(3)	(33)	130	(1,321)
Other costs of sales ^(b)	(387)	(299)	(686)	(4,679)	(11)	(28)	898	(4,506)
Mark-to-market for economic hedging activities	71	2	73	365	—	—	70	508
Contract and emission credit amortization	(29)	(5)	(34)	(6)	—	(6)	3	(43)
Gross margin	\$ 817	\$ 962	\$ 1,779	\$ 2,007	\$ 392	\$ 968	\$ 4	\$ 5,150
Less: Mark-to-market for economic hedging activities, net	(447)	(46)	(493)	365	(6)	—	—	(134)
Less: Contract and emission credit amortization, net	(14)	(5)	(19)	(7)	(1)	(75)	3	(99)
Economic gross margin	\$ 1,278	\$ 1,013	\$ 2,291	\$ 1,649	\$ 399	\$ 1,043	\$ 1	\$ 5,383
Business Metrics								
MWh sold (thousands) ^{(c)(d)}	52,929	25,995			3,827	7,363		
MWh generated (thousands) ^(e)	47,828	17,114			3,827	9,264		

(a) Renewables Other revenue includes \$19 million of intercompany revenue to NRG Yield.

(b) Includes purchased energy, capacity and emissions credits.

(c) MWh sold excludes generation at facilities in the West and NRG Yield that generate revenue under tolling agreements.

(d) Does not include MWh of 71 thousand or MWt of 1,966 thousand for thermal sold by NRG Yield.

(e) Does not include MWh of 275 thousand or MWt of 1,966 thousand for thermal generated by NRG Yield.

Year Ended December 31, 2015

(In millions except otherwise noted)	Generation			Retail	Renewables	NRG Yield	Corporate/Eliminations	Total
	Gulf Coast	East/West	Subtotal					
Energy revenue	\$ 2,443	\$ 1,629	\$ 4,072	\$ —	\$ 356	\$ 495	\$ (1,056)	\$ 3,867
Capacity revenue	290	737	1,027	—	—	341	(7)	1,361
Retail revenue	—	—	—	6,910	—	—	(43)	6,867
Mark-to-market for economic hedging activities	(66)	(76)	(142)	4	(3)	(2)	9	(134)
Contract amortization	15	—	15	(1)	—	(54)	—	(40)
Other revenue ^(a)	207	—	207	—	30	188	(18)	407
Operating revenue	2,889	2,290	5,179	6,913	383	968	(1,115)	12,328
Cost of fuel	(1,137)	(715)	(1,852)	(9)	(4)	(43)	152	(1,756)
Other costs of sales ^(b)	(355)	(442)	(797)	(5,236)	(12)	(28)	959	(5,114)
Mark-to-market for economic hedging activities	(17)	(29)	(46)	(4)	—	—	(9)	(59)
Contract and emission credit amortization	(28)	(7)	(35)	(6)	—	—	—	(41)
Gross margin	\$ 1,352	\$ 1,097	\$ 2,449	\$ 1,658	\$ 367	\$ 897	\$ (13)	\$ 5,358
Less: Mark-to-market for economic hedging activities, net	(83)	(105)	(188)	—	(3)	(2)	—	(193)
Less: Contract and emission credit amortization, net	(13)	(7)	(20)	(7)	—	(54)	—	(81)
Economic gross margin	\$ 1,448	\$ 1,209	\$ 2,657	\$ 1,665	\$ 370	\$ 953	\$ (13)	\$ 5,632

Business Metrics

MWh sold (thousands) ^{(c)(d)}	58,127	37,403		3,685	6,760
MWh generated (thousands) ^(e)	54,162	24,623		3,739	9,247

- (a) Renewables Other revenue includes \$11 million of intercompany revenue to NRG Yield.
(b) Includes purchased energy, capacity and emissions credits.
(c) MWh sold excludes generation at facilities in the West and NRG Yield that generate revenue under tolling agreements.
(d) Does not include MWh of 297 thousand or MWt of 1,946 thousand for thermal sold by NRG Yield.
(e) Does not include MWh of 297 thousand or MWt of 1,946 thousand for thermal generated by NRG Yield.

The table below represents the weather metrics for 2016 and 2015:

Weather Metrics	Years ended December 31,		Quarter ended December 31,		Quarter ended September 30,		Quarter ended June 30,		Quarter ended March 31,	
	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West	Gulf Coast ^(b)	East/West
2016										
CDDs ^(a)	2,967	1,169	362	71	1,655	806	873	273	76	19
HDDs ^(a)	1,529	3,190	545	1,145	—	23	53	410	931	1,613
2015										
CDDs	2,870	1,223	286	107	1,652	798	892	293	41	25
HDDs	1,887	3,322	556	1,029	—	16	47	390	1,285	1,887
10 year average										
CDDs	2,897	1,028	240	65	1,597	688	969	259	90	16
HDDs	1,928	3,556	754	1,233	4	49	77	448	1,092	1,827

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

(b) CDDs/HDDs for the Gulf Coast region represent an average of cumulative population-weighted CDDs/HDDs for Texas and the West South-Central Climate region.

Generation gross margin and economic gross margin

Generation gross margin decreased \$670 million and economic gross margin decreased \$366 million, both of which include intercompany sales, during the year ended December 31, 2016, compared to the same period in 2015.

The tables below describe the decrease in Generation gross margin and economic gross margin:

Gulf Coast Region

	(In millions)
Lower gross margin resulting from lower average realized energy prices due to a decline in natural gas prices and increased wind generation in Texas	\$ (148)
Lower gross margin primarily due to 11% lower coal generation and 21% lower gas generation in Texas, which was driven by lower gas prices, increased wind generation in Texas, an increase in unplanned outages and timing of planned outages	(82)
Higher gross margin resulting from a 12% increase in nuclear generation driven by reduced unplanned outages and the timing of planned outages	55
Other	5
Decrease in economic gross margin	\$ (170)
Decrease in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	(364)
Decrease in contract and emission credit amortization	(1)
Decrease in gross margin	\$ (535)

East/West Region

	(In millions)
Lower gross margin due to a 24% decrease in generation primarily driven by the environmental control work at Powerton and fuel conversion projects at Joliet	\$ (141)
Lower gross margin due to decreased realized capacity prices in New York due to a change in the mix of capacity resources and a 15% decrease in PJM cleared auction prices	(79)
Lower gross margin due to the deactivation of the Huntley and Dunkirk facilities as well as the sale of the Rockford	(66)
Lower gross margin due to lower contracted volumes	(12)
Lower gross margin due to a decrease in realized energy prices due to the decline in natural gas prices	(12)
Lower gross margin due to a 7% decrease in resource adequacy capacity volumes sold in California due to unit retirements and a 4% decrease in price	(10)
Higher gross margin by BETM due to higher gains in 2016 on over the counter strategies	88
Changes in commercial optimization activities	50
Other	(14)
Decrease in economic gross margin	\$ (196)
Increase in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	59
Increase in contract and emission credit amortization	2
Decrease in gross margin	\$ (135)

Retail gross margin and economic gross margin

The following is a discussion of gross margin and economic gross margin for Retail.

(In millions except otherwise noted)	Years ended December 31,	
	2016	2015
Retail revenue	\$ 6,100	\$ 6,629
Supply management revenue	154	165
Capacity revenues	82	116
Customer mark-to-market	—	4
Contract amortization	(1)	(1)
Other	—	—
Operating revenue (a)	6,335	6,913
Cost of sales (b)	(4,687)	(5,245)
Mark-to-market for economic hedging activities	365	(4)
Contract amortization	(6)	(6)
Gross margin	\$ 2,007	\$ 1,658
Less: Mark-to-market for economic hedging activities, net	365	—
Less: Contract and emission credit amortization	(7)	(7)
Economic gross margin	\$ 1,649	\$ 1,665
Business Metrics		
Mass electricity sales volume (GWh) - Gulf Coast	25,102	34,600
Mass electricity sales volume (GWh) - All other regions	6,674	8,090
C&I electricity sales volume (GWh) All regions	18,906	19,342
Natural gas sales volumes (MDth)	2,199	1,901
Average Retail Mass customer count (in thousands)	2,778	2,775
Ending Retail Mass customer count (in thousands)	2,818	2,755

(a) Includes intercompany sales of \$4 million and \$3 million in 2016 and 2015, respectively, representing sales from Retail to the Gulf Coast region.

(b) Includes intercompany purchases of \$850 million and \$895 million in 2016 and 2015, respectively.

Retail gross margin increased \$350 million and economic gross margin decreased \$15 million for the year ended December 31, 2016, compared to the same period in 2015, due to:

	(In millions)
Higher gross margin due to lower supply costs of \$452 million or approximately \$7.00 per MWh driven by a decrease in natural gas prices, partially offset by lower rates to customers of \$431 million or approximately \$6.50 per MWh	\$ 21
Lower gross margin of \$19 million due to the unfavorable impact of selling back excess supply and \$3 million in lower margin from a reduction in load of 86,000 MWhs due to milder weather conditions in 2016 as compared to 2015	(22)
Lower gross margin due to lower volumes driven by lower average customer usage and mix	(14)
Decrease in economic gross margin	\$ (15)
Increase in mark-to-market for economic hedging primarily due to net unrealized gains/losses on open positions related to economic hedges	365
Increase in gross margin	\$ 350

Renewables gross margin and economic gross margin

Renewables gross margin increased \$25 million and economic gross margin increased \$29 million for the year ended December 31, 2016, compared to the same period in 2015, primarily driven by a 15% increase in generation at both the Mountain Wind I and II facilities, a 4% increase in generation at the Ivanpah solar plant and generation from the Guam solar plant that reached COD in the third quarter of 2015.

NRG Yield gross margin and economic gross margin

NRG Yield gross margin increased \$71 million and economic gross margin increased \$90 million for the year ended December 31, 2016, compared to the same period in 2015, primarily related to a 26% increase in volume generated at Alta wind projects as well as an increase in price per MWh at Alta X and XI wind projects as the PPAs began in January 2016 compared to merchant prices in 2015.

Mark-to-market for Economic Hedging Activities

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges. Total net mark-to-market results increased by \$59 million in the year ended December 31, 2016, compared to the same period in 2015.

The breakdown of gains and losses included in operating revenues and operating costs and expenses by region are as follows:

	Year Ended December 31, 2016							Total
	Generation		Retail	Renewables	NRG Yield	Elimination ^(a)		
	Gulf Coast	East/West						
	(In millions)							
Mark-to-market results in operating revenues								
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	\$ (389)	\$ (89)	\$ (2)	\$ —	\$ —	\$ 33	\$ (447)	
Net unrealized (losses)/gains on open positions related to economic hedges	(129)	41	2	(6)	—	(103)	(195)	
Total mark-to-market losses in operating revenues	\$ (518)	\$ (48)	\$ —	\$ (6)	\$ —	\$ (70)	\$ (642)	
Mark-to-market results in operating costs and expenses								
Reversal of previously recognized unrealized losses/(gains) on settled positions related to economic hedges	\$ 31	\$ 16	\$ 305	\$ —	\$ —	\$ (33)	\$ 319	
Reversal of acquired gain positions related to economic hedges	—	(12)	—	—	—	—	(12)	
Net unrealized gains/(losses) on open positions related to economic hedges	40	(2)	60	—	—	103	201	
Total mark-to-market gains in operating costs and expenses	\$ 71	\$ 2	\$ 365	\$ —	\$ —	\$ 70	\$ 508	

(a) Represents the elimination of the intercompany activity between Retail and Generation.

Year Ended December 31, 2015

	Generation		Retail	Renewables	NRG Yield	Elimination ^(a)	Total
	Gulf Coast	East/West					
	(In millions)						
Mark-to-market results in operating revenues							
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	\$ (408)	\$ (158)	\$ (1)	\$ (3)	\$ (2)	\$ 45	\$ (527)
Net unrealized gains/(losses) on open positions related to economic hedges	342	82	5	—	—	(36)	393
Total mark-to-market (losses)/gains in operating revenues	\$ (66)	\$ (76)	\$ 4	\$ (3)	\$ (2)	\$ 9	\$ (134)
Mark-to-market results in operating costs and expenses							
Reversal of previously recognized unrealized losses/(gains) on settled positions related to economic hedges	\$ 34	\$ 3	\$ 373	\$ —	\$ —	\$ (45)	\$ 365
Reversal of acquired gain positions related to economic hedges	—	(18)	(4)	—	—	—	(22)
Net unrealized (losses)/gains on open positions related to economic hedges	(51)	(14)	(373)	—	—	36	(402)
Total mark-to-market losses in operating costs and expenses	\$ (17)	\$ (29)	\$ (4)	\$ —	\$ —	\$ (9)	\$ (59)

(a) Represents the elimination of the intercompany activity between Retail and Generation.

Mark-to-market results consist of unrealized gains and losses on contracts that are not yet settled. The settlement of these transactions is reflected in the same revenue or cost caption as the items being hedged.

The reversals of acquired gain or loss positions were valued based upon the forward prices on the acquisition date.

For the year ended December 31, 2016, the \$642 million loss in operating revenues from economic hedge positions was driven primarily by the reversal of previously recognized unrealized gains on contracts that settled during the period and a decrease in value of open positions as a result of increases in gas prices. The \$508 million gain in operating costs and expenses from economic hedge positions was driven primarily by the reversal of previously recognized unrealized losses on contracts that settled during the period and an increase in the value of open positions as a result of increases in coal and gas prices partially offset by the reversal of acquired contracts.

In accordance with ASC 815, the following table represents the results of the Company's financial and physical trading of energy commodities for the years ended December 31, 2016 and 2015. The realized and unrealized financial and physical trading results are included in operating revenues. The Company's trading activities are subject to limits within the Company's Risk Management Policy.

	Year Ended December 31,	
	2016	2015
	(In millions)	
Trading gains/(losses)		
Realized	\$ 71	\$ 57
Unrealized	28	(76)
Total trading gains/(losses)	\$ 99	\$ (19)

Operations and Maintenance Expense

	Generation						Corporate	Eliminations	Total
	Gulf Coast	East/West	Retail	Renewables	NRG Yield				
	(In millions)								
Year Ended December 31, 2016	\$ 577	\$ 488	\$ 245	\$ 122	\$ 176	\$ 27	\$ (36)	\$ 1,599	
Year Ended December 31, 2015	\$ 654	\$ 487	\$ 225	\$ 96	\$ 180	\$ 25	\$ (10)	\$ 1,657	

Operations and maintenance expenses decreased by \$58 million for the year ended December 31, 2016, compared to the same period in 2015, due to the following:

	(In millions)
Decrease in Gulf Coast operations and maintenance expense primarily related to the timing of planned outages at the Texas coal plants and STP	\$ (66)
Decrease in East operations and maintenance expense due to unit deactivations at Huntley, Dunkirk, and Will County	(19)
Decrease in West operations and maintenance expense primarily due to the retirement of the El Segundo facility and lower operation and maintenance costs at Encina	(8)
Increase in East operations and maintenance expense due to the Joliet conversion project and environmental control work at Midwest Generation, offset by lower variable operating costs due to the decreased generation volumes.	20
Increase in Renewables operating costs due primarily to increased production at the Ivanpah solar plant, Mountain Wind I and II facilities and the Guam solar plant which reached COD in the fourth quarter of 2015	9
Other	6
	<u>\$ (58)</u>

Other cost of operations

	Generation						Corporate	Total	
	Gulf Coast	East/West	Retail	Renewables	NRG Yield				
	(In millions)								
Year Ended December 31, 2016	\$ 95	\$ 66	\$ 93	\$ 20	\$ 65	\$ 1	\$ 340		
Year Ended December 31, 2015	\$ 94	\$ 74	\$ 112	\$ 21	\$ 72	\$ —	\$ 373		

Other cost of operations, comprised of asset retirement expense, insurance expense and property tax expense, decreased by \$33 million for the year ended December 31, 2016, compared to the same period in 2015, primarily due to a decrease in gross tax receipts taxes of \$10 million related to lower retail revenue and \$10 million favorable settlement of Texas sales tax audit.

Depreciation and Amortization

	Generation	Retail	Renewables	NRG Yield	Corporate	Total
	(In millions)					
Year Ended December 31, 2016	\$ 516	\$ 111	\$ 185	\$ 303	\$ 57	\$ 1,172
Year Ended December 31, 2015	\$ 693	\$ 132	\$ 176	\$ 303	\$ 47	\$ 1,351

Depreciation and amortization expense decreased by \$179 million for the year ended December 31, 2016, compared to the same period in 2015, primarily due to a \$116 million decrease related to the impairment of the Limestone and W.A. Parish facilities located in the Gulf Coast region in 2015 and a \$68 million decrease related to the impairment of the Dunkirk and Huntley facilities located in the East region in 2015.

Impairment Losses

In 2016, the Company recorded impairment losses of \$702 million related to various facilities, as well as goodwill for its Texas reporting unit, as further described in Item 15 — Note 10, *Asset Impairments* and Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.

In 2015, the Company recorded impairment losses of \$4,860 million related to various facilities, as well as goodwill for its Texas and Home Solar reporting units, as further described in Item 15 - Note 10, *Asset Impairments* and Note 11, *Goodwill and Other Intangibles*, to the Consolidated Financial Statements.

Selling, General and Administrative Expenses

	Generation	Retail	Renewables	NRG Yield	Corporate	Total
	(In millions)					
Year Ended December 31, 2016	\$ 265	\$ 498	\$ 61	\$ 17	\$ 254	\$ 1,095
Year Ended December 31, 2015	\$ 159	\$ 546	\$ 54	\$ 15	\$ 454	\$ 1,228

Selling, general and administrative expenses decreased by \$133 million for the year ended December 31, 2016 compared to the same period in 2015, primarily due to a decrease in advertising and the continued focus on cost management.

Development Costs

Development costs decreased by \$65 million for the year ended December 31, 2016, compared to the same period in 2015, due to the strategic decision for a more focused development program primarily related to Renewables and the sale of EVgo in 2016.

Loss on Sale of Assets

During the year ended December 31, 2016, the Company sold a majority interest in its EVgo business to Vision Ridge Partners, which resulted in a loss on sale as described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*, to the Consolidated Financial Statements.

Impairment Losses on Investments

For the year ended December 31, 2016, the Company recorded other-than-temporary impairment losses of \$268 million, which is primarily due to other-than-temporary impairments on the Company's interests in Petra Nova Parish Holdings, Sherbino and Community Wind North, as further described in Item 15 — Note 10, *Asset Impairments*, to the Consolidated Financial Statements.

For the year ended December 31, 2015, the Company recorded other-than-temporary impairment losses on certain of its cost and equity method investments of \$56 million, as further described in Item 15 — Note 10, *Asset Impairments*, to the Consolidated Financial Statements.

Loss on Debt Extinguishment

A loss on debt extinguishment of \$142 million was recorded for the year ended December 31, 2016, primarily driven by the repurchase of NRG senior notes at a price above par value and the write-off of the unamortized debt issuance costs related to the replacement of the 2018 Term Loan Facility with the new 2023 Term Loan Facility.

Interest Expense

NRG's interest expense decreased by \$42 million for the year ended December 31, 2016, compared to the same period in 2015, due to the following:

	(In millions)	
Decrease due to the repurchases of Senior Notes at the end of 2015 and 2016	\$	(40)
Decrease in derivative interest expense from changes in fair value of interest rate swaps		(19)
Decrease due to the redemption of outstanding bonds related to NRG Peakers Finance Company		(8)
Decrease due to the termination of Alta X and XI term loans and the related interest rate swaps in 2015		(6)
Increase due to the replacement of the 2018 Term Loan Facility with the 2023 Term Loan Facility		9
Increase due to the issuance of NRG Yield Inc. 3.25% Convertible Senior Notes due 2020 and NRG Yield Operating LLC Revolving Credit Facility issued in 2015		8
Increase due to the issuance of NRG Yield Operating LLC 5.00% Senior Notes due 2026		7
Increase due to \$200 million of debt issued by CVSR Holdco in August 2016		4
Other		3
	\$	(42)

Income Tax Expense

For the year ended December 31, 2016, NRG recorded an income tax expense of \$5 million on a pre-tax loss of \$978 million. For the same period in 2015, NRG recorded an income tax expense of \$1,345 million on pre-tax loss of \$4,986 million. The effective tax rate was (0.5)% and (27.0)% for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to recording of a valuation allowance on the federal and certain state net deferred tax assets that may not be realizable under a "more likely than not" measurement. In addition, a portion of the book goodwill impairment is classified as a permanent reversal impacting the effective tax rate.

	Year Ended December 31,	
	2016	2015
	(In millions except as otherwise stated)	
(Loss) before income taxes	\$ (978)	\$ (4,986)
Tax at 35%	(342)	(1,745)
State taxes	—	(215)
Foreign operations	10	1
Federal and state tax credits, excluding PTCs	—	(5)
Valuation allowance - current period activities	398	3,023
Impact of non-taxable entity earnings	22	(10)
Book goodwill impairment	—	340
Net interest accrued on uncertain tax positions	1	(3)
Production tax credits	(26)	(33)
Recognition of uncertain tax benefits	2	(15)
Tax expense attributable to consolidated partnerships	(1)	12
State rate change including true-up to current period activity	(59)	(7)
Other	—	2
Income tax expense	\$ 5	\$ 1,345
Effective income tax rate	(0.5)%	(27.0)%

The effective income tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses and changes in valuation allowances in accordance with ASC 740. These factors and others, including the Company's history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets.

Income/(Loss) from Discontinued Operations, Net of Income Tax

For the year ended December 31, 2016, NRG recorded income from discontinued operations, net of income tax (benefit)/expense of \$92 million related to GenOn, as further described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

For the year ended December 31, 2015, NRG recorded loss from discontinued operations, net of income tax (benefit)/expense of \$105 million related to GenOn, as further described in Item 15 — Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests

Net loss attributable to noncontrolling interests and redeemable noncontrolling interests was \$117 million for the year ended December 31, 2016, compared to \$54 million for the year ended December 31, 2015. For the years ended December 31, 2016 and 2015, the net losses attributable to noncontrolling interests primarily reflect losses allocated to tax equity investors using the hypothetical liquidation at book value, or HLBV, method, as well as NRG Yield, Inc.'s share of losses for the period.

Liquidity and Capital Resources

Liquidity Position

As of December 31, 2017 and 2016, NRG's liquidity, excluding collateral funds deposited by counterparties, was approximately \$3.2 billion and \$2.4 billion, respectively, comprised of the following:

	As of December 31,	
	2017	2016
	(In millions)	
Cash and cash equivalents:		
NRG excluding NRG Yield	\$ 843	\$ 621
NRG Yield and subsidiaries	148	317
Restricted cash - operating	71	56
Restricted cash - reserves ^(a)	437	390
Total	1,499	1,384
Total credit facility availability	1,711	989
Total liquidity, excluding collateral funds deposited by counterparties	\$ 3,210	\$ 2,373

(a) Includes reserves primarily for debt service, performance obligations, and capital expenditures.

For the year ended December 31, 2017, total liquidity, excluding collateral funds deposited by counterparties, increased by \$837 million. Changes in cash and cash equivalent balances are further discussed hereinafter under the heading *Cash Flow Discussion*. Cash and cash equivalents at December 31, 2017, were predominantly held in money market funds invested in treasury securities, treasury repurchase agreements or government agency debt.

Management believes that the Company's liquidity position and cash flows from operations will be adequate to finance operating and maintenance capital expenditures, to fund dividends to NRG's common stockholders, and to fund other liquidity commitments. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

On July 12, 2017, NRG announced its Transformation Plan, which is described further in Item 1 — *Business*.

Credit Ratings

On October 6, 2017, Moody's upgraded the NRG rating outlook to positive from stable and affirmed NRG's Ba3 Corporate Family Rating.

The following table summarizes the Company's current credit ratings:

	S&P	Moody's
NRG Energy, Inc.	BB- Stable	Ba3 Positive
6.25% Senior Notes, due 2022	BB-	B1
6.25% Senior Notes, due 2024	BB-	B1
7.25% Senior Notes, due 2026	BB-	B1
6.625% Senior Notes, due 2027	BB-	B1
5.75% Senior Notes, due 2028	BB-	B1
Term Loan Facility, due 2023	BB+	Baa3
NRG Yield, Inc.	BB	Ba2
5.375% NRG Yield Operating LLC Senior Notes, due 2024	BB	Ba2
5.00% NRG Yield Operating LLC Senior Notes, due 2026	BB	Ba2

Sources of Liquidity

The principal sources of liquidity for NRG's future operating and capital expenditures are expected to be derived from cash on hand, cash flows from operations, cash proceeds from future sales of assets, including sales to NRG Yield, Inc. and financing arrangements. As described in Item 15 — Note 12, *Debt and Capital Leases*, to the Consolidated Financial Statements, the Company's financing arrangements consist mainly of the Senior Credit Facility, the Senior Notes, the NRG Yield 2019 Convertible Notes, the NRG Yield 2020 Convertible Notes, the Yield Operating 2020 senior unsecured notes, the NRG Yield, Inc. revolving credit facility, and project-related financings.

Sale of Ownership in NRG Yield, Inc. and Renewables Platform

On February 6, 2018, NRG and Global Infrastructure Partners, or GIP, entered into a purchase and sale agreement for GIP to purchase NRG's ownership in NRG Yield, Inc. and NRG's renewables platform for cash of \$1.375 billion, subject to certain adjustments. The purchase and sale agreement includes the sale of all of NRG's ownership in NRG Yield, Inc., NRG's renewable energy development and operations platforms and NRG's renewable energy non-ROFO backlog and pipeline.

In connection with the transaction, the Company entered into a Consent and Indemnity Agreement with NRG Yield, Inc. and GIP setting forth key terms and conditions of NRG Yield, Inc.'s consent to the transaction. As part of the Consent and Indemnity Agreement, NRG has agreed to indemnify GIP and NRG Yield, Inc. and its project companies for any increase in property taxes at the California-based solar projects resulting from the transaction.

The transaction is expected to close in the second half of 2018 and is subject to various customary closing conditions, approvals and consents. Upon the closing of the transaction, NRG's Ivanpah asset will no longer be part of the NRG Yield ROFO assets.

Sale of South Central Business

On February 6, 2018, NRG and Cleco Energy LLC, or Cleco, entered into a purchase and sale agreement for Cleco to purchase NRG's South Central business for cash of \$1.0 billion, subject to certain adjustments. The transaction is expected to close in the second half of 2018 and is subject to various customary closing conditions, approvals and consents. The South Central business owns and operates a 3,555 MW portfolio of generation assets in the Gulf Coast region. Upon the closing of the transaction, NRG will enter into a sale leaseback agreement for the Cottonwood plant through May 2025.

Sale of BETM

On February 23, 2018, the Company entered into an agreement to sell BETM to a third party for \$70 million. The transaction is expected to close in the second half of 2018 and is subject to various customary closing conditions, approvals and consents.

Sale of Assets to NRG Yield, Inc.

On February 6, 2018, the Company entered into an agreement with NRG Yield, Inc. to sell 100% of the membership interests in Carlsbad Energy Holdings LLC, which owns the Carlsbad project, a 527 MW natural gas fired project in Carlsbad, CA, pursuant to the ROFO Agreement. The purchase price for the transaction is \$365 million in cash consideration, subject to customary working capital and other adjustments. The transaction is expected to close during the fourth quarter of 2018.

On January 24, 2018, the Company entered into an agreement with NRG Yield, Inc. to sell 100% of its ownership interest in Buckthorn Solar for cash consideration of \$42 million, subject to other adjustments. The transaction is expected to close during the first quarter of 2018.

On November 1, 2017, NRG completed the sale of a 38 MW solar portfolio primarily comprised of assets from SPP funds, in addition to other projects developed by NRG, to NRG Yield, Inc. for cash consideration of \$71 million, plus \$3 million in working capital adjustments.

On August 1, 2017, NRG closed on its sale of the remaining 25% interest in NRG Wind TE Holdco, a portfolio of 12 wind projects, to NRG Yield, Inc. for total cash consideration of \$44 million. The transaction also includes potential additional payments to NRG dependent on actual energy prices for merchant periods beginning in 2027.

On March 27, 2017, the Company sold (i) a 16% interest in the Agua Caliente solar project, representing ownership of approximately 46 net MW of capacity and (ii) NRG's interests in seven utility-scale solar projects located in Utah representing 265 net MW of capacity which have reached commercial operations to NRG Yield, Inc. NRG Yield, Inc. paid cash consideration of \$130 million, plus \$1 million in working capital adjustments, and assumed non-recourse project debt of approximately \$328 million.

2023 Term Loan Facility

On January 24, 2017, NRG repriced the 2023 Term Loan Facility, reducing the interest rate margin by 50 basis points to LIBOR plus 2.25%, the LIBOR floor remains 0.75%. As a result of the repricing, the Company realized interest savings of approximately \$9 million in 2017 and expects approximately \$60 million in interest savings over the life of the loan.

Issuance of 2028 Senior Notes

On December 7, 2017, NRG issued \$870 million of aggregate principal amount at par of 5.75% senior unsecured notes due 2028. The 2028 Senior Notes are senior unsecured obligations of NRG and are guaranteed by certain of its subsidiaries. Interest is paid semi-annually beginning on July 15, 2018, until the maturity date of January 15, 2028. The proceeds from the issuance of the 2028 Senior Notes were utilized to redeem the Company's 6.625% Senior Notes due 2023.

Carlsbad Project Financing

On May 26, 2017, Carlsbad Energy Holdings LLC entered into a note payable agreement with financial institutions for the issuance of up to \$407 million of senior secured notes, that bear interest at a rate of 4.12%, and mature on October 31, 2038. As of December 31, 2017, \$407 million of these notes were outstanding.

Also on May 26, 2017, Carlsbad Energy Holdings, LLC entered into a credit agreement, or the Carlsbad Financing Agreement, with the issuing banks, for a \$194 million construction loan, that will convert to a term loan upon completion of the project. The Carlsbad Financing Agreement also includes a letter of credit facility not to exceed an aggregate amount of \$83 million, and a working capital loan facility with an aggregate principal amount not to exceed \$4 million. As of December 31, 2017, \$20 million was outstanding under the construction loan and \$29 million in letters of credit in support of the project were issued.

Asset Dispositions

During the year ended December 31, 2017, the Company received proceeds of \$87 million, primarily related to the sale of certain equipment, sale of certain Minnesota wind assets and the sale of the Crawford site.

First Lien Structure

NRG has granted first liens to certain counterparties on a substantial portion of the Company's assets, excluding assets acquired in the GenOn and EME (including Midwest Generation) acquisitions, assets held by NRG Yield, Inc. and NRG's assets that have project-level financing. NRG uses the first lien structure to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or gas used as a proxy for power. To the extent that the underlying hedge positions for a counterparty are out-of-the-money to NRG, the counterparty would have claim under the first lien program. The first lien program limits the volume that can be hedged, not the value of underlying out-of-the-money positions. The first lien program does not require NRG to post collateral above any threshold amount of exposure. Within the first lien structure, the Company can hedge up to 80% of its coal and nuclear capacity and 10% of its other assets with these counterparties for the first 60 months and then declining thereafter. Net exposure to a counterparty on all trades must be positively correlated to the price of the relevant commodity for the first lien to be available to that counterparty. The first lien structure is not subject to unwind or termination upon a ratings downgrade of a counterparty and has no stated maturity date.

The Company's first lien counterparties may have a claim on its assets to the extent market prices exceed the hedged prices. As of December 31, 2017, all hedges under the first liens were in-the-money on a counterparty aggregate basis.

The following table summarizes the amount of MW hedged against the Company's coal and nuclear assets and as a percentage relative to the Company's coal and nuclear capacity under the first lien structure as of December 31, 2017:

Equivalent Net Sales Secured by First Lien Structure ^(a)	2018	2019	2020	2021
In MW	719	—	—	—
As a percentage of total net coal and nuclear capacity ^(b)	13%	—%	—%	—%

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

(b) Net coal and nuclear capacity represents 80% of the Company's total coal and nuclear assets eligible under the first lien, which excludes coal assets acquired in the GenOn and EME (including Midwest Generation) acquisitions, assets in NRG Yield, Inc. and NRG's assets that have project-level financing.

Uses of Liquidity

The Company's requirements for liquidity and capital resources, other than for operating its facilities, can generally be categorized by the following: (i) commercial operations activities; (ii) debt service obligations, as described more fully in Item 15 — Note 12, *Debt and Capital Leases*, to the Consolidated Financial Statements; (iii) capital expenditures, including repowering and renewable development, and environmental; and (iv) allocations in connection with acquisition opportunities, debt repayments, return of capital and dividend payments to stockholders, as described in Item 15 — Note 15, *Capital Structure*, to the Consolidated Financial Statements.

Restructuring Support Agreement

As described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, NRG, the GenOn Entities and certain holders of the GenOn and GenOn Americas Generation Senior Notes entered into a Restructuring Support Agreement that provides for a restructuring and recapitalization of GenOn through a prearranged plan of reorganization. Certain principal terms of the Restructuring Support Agreement include that NRG will provide settlement consideration to GenOn of \$261.3 million, which will be paid in cash less any amounts owed to NRG under the intercompany secured revolving credit facility. As of June 30, 2017, GenOn owed NRG approximately \$125 million under the intercompany secured revolving credit facility. NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, to be utilized for required letters of credit in lieu of the intercompany secured revolving credit facility. GenOn can no longer utilize the intercompany secured revolving credit facility and, on July 27, 2017, the letter of credit facility was terminated, as GenOn has obtained a separate letter of credit facility with a third party financial institution. In addition, NRG will retain the pension liability for GenOn employees for service provided prior to the completion of the reorganization. GenOn's net pension liability as of December 31, 2017, was approximately \$92 million. NRG will also retain the liability for GenOn's post-employment and retiree health and welfare benefits, in an amount up to \$25 million, which was recorded as a liability as of December 31, 2017.

Commercial Operations

The Company's commercial operations activities require a significant amount of liquidity and capital resources. These liquidity requirements are primarily driven by: (i) margin and collateral posted with counterparties; (ii) margin and collateral required to participate in physical markets and commodity exchanges; (iii) timing of disbursements and receipts (i.e. buying fuel before receiving energy revenues); (iv) initial collateral for large structured transactions; and (v) collateral for project development. As of December 31, 2017, commercial operations had total cash collateral outstanding of \$187 million and \$515 million outstanding in letters of credit to third parties primarily to support its commercial activities for both wholesale and retail transactions. As of December 31, 2017, total collateral held from counterparties was \$38 million in cash and \$17 million of letters of credit.

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

2017 Senior Note Redemptions

During the year ended December 31, 2017, the Company redeemed \$1.5 billion in aggregate principal of its Senior Notes for \$1.5 billion, which included accrued interest of \$29 million. In connection with the redemptions, a \$49 million loss on debt extinguishment was recorded, which included the write-off of previously deferred financing costs of \$7 million. In addition, the Company expects to save approximately \$55 million in annualized interest, after consideration of the issuance of the 2028 Senior Note.

	Principal Repurchased	Cash Paid ^(a)	Average Early Redemption Percentage
Amount in millions, except rates			
7.625% senior notes due 2018	\$ 398	\$ 411	101.42%
7.875% senior notes due 2021	206	218	102.63%
6.625% senior notes due 2023	869	915	103.57%
Total	<u>\$ 1,473</u>	<u>\$ 1,544</u>	

(a) Includes payment for accrued interest.

Debt Service Obligations

Principal payments on debt and capital leases as of December 31, 2017 are due in the following periods:

Description	2018	2019	2020	2021	2022	Thereafter	Total
(In millions)							
Recourse Debt:							
Senior notes, due 2022	\$ —	\$ —	\$ —	\$ —	\$ 992	\$ —	\$ 992
Senior notes, due 2024	—	—	—	—	—	733	733
Senior notes, due 2026	—	—	—	—	—	1,000	1,000
Senior notes, due 2027	—	—	—	—	—	1,250	1,250
Senior notes, due 2028	—	—	—	—	—	870	870
Term loan facility, due 2023	19	19	19	19	19	1,777	1,872
Tax-exempt bonds	—	—	—	—	—	465	465
Subtotal Recourse Debt	19	19	19	19	1,011	6,095	7,182
Non-Recourse Debt:							
NRG Yield Operating LLC Senior Notes, due 2024	—	—	—	—	—	500	500
NRG Yield Operating LLC Senior Notes, due 2026	—	—	—	—	—	350	350
NRG Yield Inc. Convertible Senior Notes, due 2019	—	345	—	—	—	—	345
NRG Yield Inc. Convertible Senior Notes, due 2020	—	—	288	—	—	—	288
Yield LLC and Yield Operating LLC Revolving Credit Facility, due 2019	—	55	—	—	—	—	55
El Segundo Energy Center, due 2023	48	49	53	57	63	130	400
Marsh Landing, due 2023	55	57	60	62	65	19	318
Alta Wind I-V lease financing arrangements, due 2034 and 2035	40	42	43	45	47	709	926
Walnut Creek, term loans due 2023	45	47	49	52	55	19	267
Utah Portfolio, due 2022	12	13	14	13	226	—	278
Tapestry, due 2021	11	11	11	129	—	—	162
CVSR, due 2037	26	24	21	23	25	627	746
CVSR Holdco, due 2037	6	6	6	7	9	160	194
Alpine, due 2022	8	8	8	8	103	—	135
Energy Center Minneapolis, due 2025 and 2031	7	11	11	11	11	157	208
Viento, due 2023	16	18	15	16	17	81	163
NRG Yield Other	32	36	77	32	33	369	579
Subtotal NRG Yield debt (non-recourse to NRG) ^(a)	306	722	656	455	654	3,121	5,914
Ivanpah, due 2033 and 2038	41	42	44	45	47	854	1,073
Carlsbad Energy Project ^(a)	—	19	1	—	—	407	427
Agua Caliente, due 2037	32	33	34	35	35	649	818
Agua Caliente Borrower 1, due 2038	3	3	3	3	3	74	89
Cedro Hill, due 2029 ^(a)	12	12	12	12	13	90	151
Midwest Generation, due 2019	103	49	—	—	—	—	152
NRG Other Renewables ^(a)	166	24	27	27	83	320	647
NRG Other	9	9	9	10	8	135	180
Subtotal other non-recourse debt	366	191	130	132	189	2,529	3,537
Subtotal all non-recourse debt	672	913	786	587	843	5,650	9,451
Subtotal long-term debt	691	932	805	606	1,854	11,745	16,633
Capital Leases:							
Capital leases	4	1	—	—	—	—	5
Subtotal Capital Leases	4	1	—	—	—	—	5
Total Debt and Capital Leases	\$ 695	\$ 933	\$ 805	\$ 606	\$ 1,854	\$ 11,745	\$ 16,638

(a) Debt associated with the asset sales announced in February 2018.

In addition to the debt and capital leases shown in the above table, NRG had issued \$733 million of letters of credit under the Company's \$2.5 billion Revolving Credit Facility as of December 31, 2017.

Capital Expenditures

The following table and descriptions summarize the Company's capital expenditures for maintenance, environmental, and growth investments, for the year ended December 31, 2017, and the estimated capital expenditure and growth investments forecast for 2018.

	Maintenance	Environmental	Growth Investments	Total
	(In millions)			
Generation				
Gulf Coast	\$ 95	\$ 1	\$ 4	\$ 100
East/West ^(a)	22	24	321	367
Retail	29	—	52	81
Renewables	5	—	506	511
NRG Yield	27	—	4	31
Corporate	15	—	6	21
Total cash capital expenditures for the year ended December 31, 2017	193	25	893	1,111
Funding from debt financing, net of fees	—	—	(1,076)	(1,076)
Other investments ^(b)	—	—	267	267
Total capital expenditures and investments, net of financings	\$ 193	\$ 25	\$ 84	\$ 302
Estimated capital expenditures for 2018 ^(c)				
Estimated capital expenditures for 2018 ^(c)	\$ 221	\$ 3	\$ 500	\$ 724
Funding from debt financing, net of fees	—	—	(391)	(391)
Other investments ^(b)	—	—	86	86
Estimated capital expenditures for 2018, net of financings	\$ 221	\$ 3	\$ 195	\$ 419

(a) Includes International

(b) Other investments include restricted cash activity and acquisitions

(c) Maintenance capital expenditures includes approximately \$66 million related to announced asset sales

- *Environmental capital expenditures* — For the year ended December 31, 2017, the Company's environmental capital expenditures included the final payments for DSI/ESP upgrades at the Powerton facility and the Joliet gas conversion to satisfy CPS.
- *Growth Investments capital expenditures* — For the year ended December 31, 2017, the Company's growth investment capital expenditures included \$414 million for solar projects, \$324 million for repowering projects, \$93 million for wind projects, and \$62 million for the Company's other growth projects.

Environmental Capital Expenditures Estimate

NRG estimates that environmental capital expenditures from 2018 through 2022 required to comply with environmental laws will be approximately \$82 million, which includes \$14 million for Midwest Generation. These costs are primarily associated with the cost of complying with anticipated CCR requirements and NO_x Controls.

The table below summarizes the status of NRG's coal fleet with respect to air quality controls. Planned investments are either in construction or budgeted in the existing capital expenditures budget. Changes to regulations could result in changes to planned installation dates. NRG uses an integrated approach to fuels, controls and emissions markets to meet environmental standards.

Units	State	SO ₂		NO _x		Mercury		Particulate	
		Control Equipment	Install Date	Control Equipment	Install Date	Control Equipment	Install Date	Control Equipment	Install Date
Big Cajun II 1	LA	DSI	2015	LNBOFA/ SNCR	2005/2014	ACI	2015	ESP/upgrade	1981/2015
Big Cajun II 2	LA	Gas Conversion	2015	LNBOFA/ SNCR	2004/2014	Gas Conversion	2015	Gas Conversion	2015
Big Cajun II 3	LA	PAL	2013	LNBOFA/ SNCR	2002/2014	ACI	2015	ESP/upgrade	1983/2015
Conemaugh 1-2	PA	FGD	1994, 95	SCR	2014	FGD/ESP/SCR	1994,95/ 2014	ESP	1970, 1971
Indian River 4	DE	CDS	2011	LNBOFA/SCR	1999/2011	ACI/CDS/FF	2008/2011	ESP/FF	1980/2011
Keystone 1-2	PA	FGD	2009	SCR	2003	FGD/ESP/SCR	2003	ESP	1967, 1968
Limestone 1-2	TX	FGD	1985-86	LNBOFA	2002/2022	ACI	2015	ESP	1985-1986
Powerton 5	IL	DSI	2016	OFA/SNCR	2003/2012	ACI	2009	ESP/upgrade	1973/2016
Powerton 6	IL	DSI	2014	OFA/SNCR	2002/2012	ACI	2009	ESP/upgrade	1976/2014
W.A. Parish 5, 6, 7	TX	FF co-benefit	1988	SCR	2004	ACI	2015	FF	1988
W.A. Parish 8 ^(a)	TX	FGD	1982	SCR	2004	ACI	2015	FF	1988
Waukegan 7	IL	DSI	2014	LNBOFA	2002	ACI	2008	ESP/upgrade	1958/2002, 2014
Waukegan 8	IL	DSI	2015	LNBOFA	1999	ACI	2008	ESP/upgrade	1962/1999, 2015
Will County 4	IL	DSI	2017	LNBOFA/SNCR	1999,2001/ 2012	ACI	2009	ESP/upgrade	1963,72/ 2000

(a) Unit expected to be converted into a cogeneration facility to provide power and steam to the Petra Nova CCF.

ACI - Activated Carbon Injection
CDS - Circulating Dry Scrubber
DSI - Dry Sorbent Injection with Trona
ESP - Electrostatic Precipitator
FGD - Flue Gas Desulfurization (wet)
FF - Fabric Filter

LNBOFA - Low NO_x Burner with Overfire Air
OFA - Overfire Air
PAL - Plantwide Applicability Limit
SCR - Selective Catalytic Reduction
SNCR - Selective Non-Catalytic Reduction

The following table summarizes the estimated environmental capital expenditures for the referenced periods by region:

	Gulf Coast		East (excluding MWG)		MWG	Total		
	(In millions)							
2018	\$	—	\$	3	\$	—	\$	3
2019		7		2		1		10
2020		4		—		7		11
2021		3		23		6		32
2022		7		19		—		26
Total	\$	21	\$	47	\$	14	\$	82

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

Common Stock Dividends

The following table lists the dividends paid during 2017:

	Fourth Quarter 2017	Third Quarter 2017	Second Quarter 2017	First Quarter 2017
Dividends per Common Share	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030

On January 19, 2018, NRG declared a quarterly dividend on the Company's common stock of \$0.03 per share, or \$0.12 per share on an annualized basis, payable on February 15, 2018, to stockholders of record as of February 1, 2018. The Company's common stock dividends are subject to available capital, market conditions, and compliance with associated laws and regulations. The Company expects that, based on current circumstances, comparable cash dividends will continue to be paid in the foreseeable future.

Share Repurchases

The Company's board of directors has authorized the repurchase of up to \$1 billion of the Company's common stock, with the first \$500 million program to begin in the first quarter of 2018. Following completion of the initial program, and as NRG progresses towards the closing of the announced asset sales, the Company expects to execute the remaining \$500 million of the \$1 billion share repurchase program.

Fuel Repowerings

Carlsbad — The Company is currently overseeing construction of the Carlsbad project, which when completed will consist of approximately 527 MWs of net generation capacity. On February 6, 2018, the Company entered into an agreement with NRG Yield, Inc. to sell the Carlsbad project pursuant to the ROFO Agreement. The transaction is expected to close during the fourth quarter of 2018.

Canal 3 — The Company is currently overseeing construction of the Canal 3 project, a dual-fueled peaking facility, which when completed will consist of approximately 333 MWs of net generating capacity. In January 2018, Final Notice To Proceed was issued, and construction commenced with an anticipated COD by summer 2019. Under a cooperation agreement with GenOn, GenOn has the right to purchase the project from NRG until March 31, 2018.

Puente Power Project — On October 5, 2017, the California Energy Commission, or CEC, the agency responsible for permitting the Puente Power Project, issued a statement on behalf of the committee of two Commissioners overseeing the permitting process stating their intention to issue a proposed decision that would deny a permit for the Puente Power Project. On October 16, 2017, NRG filed a motion to suspend the permitting proceeding for at least six months, which was granted on November 3, 2017. During the six month suspension period, which could be extended, NRG will evaluate the progress of a procurement process initiated by SCE to replace the Puente Power Project.

Cash Flow Discussion

2017 compared to 2016

The following table reflects the changes in cash flows for the comparative years:

(In millions)	Year ended December 31,		
	2017	2016	Change
Net cash provided by operating activities	\$ 1,387	\$ 2,088	\$ (701)
Net cash used by investing activities	(1,066)	(792)	(274)
Net cash used by financing activities	(485)	(915)	430

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:

	(In millions)
Changes in cash collateral in support of risk management activities due to changes in commodity prices	\$ (478)
Other changes in working capital	(284)
Decrease in operating income adjusted for non-cash items	(172)
Increase in accounts receivable due to the timing of cash receipts	(92)
Decrease in prepaid expenses and total current assets due to reduced spending	56
Decrease in inventory as a result of initiatives related to the Transformation Plan	72
Cash provided by discontinued operations	81
Increase in accounts payable as a result of initiatives related to the Transformation Plan	116
	<u>\$ (701)</u>

Net Cash Used By Investing Activities

Changes to net cash used by investing activities were driven by:

	(In millions)
Change in discontinued operations cash primarily related to the sale of the Aurora, Shelby and Seward in 2016	\$ (350)
Decrease in capital expenditures related to environmental projects at Powerton and Joliet, as well as a decrease in maintenance capital expense in our generation businesses, offset by an increase in growth capital expenditures related to our solar and repowering projects	(135)
Decrease in cash grants received in 2017	(28)
Increase in other investments	(17)
Increase in investments in unconsolidated affiliates related primarily to investments in the utility-scale solar portfolio	(17)
Other	(6)
Proceeds from sale of assets	14
Net increase in nuclear decommissioning trust fund activity due to a decrease in purchases of securities	30
Proceeds from sale of emissions allowances	67
Decrease in cash paid for acquisitions in 2017 compared to 2016 primarily due to acquisition of assets from SunEdison in 2016	168
	<u>\$ (274)</u>

Net Cash Used By Financing Activities

Changes in net cash used by financing activities were driven by:

	(In millions)
Net decrease in borrowings, Increase in borrowings, primarily related to Agua Caliente Borrower 1 & 2, 2038 Senior Notes and the Carlsbad project financing as well as reduced payments due to repurchases of Senior Notes in 2016 as compared to 2017	\$ 303
Increase in cash contributions, net of distributions from noncontrolling interest primarily due to tax equity financing	251
Change due to repurchase of preferred stock in 2016	226
Decrease in debt extinguishment costs due to fewer debt repurchases in 2017 as compared to 2016	79
Decrease in payment of dividends, due to the annualized dividend rate being reduced from \$0.58/share to \$0.12/share in the first quarter of 2016	38
Change in debt issuance costs is primarily due to the refinancing of the senior credit facility and the issuance of the 2026 and 2027 Senior Notes in 2016	26
Payment for affiliate receivable - GenOn	(125)
Change in discontinued operations cash related to an increase in long term deposits and financing fees in 2017	(364)
Other	(4)
	<u>\$ 430</u>

2016 compared to 2015

The following table reflects the changes in cash flows for the comparative years:

(In millions)	Year ended December 31,		
	2016	2015	Change
Net cash provided by operating activities	\$ 2,088	\$ 1,349	\$ 739
Net cash used by investing activities	(792)	(1,528)	736
Net cash used by financing activities	(915)	(432)	(483)

Net Cash Provided By Operating Activities

Changes to net cash provided by operating activities were driven by:

	(In millions)
Change in cash collateral in support of risk management activities	\$ 766
Decrease in accounts payable primarily related to lower operations and maintenance expense in 2016	141
Decrease in inventory primarily related to plant fuel conversions at Joliet and Unit 2 at the Big Cajun II facility and deactivations of the Huntley and Dunkirk facilities	130
Other changes in working capital driven by various timing differences	54
Cash used by discontinued operations	(181)
Increase in accounts receivable due to timing of receipts	(120)
Decrease in accrued interest primarily driven by redemption of Senior Notes in late 2015 and 2016	(27)
Increase in prepaid expense primarily related to timing of property tax and insurance payments that occurred in the first half of the year, and state tax receivables	(23)
Decrease in operating income adjusted for non-cash items	(1)
	<u>\$ 739</u>

Net Cash Used By Investing Activities

Changes to net cash used by investing activities were driven by:

	(In millions)
Cash provided by discontinued operations	\$ 556
Decrease in investments in unconsolidated affiliates in 2016 compared to 2015, primarily related to the 25% investment in Desert Sunlight of \$285 million, as well as, Petra Nova and Altenex in 2015	361
Proceeds from the sale of assets related to the majority interest sale of EVgo and the sale of real property at the Potrero generating station in 2016	72
Decrease in capital expenditures, primarily related to environmental projects at the Powerton and Joliet facilities	53
Insurance proceeds primarily related to the Cottonwood generation station outage in 2016	27
Increase in cash paid for acquisitions in 2016 compared to 2015	(178)
Decrease in cash grants received as the final Ivanpah cash grant amount was received in 2015 after resolution of all open inquiries	(46)
Net decrease in nuclear decommissioning trust fund activity due to increase in purchases of securities in Q4 2016	(43)
Net decrease in emission allowances activity	(42)
Other	(24)
	<u>\$ 736</u>

Net Cash Used By Financing Activities

Changes in net cash used by financing activities were driven by:

	(In millions)
Repurchases of treasury stock in 2015	\$ 437
Cash provided by discontinued operations	195
Decrease in payment of dividends which reflects the reduction to the annualized dividend rate in 2016 from \$0.58/share to \$0.12/share	125
Decrease in cash contributions from noncontrolling interest in 2016, primarily related to the NRG Yield, Inc. public offering in 2015 which had proceeds of \$599 million	(803)
Repurchase of preferred stock in 2016	(226)
Increase in debt extinguishment costs	(121)
Increase in debt issuance costs primarily due to the refinancing of the senior credit facility and the issuance of the 2026 and 2027 Senior Notes	(68)
Net decrease in borrowings, offset by debt payments, which includes debt repurchases in 2016	(23)
Decrease in settlement of financing element related to acquired derivatives	(8)
Other	9
	<u>\$ (483)</u>

NOLs, Deferred Tax Assets and Uncertain Tax Position Implications, under ASC 740

As of December 31, 2017, the Company had domestic pre-tax book loss of \$1,557 million and foreign pre-tax book income of \$17 million. For the year ended December 31, 2017, the Company generated an NOL of \$630 million due to a current year taxable loss. As of December 31, 2017, the Company has cumulative domestic federal NOL carryforwards of \$2.8 billion, which will begin expiring in 2026 and cumulative state NOL carryforwards of \$2.2 billion for financial statement purposes. In addition, NRG has cumulative foreign NOL carryforwards of \$224 million, which do not have an expiration date. As a result of the Company's tax position, including the benefit of a worthless stock deduction of \$9.5 billion upon GenOn emerging from bankruptcy and upon evaluation of the Tax Cuts and Jobs Act potential impact on taxable income and based on current forecasts, the Company anticipates income tax payments, primarily due to state and local jurisdictions, of up to \$20 million in 2018.

The Company has recorded a long term receivable of \$64 million representing refundable alternative minimum tax credits from the IRS, net of sequestration, which are anticipated to be received from 2019 through 2022 pursuant to the 50% annual limitation as enacted by the Tax Act upon repeal of corporate AMT effective January 1, 2018.

In addition to these amounts, the Company has \$30 million of tax effected uncertain tax benefits for which the Company has recorded a non-current tax liability of \$33 million until such final resolution with the related taxing authority. The \$33 million non-current tax liability for uncertain tax benefits is from positions taken on various state returns, including accrued interest.

The Company is no longer subject to U.S. federal income tax examinations for years prior to 2015. With few exceptions, state and local income tax examinations are no longer open for years before 2010.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

NRG and certain of its subsidiaries enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties. These arrangements include financial and performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. See also Item 15 — Note 26, *Guarantees*, to the Consolidated Financial Statements for additional discussion.

Retained or Contingent Interests

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

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable interest in Equity investments — As of December 31, 2017, NRG has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method of accounting. Several of these investments are variable interest entities for which NRG is not the primary beneficiary.

NRG's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately \$606 million as of December 31, 2017. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to NRG. See also Item 15 — Note 16, *Investments Accounted for by the Equity Method and Variable Interest Entities*, to the Consolidated Financial Statements for additional discussion.

Contractual Obligations and Commercial Commitments

NRG has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to the Company's capital expenditure programs. The following tables summarize NRG's contractual obligations and contingent obligations for guarantees. See also Item 15 — Note 12, *Debt and Capital Leases*, Note 22, *Commitments and Contingencies*, and Note 26, *Guarantees*, to the Consolidated Financial Statements for additional discussion.

<u>Contractual Cash Obligations</u>	By Remaining Maturity at December 31,					
	2017					2016 Total
	Under 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total ^(a)	
	(In millions)					
Long-term debt (including estimated interest)	\$ 1,521	\$ 3,315	\$ 3,913	\$ 14,738	\$ 23,487	\$ 24,863
Capital lease obligations (including estimated interest)	4	1	—	—	5	7
Operating leases	79	157	138	707	1,081	982
Fuel purchase and transportation obligations	527	338	215	296	1,376	1,476
Fixed purchased power commitments	21	26	21	—	68	87
Pension minimum funding requirement ^(b)	29	48	42	86	205	375
Other postretirement benefits minimum funding requirement ^(c)	7	16	16	35	74	80
Other liabilities ^(d)	75	151	116	309	651	917
Total	\$ 2,263	\$ 4,052	\$ 4,461	\$ 16,171	\$ 26,947	\$ 28,787

- (a) Excludes \$30 million non-current payable relating to NRG's uncertain tax benefits under ASC 740 as the period of payment cannot be reasonably estimated. Also excludes \$771 million of asset retirement obligations which are discussed in Item 15 — Note 13, *Asset Retirement Obligations*, to the Consolidated Financial Statements.
- (b) These amounts represent the Company's estimated minimum pension contributions required under the Pension Protection Act of 2006. These amounts represent estimates that are based on assumptions that are subject to change.
- (c) These amounts represent estimates that are based on assumptions that are subject to change. The minimum required contribution for years after 2027 are currently not available.
- (d) Includes water right agreements, service and maintenance agreements, stadium naming rights, LTSA commitments and other contractual obligations.

<u>Guarantees</u>	By Remaining Maturity at December 31,					
	2017					2016 Total
	Under 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total	
	(In millions)					
Letters of credit and surety bonds ^(a)	\$ 1,467	\$ 66	\$ 7	\$ 93	\$ 1,633	\$ 1,837
Asset sales guarantee obligations	—	—	257	55	312	677
Other guarantees	—	32	—	613	645	253
Total guarantees	\$ 1,467	\$ 98	\$ 264	\$ 761	\$ 2,590	\$ 2,767

- (a) Excludes \$92 million and \$272 million of letters of credit issued under the intercompany revolving credit agreement between NRG and GenOn as of December 31, 2017 and 2016, respectively.

Fair Value of Derivative Instruments

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

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

The tables below disclose the activities that include both exchange and non-exchange traded contracts accounted for at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at December 31, 2017, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at December 31, 2017. For a full discussion of the Company's valuation methodology of its contracts, see *Derivative Fair Value Measurements* in Item 15 — Note 4, *Fair Value of Financial Instruments*, to the Consolidated Financial Statements.

<u>Derivative Activity (Losses)/Gains</u>	<u>(In millions)</u>
Fair value of contracts as of December 31, 2016	\$ (128)
Contracts realized or otherwise settled during the period	37
Derivatives reclassified to held for sale	(14)
Changes in fair value	151
Fair value of contracts as of December 31, 2017	<u>\$ 46</u>

<u>Fair value hierarchy (Losses)/Gains</u>	<u>Fair Value of Contracts as of December 31, 2017</u>				
	<u>Maturity</u>				<u>Total Fair Value</u>
	<u>1 Year or Less</u>	<u>Greater Than 1 Year to 3 Years</u>	<u>Greater Than 3 Years to 5 Years</u>	<u>Greater Than 5 Years</u>	
	<u>(In millions)</u>				
Level 1	\$ (22)	\$ (41)	\$ (3)	\$ —	\$ (66)
Level 2	98	49	—	(3)	144
Level 3	(5)	(6)	(6)	(15)	(32)
Total	<u>\$ 71</u>	<u>\$ 2</u>	<u>\$ (9)</u>	<u>\$ (18)</u>	<u>\$ 46</u>

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. Also, collateral received or posted on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. Consequently, the magnitude of the changes in individual current and non-current derivative assets or liabilities is higher than the underlying credit and market risk of the Company's portfolio. As discussed in Item 7A — *Quantitative and Qualitative Disclosures About Market Risk, Commodity Price Risk*, NRG measures the sensitivity of the Company's portfolio to potential changes in market prices using VaR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's risk management policy places a limit on one-day holding period VaR, which limits the Company's net open position. As the Company's trade-by-trade derivative accounting results in a gross-up of the Company's derivative assets and liabilities, the net derivative assets and liability position is a better indicator of NRG's hedging activity. As of December 31, 2017, NRG's net derivative asset was \$46 million, an increase to total fair value of \$174 million as compared to December 31, 2016. This increase was primarily driven by gains in fair value and roll off trades that were settled during the period, partially offset by derivatives reclassified to held for sale.

Based on a sensitivity analysis using simplified assumptions, the impact of a \$0.50 per MMBtu increase in natural gas prices across the term of the derivative contracts would result in an increase of approximately \$64 million in the net value of derivatives as of December 31, 2017.

The impact of a \$0.50 per MMBtu decrease in natural gas prices across the term of the derivative contracts would result in a decrease of approximately \$67 million in the net value of derivatives as of December 31, 2017.

Critical Accounting Policies and Estimates

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

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

NRG's significant accounting policies are summarized in Item 15 — Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain.

<u>Accounting Policy</u>	<u>Judgments/Uncertainties Affecting Application</u>
Derivative Instruments	Assumptions used in valuation techniques
	Assumptions used in forecasting generation
	Assumptions used in forecasting borrowings
	Market maturity and economic conditions
	Contract interpretation
Income Taxes and Valuation Allowance for Deferred Tax Assets	Market conditions in the energy industry, especially the effects of price volatility on contractual commitments
	Ability to be sustained upon audit examination of taxing authorities
	Interpret existing tax statute and regulations upon application to transactions
Impairment of Long-Lived Assets and Investments	Ability to utilize tax benefits through carry backs to prior periods and carry forwards to future periods
	Recoverability of investment through future operations
	Regulatory and political environments and requirements
	Estimated useful lives of assets
	Environmental obligations and operational limitations
	Estimates of future cash flows
	Estimates of fair value
Goodwill and Other Intangible Assets	Judgment about impairment triggering events
	Estimated useful lives for finite-lived intangible assets
	Judgment about impairment triggering events
	Estimates of reporting unit's fair value
Contingencies	Fair value estimate of intangible assets acquired in business combinations
	Estimated financial impact of event(s)
	Judgment about likelihood of event(s) occurring
	Regulatory and political environments and requirements

Derivative Instruments

The Company follows the guidance of ASC 815 to account for derivative instruments. ASC 815 requires the Company to mark-to-market all derivative instruments on the balance sheet and recognize changes in the fair value of non-hedge derivative instruments immediately in earnings. In certain cases, NRG may apply hedge accounting to the Company's derivative instruments. The criteria used to determine if hedge accounting treatment is appropriate are: (i) the designation of the hedge to an underlying exposure; (ii) whether the overall risk is being reduced; and (iii) if there is a correlation between the changes in fair value of the derivative instrument and the underlying hedged item. Changes in the fair value of derivatives instruments accounted for as hedges are deferred and recorded as a component of OCI and subsequently recognized in earnings when the hedged transactions occur.

For purposes of measuring the fair value of derivative instruments, NRG uses quoted exchange prices and broker quotes. When external prices are not available, NRG uses internal models to determine the fair value. These internal models include assumptions of the future prices of energy commodities based on the specific market in which the energy commodity is being purchased or sold, using externally available forward market pricing curves for all periods possible under the pricing model. In order to qualify the derivative instruments for hedged transactions, NRG estimates the forecasted generation and forecasted borrowings for interest rate swaps occurring within a specified time period. Judgments related to the probability of forecasted generation occurring are based on available baseload capacity, internal forecasts of sales and generation, and historical physical delivery on similar contracts. Judgments related to the probability of forecasted borrowings are based on the estimated timing of project construction, which can vary based on various factors. The probability that hedged forecasted generation and forecasted borrowings will occur by the end of a specified time period could change the results of operations by requiring amounts currently classified in OCI to be reclassified into earnings, creating increased variability in the Company's earnings. These estimations are considered to be critical accounting estimates.

Certain derivative instruments that meet the criteria for derivative accounting treatment also qualify for a scope exception to derivative accounting, as they are considered to be NPNS. The availability of this exception is based upon the assumption that NRG has the ability and it is probable to deliver or take delivery of the underlying item. These assumptions are based on available baseload capacity, internal forecasts of sales and generation and historical physical delivery on contracts. Derivatives that are considered to be NPNS are exempt from derivative accounting treatment and are accounted for under accrual accounting. If it is determined that a transaction designated as NPNS no longer meets the scope exception due to changes in estimates, the related contract would be recorded on the balance sheet at fair value combined with the immediate recognition through earnings.

Income Taxes and Valuation Allowance for Deferred Tax Assets

As of December 31, 2017, NRG had a valuation allowance of \$1.8 billion. This amount is comprised of domestic federal net deferred tax assets of approximately \$1.5 billion, domestic state net deferred tax assets of \$267 million, foreign net operating loss carryforwards of \$66 million, and foreign capital loss carryforwards of approximately \$1 million. The Company believes it is more likely than not that the results of future operations will not generate sufficient taxable income which includes the future reversal of existing taxable temporary differences to realize deferred tax assets, requiring a valuation allowance to be recorded. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, which addresses how a company may recognize provisional amounts for the effect of the changes related to the Tax Act. Consistent with that guidance, the Company recognized provisional amounts based upon our interpretation of the tax laws and estimates which require significant judgments.

NRG continues to be under audit for multiple years by taxing authorities in other jurisdictions. Considerable judgment is required to determine the tax treatment of a particular item that involves interpretations of complex tax laws including the impact of the Tax Cuts and Jobs Act effective December 22, 2017. NRG is subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state and foreign jurisdictions including operations located in Australia.

The Company is no longer subject to U.S. federal income tax examinations for years prior to 2015. With few exceptions, state and local income tax examinations are no longer open for years before 2010.

Evaluation of Assets for Impairment and Other-Than-Temporary Decline in Value

In accordance with ASC 360, *Property, Plant, and Equipment*, or ASC 360, NRG evaluates property, plant and equipment and certain intangible assets for impairment whenever indicators of impairment exist. Examples of such indicators or events are:

- Significant decrease in the market price of a long-lived asset;
- Significant adverse change in the manner an asset is being used or its physical condition;
- Adverse business climate;
- Accumulation of costs significantly in excess of the amount originally expected for the construction or acquisition of an asset;
- Current period loss combined with a history of losses or the projection of future losses; and
- Change in the Company's intent about an asset from an intent to hold to a greater than 50% likelihood that an asset will be sold or disposed of before the end of its previously estimated useful life.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset, through considering project specific assumptions for long-term power pool prices, escalated future project operating costs and expected plant operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets by factoring in the probability weighting of different courses of action available to the Company. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows. NRG uses its best estimates in making these evaluations and considers various factors, including forward price curves for energy, fuel costs and operating costs. However, actual future market prices and project costs could vary from the assumptions used in the Company's estimates, and the impact of such variations could be material.

For assets to be held and used, if the Company determines that the undiscounted cash flows from the asset are less than the carrying amount of the asset, NRG must estimate fair value to determine the amount of any impairment loss. Assets held-for-sale are reported at the lower of the carrying amount or fair value less the cost to sell. The estimation of fair value under ASC 360, whether in conjunction with an asset to be held and used or with an asset held-for-sale, and the evaluation of asset impairment are, by their nature, subjective. NRG considers quoted market prices in active markets to the extent they are available. In the absence of such information, the Company may consider prices of similar assets, consult with brokers, or employ other valuation techniques. NRG will also discount the estimated future cash flows associated with the asset using a single interest rate representative of the risk involved with such an investment or employ an expected present value method that probability-weights a range of possible outcomes. The use of these methods involves the same inherent uncertainty of future cash flows as previously discussed with respect to undiscounted cash flows. Actual future market prices and project costs could vary from those used in the Company's estimates, and the impact of such variations could be material.

Annually, during the fourth quarter, the Company revises its views of power and fuel prices including the Company's fundamental view for long term prices, forecasted generation and operating and capital expenditures, in connection with the preparation of its annual budget. Changes to the Company's views of long term power and fuel prices impacted the Company's projections of profitability, based on management's estimate of supply and demand within the sub-markets for each plant and the physical and economic characteristics of each plant. During the fourth quarter of 2017, the Company completed its annual budget and revised its view of long-term power and fuel prices and the corresponding impact on estimated cash flows associated with its long-lived assets. The most significant impact was a decrease in the Company's long-term view of natural gas prices which resulted in a reduction to long-term power prices and had a negative impact on the Company's coal, nuclear and renewable facilities.

As a result, the following long-lived asset impairments were recorded during the fourth quarter of 2017, as further described in Item 15 —Note 10, *Asset Impairments*, to the consolidated financial statements:

- *South Texas Project, or STP* - The Company recognized an impairment loss of \$1,248 million related to its interest in STP as a result of the decrease in the Company's view of long-term power prices in ERCOT.
- *Indian River* - The Company recognized an impairment loss of \$36 million for Indian River as a result of the decrease in the Company's view of long-term power prices in PJM.
- *Keystone and Conemaugh* - The Company recognized impairment losses of \$35 million for Keystone and \$35 million for Conemaugh as a result of the decrease in the Company's view of long-term power prices in PJM.
- *Wind Facilities* - The Company recorded impairment losses of \$110 million, \$26 million and \$4 million for Langford, Elbow Creek and Forward, respectively, as a result of the decrease in the Company's view of long-term merchant power prices in ERCOT and PJM. While Elbow Creek and Forward have contracts to sell power, the significant decrease in estimated power prices had an impact on cash flows in post-contract periods.

The Company also recorded the following impairments in 2017 based on specific triggering events that occurred:

- *Bacliff Project* - On June 16, 2017, NRG Texas Power LLC provided notice to BTEC New Albany, LLC that it was exercising its right to terminate the Amended and Restated Membership Interest Purchase Agreement, or MIPA, due to the Bacliff Project, a new peaking facility at the former P.H. Robinson Electric Generating Station, not achieving commercial completion by the contractual expiration date of May 31, 2017. As a result of the MIPA termination, the Company recorded an impairment loss of \$41 million to reduce the carrying amount of the related construction in progress to zero during the second quarter of 2017.
- *Other Impairments* - During the second, third and fourth quarters of 2017, the Company recorded impairment losses of approximately \$22 million, \$14 million and \$15 million, respectively, in connection with the Company's Renewables business. These impairment losses were primarily to record the value of certain long-lived assets, including property, plant and equipment and intangible assets, at fair market value at acquisition date or in connection with an impairment indicator.

NRG is also required to evaluate its equity method and cost method investments to determine whether or not they are impaired in accordance with ASC 323, *Investments - Equity Method and Joint Ventures*, or ASC 323. The standard for determining whether an impairment must be recorded under ASC 323 is whether a decline in the value is considered an other-than-temporary decline in value. The evaluation and measurement of impairments under ASC 323 involves the same uncertainties as described for long-lived assets that the Company owns directly and accounts for in accordance with ASC 360. Similarly, the estimates that NRG makes with respect to its equity and cost-method investments are subjective, and the impact of variations in these estimates could be material. Additionally, if the projects in which the Company holds these investments recognize an impairment under the provisions of ASC 360, NRG would record its proportionate share of that impairment loss and would evaluate its investment for an other-than-temporary decline in value under ASC 323. During the year ended December 31, 2016, the Company recorded impairment losses on its equity method and cost method investments of \$79 million due to other-than-temporary declines in value, including the following:

During the fourth quarter of 2017, in connection with the preparation of the annual budget, management revised its view of oil production expectations with respect to Petra Nova Parish Holdings. As a result, the Company reviewed its 50% interest in Petra Nova Parish Holdings for impairment utilizing the other-than-temporary impairment model. In determining fair value, the Company utilized an income approach and considered project specific assumptions for the future project cash flows. The carrying amount of the Company's equity method investment exceeded the fair value of the investment and the Company concluded that the decline is considered to be other-than-temporary. As a result, the Company measured the impairment loss as the difference between the carrying amount and the fair value of the investment and recorded an impairment loss of \$69 million.

Goodwill and Other Intangible Assets

At December 31, 2017, NRG reported goodwill of \$539 million, consisting of \$165 million associated with the acquisition of EME, \$341 million for retail business acquisitions, and \$33 million associated with other business acquisitions.

The Company applies ASC 805, *Business Combinations*, or ASC 805, and ASC 350, to account for its goodwill and intangible assets. Under these standards, the Company amortizes all finite-lived intangible assets over their respective estimated weighted-average useful lives, while goodwill has an indefinite life and is not amortized. Goodwill and all intangible assets not subject to amortization are tested for impairments at least annually, or more frequently whenever an event or change in circumstances occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company tests goodwill for impairment at the reporting unit level, which is identified by assessing whether the components of the Company's operating segments constitute businesses for which discrete financial information is available and whether segment management regularly reviews the operating results of those components. The Company performs the annual goodwill impairment assessment as of December 31 or when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company first assesses qualitative factors to determine whether it is more likely than not that impairment has occurred. In the absence of sufficient qualitative factors, the Company performs a quantitative assessment by determining the fair value of the reporting unit and comparing to its book value. If it is determined that the fair value of a reporting unit is below its carrying amount, where necessary, the Company's goodwill will be impaired at that time.

The Company performed its qualitative assessment of macroeconomic, industry and market events and circumstances, and the overall financial performance of the NRG Business Solutions (NRG Curtailment Solutions) and Retail Mass reporting units. The Company determined it was not more likely than not that the fair value of the goodwill attributed to these reporting units were less than their carrying amount and accordingly, no impairment existed for the year ended December 31, 2017.

The Company performed a quantitative assessment for the reporting units in the following table. The Company determined the fair value of these reporting units using primarily an income approach. Under the income approach, the Company estimated the fair value of the reporting units' invested capital exceeds its carrying value and, as such, the Company concluded that goodwill associated with the reporting units in the following table is not impaired as of December 31, 2017:

Reporting Unit	% Fair Value Over Carrying Value
Midwest Generation (Generation Segment)	133%
Texas Non-Commodity - excluding Goal Zero (Retail Segment)	325%
Goal Zero (Retail Segment)	141%

The Company believes the methodology and assumptions used in its quantitative assessment are consistent with the views of market participants. Significant inputs to the determination of fair value were as follows:

- The Company applied a discounted cash flow methodology to the long-term budgets for all of the plants in the region. The significant assumptions used to derive the long-term budgets used in the income approach are affected by the following key inputs:
 - The Company's views of power and fuel prices consider market prices for the first five-year period and the Company's fundamental view for the longer term, which reflect the Company's long-term view of the price of natural gas. The Company's fundamental view for the longer term reflects the implied power price and heat rate that would support new build of a combined cycle gas plant. The price of natural gas plays an important role in setting the price of electricity in many of the regions where NRG operates power plants. Hedging is included to the extent of contracts already in place;
 - The Company's estimate of generation, fuel costs, capital expenditure requirements and the existing and anticipated impact of environmental regulations;
 - The Company's fundamental view for the longer term, cash flows for the plants in the region were included in the fair value calculation through the end of each plants' estimated useful life; and
 - Projected generation and resulting energy gross margin in the long-term budgets is based on an hourly dispatch that simulates dispatch of each unit into the power market. The dispatch simulation is based on power prices, fuel prices, and the physical and economic characteristics of each plant.
- The Company applied a discounted cash flow methodology to the long-term budgets for the Texas Non-Commodity and Goal Zero reporting units. The significant assumptions used to derive the long-term budgets used in the income approach are affected by the following key inputs: a terminal value utilizing assumed growth rates and discount rates that reflect the inherent cash flow risk for each reporting unit.

During the fourth quarter of 2017, the Company concluded that BETM was held for sale in connection with board approval and advanced negotiations to sell the business. Accordingly, the Company recorded the assets and liabilities at fair market value as of December 31, 2017, which resulted in an impairment loss of \$90 million to record BETM's goodwill at fair market value.

During the fourth quarter of 2017, NRG sold its interests in certain SPP projects to NRG Yield. The goodwill recorded during the SPP acquisition was related primarily to its development pipeline, which was not sold to NRG Yield. As the Company does not expect to separately develop these projects and accordingly, has no cash flow stream associated with the goodwill, an impairment loss of \$12 million was recorded to reduce the value to zero as of December 31, 2017.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be accurate predictions of the future.

Contingencies

NRG records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. Gain contingencies are not recorded until management determines it is certain that the future event will become or does become a reality. Such determinations are subject to interpretations of current facts and circumstances, forecasts of future events, and estimates of the financial impacts of such events. NRG describes in detail its contingencies in Item 15 — Note 22, *Commitments and Contingencies*, to the consolidated financial statements.

Recent Accounting Developments

See Item 15 — Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements for a discussion of recent accounting developments.

Item 7A — Quantitative and Qualitative Disclosures About Market Risk

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

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

Commodity Price Risk

Commodity price risks result from exposures to changes in spot prices, forward prices, volatilities, and correlations between various commodities, such as natural gas, electricity, coal, oil, and emissions credits. NRG manages the commodity price risk of the Company's merchant generation operations and load serving obligations by entering into various derivative or non-derivative instruments to hedge the variability in future cash flows from forecasted sales and purchases of electricity and fuel. These instruments include forwards, futures, swaps, and option contracts traded on various exchanges, such as NYMEX and ICE, as well as over-the-counter markets. The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, operation and other factors.

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

NRG measures the risk of the Company's portfolio using several analytical methods, including sensitivity tests, scenario tests, stress tests, position reports, and VaR. NRG uses a Monte Carlo simulation based VaR model to estimate the potential loss in the fair value of the Company's energy assets and liabilities, which includes generation assets, load obligations, and bilateral physical and financial transactions. The key assumptions for the Company's VaR model include: (i) lognormal distribution of prices; (ii) one-day holding period; (iii) 95% confidence interval; (iv) rolling 36-month forward looking period; and (v) market implied volatilities and historical price correlations.

As of December 31, 2017, the VaR for NRG's commodity portfolio, including generation assets, load obligations and bilateral physical and financial transactions calculated using the VaR model was \$46 million.

The following table summarizes average, maximum and minimum VaR for NRG for the years ended December 31, 2017 and 2016:

<u>(In millions)</u>	<u>2017</u>	<u>2016</u>
VaR as of December 31,	\$ 46	\$ 41
For the year ended December 31,		
Average	\$ 51	\$ 53
Maximum	66	72
Minimum	40	32

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

In order to provide additional information, the Company also uses VaR to estimate the potential loss of derivative financial instruments that are subject to mark-to-market accounting. These derivative instruments include transactions that were entered into for both asset management and trading purposes. The VaR for the derivative financial instruments calculated using the diversified VaR model for the entire term of these instruments entered into for both asset management and trading was \$30 million as of December 31, 2017, primarily driven by asset-backed transactions.

Interest Rate Risk

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

In addition to those discussed above, the Company's project subsidiaries enter into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. See Item 15 — Note 12, *Debt and Capital Leases*, to the Consolidated Financial Statements, for more information about interest rate swaps of the Company's project subsidiaries.

If all of the above swaps had been discontinued on December 31, 2017, the Company would have owed the counterparties \$11 million. Based on the investment grade rating of the counterparties, NRG believes its exposure to credit risk due to nonperformance by counterparties to its hedge contracts to be insignificant.

NRG has both long and short-term debt instruments that subject the Company to the risk of loss associated with movements in market interest rates. As of December 31, 2017, a 1% change in interest rates would result in a \$14.2 million change in interest expense on a rolling twelve month basis.

As of December 31, 2017, the Company's debt fair value was \$16.9 billion and carrying value was \$16.6 billion. NRG estimates that a 1% decrease in market interest rates would have increased the fair value of the Company's long-term debt by \$989 million.

Liquidity Risk

Liquidity risk arises from the general funding needs of the Company's activities and in the management of the Company's assets and liabilities. The Company is currently exposed to additional collateral posting if natural gas prices decline primarily due to the long natural gas equivalent position at various exchanges used to hedge NRG's retail supply load obligations.

Based on a sensitivity analysis for power and gas positions under marginable contracts, a \$0.50 per MMBtu change in natural gas prices across the term of the marginable contracts would cause a change in margin collateral posted of approximately \$120 million as of December 31, 2017, and a 1.00 MMBtu/MWh change in heat rates for heat rate positions would result in a change in margin collateral posted of approximately \$64 million as of December 31, 2017. This analysis uses simplified assumptions and is calculated based on portfolio composition and margin-related contract provisions as of December 31, 2017.

Counterparty Credit Risk

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

As of December 31, 2017, aggregate counterparty credit exposure to a significant portion of the Company's counterparties totaled \$220 million, of which the Company held collateral (cash and letters of credit) against those positions of \$30 million resulting in a net exposure of \$196 million. Approximately 73% of the Company's exposure before collateral is expected to roll off by the end of 2019. The following table highlights the net counterparty credit exposure by industry sector and by counterparty credit quality. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market, NPNS, and non-derivative transactions. As of December 31, 2017, the aggregate credit exposure is shown net of collateral held, and includes amounts net of receivables or payables.

<u>Category</u>	<u>Net Exposure ^{(a) (b)} (% of Total)</u>
Financial institutions	14%
Utilities, energy merchants, marketers and other	86
Total	100%

<u>Category</u>	<u>Net Exposure ^{(a) (b)} (% of Total)</u>
Investment grade	69%
Non-Investment grade/Non-Rated	31
Total	100%

(a) Counterparty credit exposure excludes uranium and coal transportation contracts because of the unavailability of market prices.

(b) The figures in the tables above exclude potential counterparty credit exposure related to RTOs, ISOs, registered commodity exchanges and certain long term contracts.

The Company has credit exposure to certain wholesale counterparties, each of which represent more than 10% of the total net exposure discussed above and the aggregate credit exposure to such counterparties was \$37 million as of December 31, 2017. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, the Company does not anticipate a material impact on its financial position or results of operations from nonperformance by any counterparty.

RTOs and ISOs

The Company participates in the organized markets of CAISO, ERCOT, ISO-NE, MISO, NYISO and PJM, known as RTOs or ISOs. Trading in these markets is approved by FERC, or in the case of ERCOT, approved by the PUCT and include credit policies that, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. As a result, the counterparty credit risk to these markets is limited to NRG's applicable share of the overall market and are excluded from the above exposures.

Exchange Traded Transactions

The Company enters into commodity transactions on registered exchanges, notably ICE and NYMEX. These clearinghouses act as the counterparty and transactions are subject to extensive collateral and margining requirements. As a result, these commodity transactions have limited counterparty credit risk.

Long Term Contracts

Counterparty credit exposure described above excludes credit risk exposure under certain long term contracts, including California tolling agreements, Gulf Coast load obligations, and wind and solar PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company values these contracts based on various techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of December 31, 2017, aggregate credit risk exposure managed by NRG to these counterparties was approximately \$4.1 billion, of which \$2.6 billion related to assets of NRG Yield, Inc., for the next five years. This amount excludes potential credit exposures for projects with long term PPAs that have not reached commercial operations. The majority of these power contracts are with utilities or public power entities with strong credit quality and public utility commission or other regulatory support. However, such regulated utility counterparties can be impacted by changes in government regulations, which NRG is unable to predict.

Retail Customer Credit Risk

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

As of December 31, 2017, the Company's retail customer credit exposure to C&I and Mass customers was diversified across many customers and various industries, as well as government entities. The Company is also subject to risk with respect to its residential solar customers. The Company's bad debt expense resulting from credit risk was \$68 million, \$48 million, and \$64 million for the years ending December 31, 2017, 2016, and 2015, respectively. Current economic conditions may affect the Company's customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements, or require the Company to post additional collateral if there were a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in a net liability position as of December 31, 2017, was \$25 million. The collateral required for contracts with credit rating contingent features that are in a net liability position as of December 31, 2017, was \$7 million. The Company is also a party to certain marginable agreements under which it has a net liability position, but the counterparty has not called for the collateral due, which is approximately \$4 million as of December 31, 2017.

Currency Exchange Risk

NRG's foreign earnings and investments may be subject to foreign currency exchange risk, which NRG generally does not hedge. As these earnings and investments are not material to NRG's consolidated results, the Company's foreign currency exposure is limited.

Item 8 — Financial Statements and Supplementary Data

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

Item 9 — Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A — Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Under the supervision and with the participation of NRG's management, including its principal executive officer, principal financial officer and principal accounting officer, NRG conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act. Based on this evaluation, the Company's principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K. Management's report on the Company's internal control over financial reporting and the report of the Company's independent registered public accounting firm are incorporated under the caption "Management's Report on Internal Control over Financial Reporting" and under the caption "Report of Independent Registered Public Accounting Firm" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Changes in Internal Control over Financial Reporting

There were no changes in NRG's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred in the fourth quarter of 2017 that materially affected, or are reasonably likely to materially affect, NRG's internal control over financial reporting.

Inherent Limitations over Internal Controls

NRG's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including its principal executive officer, principal financial officer and principal accounting officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under the framework in *Internal Control — Integrated Framework (2013)*, the Company's management concluded that its internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in its report which is included in this Annual Report on Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NRG Energy, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited NRG Energy, Inc.'s and subsidiaries (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive (loss)/income, cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated March 1, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(signed) KPMG LLP

Philadelphia, Pennsylvania
March 1, 2018

Item 9B — Other Information

None.

PART III

Item 10 — Directors, Executive Officers and Corporate Governance

Directors

E. Spencer Abraham has been a director of NRG since December 2012. Previously, he served as a director of GenOn Energy, Inc. from January 2012 to December 2012. He is Chairman and Chief Executive Officer of The Abraham Group, an international strategic consulting firm based in Washington, D.C. which he founded in 2005. Prior to that, Secretary Abraham served as Secretary of Energy under President George W. Bush from 2001 through January 2005 and was a U.S. Senator for the State of Michigan from 1995 to 2001. Secretary Abraham serves on the boards of the following public companies: Occidental Petroleum Corporation, PBF Energy, and Two Harbors Investment Corp., as well as chairman of the board of Uranium Energy Corp. He also serves on the board of C3 IoT, a private company. Secretary Abraham previously served as the non-executive chairman of AREVA, Inc., the U.S. subsidiary of the French-owned nuclear company, and as a director of Deepwater Wind LLC, International Battery, Green Rock Energy, ICx Technologies, PetroTiger and Sindicatum Sustainable Resources. He also previously served on the advisory board or committees of Midas Medici (Utilipoint), Millennium Private Equity, Sunovia and Wetherly Capital.

Kirbyjon H. Caldwell has been a director of NRG since March 2009. He was a director of Reliant Energy, Inc. from August 2003 to March 2009. Since 1982, he has served as Senior Pastor at the 16,000-member Windsor Village United Methodist Church in Houston, Texas. Pastor Caldwell was also a director of United Continental Holdings, Inc. (formerly Continental Airlines, Inc.) from 1999 to September 2011. Pastor Caldwell is also on the Board of Trustees of Baylor College of Medicine.

Lawrence S. Coben has served as Chairman of the Board of NRG since 2017 and has been a director of NRG since December 2003. He is currently Chairman and Chief Executive Officer of Tremis Energy Corporation LLC. Dr. Coben was Chairman and Chief Executive Officer of Tremis Energy Acquisition Corporation II, a publicly held company, from July 2007 through March 2009 and of Tremis Energy Acquisition Corporation from February 2004 to May 2006. From January 2001 to January 2004, he was a Senior Principal of Sunrise Capital Partners L.P., a private equity firm. From 1997 to January 2001, Dr. Coben was an independent consultant. From 1994 to 1996, Dr. Coben was Chief Executive Officer of Bolivian Power Company. Dr. Coben serves on the board of Freshpet, Inc. and served on the advisory board of Morgan Stanley Infrastructure II, L.P. from September 2014 through December 2016. Dr. Coben is also Executive Director of the Sustainable Preservation Initiative and a Consulting Scholar at the University of Pennsylvania Museum of Archaeology and Anthropology.

Terry G. Dallas has been a director of NRG since December 2012. Previously, he served as a director of GenOn Energy, Inc. from December 2010 to December 2012. Mr. Dallas served as a director of Mirant Corporation from 2006 until December 2010. Mr. Dallas was also the former Executive Vice President and Chief Financial Officer of Unocal Corporation, an oil and gas exploration and production company prior to its merger with Chevron Corporation, from 2000 to 2005. Prior to that, Mr. Dallas held various executive finance positions in his 21-year career with Atlantic Richfield Corporation, an oil and gas company with major operations in the United States, Latin America, Asia, Europe and the Middle East.

Mauricio Gutierrez has served as President and Chief Executive Officer of NRG since December 2015 and as a director of NRG since January 2016. Prior to December 2015, Mr. Gutierrez was the Executive Vice President and Chief Operating Officer of NRG from July 2010 to December 2015. Mr. Gutierrez also served as the Interim President and Chief Executive Officer of NRG Yield, Inc. from December 2015 to May 2016 and Executive Vice President and Chief Operating Officer of NRG Yield, Inc. from December 2012 to December 2015. Mr. Gutierrez has also served on the board of NRG Yield, Inc. since its formation in December 2012. Mr. Gutierrez has been with NRG since August 2004 and served in multiple executive positions within NRG including Executive Vice President - Commercial Operations from January 2009 to July 2010 and Senior Vice President - Commercial Operations from March 2008 to January 2009. Prior to joining NRG in August 2004, Mr. Gutierrez held various commercial positions within Dynegy, Inc.

William E. Hantke has been a director of NRG since March 2006. Mr. Hantke served as Executive Vice President and Chief Financial Officer of Premcor, Inc., a refining company, from February 2002 until December 2005. Mr. Hantke was Corporate Vice President of Development of Tosco Corporation, a refining and marketing company, from September 1999 until September 2001, and he also served as Corporate Controller from December 1993 until September 1999. Prior to that position, he was employed by Coopers & Lybrand as Senior Manager, Mergers and Acquisitions from 1989 until 1990. He also held various positions from 1975 until 1988 with AMAX, Inc., including Corporate Vice President, Operations Analysis and Senior Vice President, Finance and Administration, Metals and Mining. He was employed by Arthur Young from 1970 to 1975 as Staff/Senior Accountant. Mr. Hantke was Non-Executive Chairman of Process Energy Solutions, a private alternative energy company until March 31, 2008 and served as director and Vice-Chairman of NTR Acquisition Co., an oil refining start-up, until January 2009. Mr. Hantke has served on the board of PBF Energy Inc. since February 2016.

Paul W. Hobby has been a director of NRG since March 2006. Mr. Hobby is the Managing Partner of Genesis Park, L.P., a Houston-based private equity business specializing in technology and communications investments which he founded in 1999. Mr. Hobby routinely provides management and governance services to Genesis Park portfolio companies, and is currently serving as Chairman of Texas Monthly. He previously served as the Chief Executive Officer of Alpheus Communications, Inc., a Texas wholesale telecommunications provider from 2004 to 2011, and as Former Chairman of CapRock Services Corp., the largest provider of satellite services to the global energy business from 2002 to 2006. From November 1992 until January 2001, he served as Chairman and Chief Executive Officer of Hobby Media Services and was Chairman of Columbine JDS Systems, Inc. from 1995 until 1997. Mr. Hobby is former Chairman of the Houston Branch of the Federal Reserve Bank of Dallas and the Greater Houston Partnership and is former Chairman of the Texas Ethics Commission. He was an Assistant U.S. Attorney for the Southern District of Texas from 1989 to 1992, Chief of Staff to the Lieutenant Governor of Texas, Bob Bullock and an Associate at Fulbright & Jaworski from 1986 to 1989.

Anne C. Schaumburg has been a director of NRG since April 2005. From 1984 until her retirement in January 2002, she was Managing Director of Credit Suisse First Boston and a Senior Banker in the Global Energy Group. From 1979 to 1984, she was in the Utilities Group at Dean Witter Financial Services Group, where she last served as Managing Director. From 1971 to 1978, she was at The First Boston Corporation in the Public Utilities Group. Ms. Schaumburg is also a director of Brookfield Infrastructure Partners L.P.

Evan J. Silverstein has been a director of NRG since December 2012. Previously, he served as a director of GenOn from August 2006 to December 2012. He served as General Partner and Portfolio Manager of SILCAP LLC, a market-neutral hedge fund that principally invests in utilities and energy companies, from January 1993 until his retirement in December 2005. Previously, he served as portfolio manager specializing in utilities and energy companies and as senior equity utility analyst. Mr. Silverstein has given numerous speeches and has testified before Congress on a variety of energy-related issues. He is an audit committee financial expert.

Barry T. Smitherman has been a director of NRG since February 2017. Mr. Smitherman is currently an energy industry consultant and senior advisor, as well as a licensed attorney in Texas and an adjunct professor of Energy Law at The University of Texas School of Law. From April 2015 to January 2017, Mr. Smitherman was a partner with the law firm Vinson & Elkins LLP. Mr. Smitherman served on the Railroad Commission of Texas (RRC) from July 2011 through January 2015 where he acted as chairman from February 2012 to August 2014. From April 2004 through July 2011, Mr. Smitherman served on the Public Utility Commission of Texas where he acted as chairman from November 2007 through July 2011.

Thomas H. Weidemeyer has been a director of NRG since December 2003. Until his retirement in December 2003, Mr. Weidemeyer served as Director, Senior Vice President and Chief Operating Officer of United Parcel Service, Inc., the world's largest transportation company and President of UPS Airlines. Mr. Weidemeyer became Manager of the Americas International Operation in 1989, and in that capacity directed the development of the UPS delivery network throughout Central and South America. In 1990, Mr. Weidemeyer became Vice President and Airline Manager of UPS Airlines and, in 1994, was elected its President and Chief Operating Officer. Mr. Weidemeyer became Senior Vice President and a member of the Management Committee of United Parcel Service, Inc. that same year, and he became Chief Operating Officer of United Parcel Service, Inc. in January 2001. Mr. Weidemeyer also serves as a director of The Goodyear Tire & Rubber Co., Waste Management, Inc. and Amsted Industries Incorporated.

C. John Wilder has been a director of NRG since February 2017. Mr. Wilder has served as the Executive Chairman and a member of Investment Committees of three investment vehicles: (i) Bluescape Resources Company; (ii) Parallel Resource Partners; and (iii) Bluescape Energy Partners since 2007. Wilder has served as Executive Chairman and director of Exco Resources, Inc. from September 2015 to November 2017. Mr. Wilder is on the advisory boards of the McCombs School of Business at the University of Texas at Austin and the A.B. Freeman School of Business at Tulane University. Mr. Wilder is a Trustee of Texas Health Resources and is a past member of the National Petroleum Council, a Secretary of Energy Appointment.

Walter R. Young has been a director of NRG since December 2003. From May 1990 to June 2003, Mr. Young was Chairman, Chief Executive Officer and President of Champion Enterprises, Inc., an assembler and manufacturer of manufactured homes. Mr. Young has held senior management positions with The Henley Group, The Budd Company and BFGoodrich.

Executive Officers

Mauricio Gutierrez has served as President and Chief Executive Officer of NRG since December 2015 and as a director of NRG since January 2016. For additional biographical information for Mr. Gutierrez, see above under "Directors."

Kirkland Andrews has served as Executive Vice President and Chief Financial Officer of NRG Energy since September 2011. Mr. Andrews is a director of NRG Yield, Inc. and also served as Executive Vice President, Chief Financial Officer of NRG Yield, Inc. from December 2012 to November 2016. Prior to joining NRG, he served as Managing Director and Co-Head Investment Banking, Power and Utilities - Americas at Deutsche Bank Securities from June 2009 to September 2011. Prior to this, he served in several capacities at Citigroup Global Markets Inc., including Managing Director, Group Head, North American Power from November 2007 to June 2009, and Head of Power M&A, Mergers and Acquisitions from July 2005 to November 2007. In his banking career, Mr. Andrews led multiple large and innovative strategic, debt, equity and commodities transactions.

David Callen has served as Senior Vice President and Chief Accounting Officer since February 2016 and Vice President and Chief Accounting Officer from March 2015 to February 2016. In this capacity, Mr. Callen is responsible for directing NRG's financial accounting and reporting activities. Mr. Callen also has served as Vice President and Chief Accounting Officer of NRG Yield, Inc. since March 2015. Prior to this, Mr. Callen served as the Company's Vice President, Financial Planning & Analysis from November 2010 to March 2015. He previously served as Director, Finance from October 2007 through October 2010, Director, Financial Reporting from February 2006 through October 2007, and Manager, Accounting Research from September 2004 through February 2006. Prior to NRG, Mr. Callen was an auditor for KPMG LLP in both New York City and Tel Aviv Israel from October 1996 through April 2001.

John Chillemi has served as Executive Vice President, National Business Development of NRG since December 2015. In this role, Mr. Chillemi is responsible for all wholesale generation development activities for NRG across the nation. Prior to December 2015, Mr. Chillemi was Senior Vice President and Regional President, West since the acquisition of GenOn in December 2012. Mr. Chillemi served as the Regional President in California and the West for GenOn from December 2010 to December 2012, and as President and Vice President of the West at Mirant Corporation from 2007 to December 2010. Mr. Chillemi has also served as a director of NRG Yield, Inc. since May 2016. Mr. Chillemi has 30 years of power industry experience, beginning with Georgia Power in 1986.

David R. Hill has served as Executive Vice President and General Counsel since September 2012. Mr. Hill also has served as the Executive Vice President and General Counsel of NRG Yield, Inc. since December 2012. Prior to joining NRG, Mr. Hill was a partner and co-head of Sidley Austin LLP's global energy practice group from February 2009 to August 2012. Prior to this, Mr. Hill served as General Counsel of the U.S. Department of Energy from August 2005 to January 2009 and, for the three years prior to that, as Deputy General Counsel for Energy Policy of the U.S. Department of Energy. Before his federal government service, Mr. Hill was a partner in major law firms in Washington, D.C. and Kansas City, Missouri, and handled a variety of regulatory, litigation and corporate matters.

Elizabeth Killinger has served as Executive Vice President and President, NRG Retail and Reliant of NRG since February 2016. Ms. Killinger was Senior Vice President and President, NRG Retail from June 2015 to February 2016 and Senior Vice President and President, NRG Texas Retail from January 2013 to June 2015. Ms. Killinger has also served as President of Reliant, a subsidiary of NRG, since October 2012. Prior to that, Ms. Killinger was Senior Vice President of Retail Operations and Reliant Residential from January 2011 to October 2012. Ms. Killinger has been with the Company and its predecessors since 2002 and has held various operational and business leadership positions within the retail organization. Prior to joining the Company, Ms. Killinger spent a decade providing strategy, management and systems consulting to energy, oilfield services and retail distribution companies across the U.S. and in Europe.

Christopher Moser has served as Executive Vice President, Operations of NRG since January 2018. Mr. Moser previously served as Senior Vice President, Operations of NRG, with responsibility for Plant Operations, Commercial Operations, Business Operations and Engineering and Construction, beginning in March 2016. From June 2010 to March 2016, Mr. Moser served as Senior Vice President, Commercial Operations. In this capacity, he was responsible for the optimization of the Company's wholesale generation fleet.

Code of Ethics

NRG has adopted a code of ethics entitled "NRG Code of Conduct" that applies to directors, officers and employees, including the chief executive officer and senior financial officers of NRG. It may be accessed through the "Governance" section of the Company's website at www.nrg.com. NRG also elects to disclose the information required by Form 8-K, Item 5.05, "Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics," through the Company's website, and such information will remain available on this website for at least a 12-month period. A copy of the "NRG Energy, Inc. Code of Conduct" is available in print to any stockholder who requests it.

Other information required by this Item will be incorporated by reference to the similarly named section of NRG's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders.

Item 11 — Executive Compensation

Information required by this Item will be incorporated by reference to the similarly named section of NRG's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders.

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

Securities Authorized for Issuance under Equity Compensation Plans

<u>Plan Category</u>	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	6,211,050 (1)	\$ 21.49	11,831,645
Equity compensation plans not approved by security holders	1,369,880 (2)	25.21	— (4)
Total	7,580,930	\$ 23.21	11,831,645 (3)

(1) Consists of shares issuable under the NRG LTIP and the ESPP. The NRG LTIP became effective upon the Company's emergence from bankruptcy. On April 27, 2017, the NRG LTIP was amended and restated to increase the number of shares available for issuance to 25,000,000. The ESPP, as amended and restated, was approved by the Company's stockholders on April 27, 2017, and became effective April 28, 2017. As of December 31, 2017, there were 3,107,050 shares reserved from the Company's treasury shares for the ESPP.

(2) Consists of shares issuable under the NRG GenOn LTIP. On December 14, 2012, in connection with the Merger, NRG assumed the GenOn Energy, Inc. 2010 Omnibus Incentive Plan and changed the name to the NRG 2010 Stock Plan for GenOn Employees, or the NRG GenOn LTIP. While the GenOn Energy, Inc. 2010 Omnibus Incentive Plan was previously approved by stockholders of RRI Energy, Inc. before it became GenOn, the plan is listed as "not approved" because the NRG GenOn LTIP was not subject to separate line item approval by NRG's stockholders when the Merger (which included the assumption of this plan) was approved. As part of the Merger, NRG also assumed the GenOn Energy, Inc. 2002 Long-Term Incentive Plan, the GenOn Energy, Inc. 2002 Stock Plan, and the Mirant Corporation 2005 Omnibus Incentive Compensation Plan. NRG has no intention of making any grants or awards of its own equity securities under these plans. The number of securities to be issued upon the exercise of outstanding awards under these plans is 227,531 at a weighted-average exercise price of \$36.07. See Item 15 — Note 20, *Stock-Based Compensation*, to Consolidated Financial Statements for a discussion of the NRG GenOn LTIP.

(3) Consists of 8,724,595 shares of common stock under NRG's LTIP and 3,107,050 shares of treasury stock reserved for issuance under the ESPP. In the first quarter of 2018, 175,862 shares were issued to employees' accounts from the treasury stock reserve for the ESPP. Beginning January 2018, NRG suspended the ESPP.

(4) Upon adoption of the NRG Amended and Restated LTIP effective April 27, 2017, no securities remain available for future issuance under the NRG GenOn LTIP. See Note 20, *Stock-Based Compensation*, for additional information.

Both the NRG LTIP and the NRG GenOn LTIP provide for grants of stock options, restricted stock, market stock units, performance stock units, deferred stock units and dividend equivalent rights. NRG's directors, officers and employees, as well as other individuals performing services for, or to whom an offer of employment has been extended by the Company, are eligible to receive grants under the NRG LTIP and the NRG GenOn LTIP. However, participants eligible for the NRG LTIP at the time of the Merger are not eligible to receive grants under the NRG GenOn LTIP. The purpose of the NRG LTIP and the NRG GenOn LTIP is to promote the Company's long-term growth and profitability by providing these individuals with incentives to maximize stockholder value and otherwise contribute to the Company's success and to enable the Company to attract, retain and reward the best available persons for positions of responsibility. The Compensation Committee of the Board of Directors administers the NRG LTIP and the NRG GenOn LTIP.

Other information required by this Item will be incorporated by reference to the similarly named section of NRG's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders.

Item 13 — Certain Relationships and Related Transactions, and Director Independence

Information required by this Item will be incorporated by reference to the similarly named section of NRG's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders.

Item 14 — Principal Accounting Fees and Services

Information required by this Item will be incorporated by reference to the similarly named section of NRG's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders.

PART IV

Item 15 — Exhibits, Financial Statement Schedules

(a)(1) Financial Statements

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

Consolidated Statements of Operations — Years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Comprehensive (Loss)/Income — Years ended December 31, 2017, 2016, and 2015

Consolidated Balance Sheets — As of December 31, 2017 and 2016

Consolidated Statements of Cash Flows — Years ended December 31, 2017, 2016, and 2015

Consolidated Statement of Stockholders' Equity — Years ended December 31, 2017, 2016, and 2015

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedule

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

Schedule II — Valuation and Qualifying Accounts

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

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

(b) Exhibits

See Exhibit Index submitted as a separate section of this report.

(c) Not applicable

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NRG Energy, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of NRG Energy, Inc. and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive (loss)/income, cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(signed) KPMG LLP

We have served as the Company's auditor since 2004.

Philadelphia, Pennsylvania
March 1, 2018

NRG ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	For the Year Ended December 31,		
	2017	2016	2015
Operating Revenues			
Total operating revenues	\$ 10,629	\$ 10,512	\$ 12,328
Operating Costs and Expenses			
Cost of operations	7,536	7,301	9,000
Depreciation and amortization	1,056	1,172	1,351
Impairment losses	1,709	702	4,860
Selling, general and administrative	907	1,095	1,228
Reorganization costs	44	—	—
Development costs	67	89	154
Total operating costs and expenses	11,319	10,359	16,593
Other income - affiliate	87	193	193
Gain/(loss) on sale of assets	16	(80)	—
Gain on postretirement benefits curtailment	—	—	21
Operating (Loss)/Income	(587)	266	(4,051)
Other Income/(Expense)			
Equity in earnings of unconsolidated affiliates	31	27	36
Impairment losses on investments	(79)	(268)	(56)
Other income, net	38	34	26
Loss on sale of equity method investment	—	—	(14)
Net (loss)/gain on debt extinguishment	(53)	(142)	10
Interest expense	(890)	(895)	(937)
Total other expense	(953)	(1,244)	(935)
Loss from Continuing Operations Before Income Taxes	(1,540)	(978)	(4,986)
Income tax expense	8	5	1,345
Net Loss from Continuing Operations	(1,548)	(983)	(6,331)
(Loss)/income from discontinued operations, net of income tax	(789)	92	(105)
Net Loss	(2,337)	(891)	(6,436)
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(184)	(117)	(54)
Net Loss Attributable to NRG Energy, Inc.	(2,153)	(774)	(6,382)
Dividends for preferred shares	—	5	20
Gain on redemption of preferred shares	—	(78)	—
Loss Available for Common Stockholders	\$ (2,153)	\$ (701)	\$ (6,402)
Loss Per Share Attributable to NRG Energy, Inc. Common Stockholders			
Weighted average number of common shares outstanding — basic and diluted	317	316	329
Loss from continuing operations per weighted average common share — basic and diluted	\$ (4.30)	\$ (2.51)	\$ (19.14)
(Loss)/Income from discontinued operations per weighted average common share — basic and diluted	\$ (2.49)	\$ 0.29	\$ (0.32)
Net Loss per Weighted Average Common Share — Basic and Diluted	\$ (6.79)	\$ (2.22)	\$ (19.46)
Dividends Per Common Share	\$ 0.12	\$ 0.24	\$ 0.58

See notes to Consolidated Financial Statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

	For the Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Net Loss	\$ (2,337)	\$ (891)	\$ (6,436)
Other Comprehensive Income, net of tax			
Unrealized gain/(loss) on derivatives, net of income tax expense of \$1, \$1, and \$19	13	35	(15)
Foreign currency translation adjustments, net of income tax benefit of \$(2), \$0, and \$0	12	(1)	(11)
Available-for-sale securities, net of income tax expense/(benefit) of \$10, \$0, and \$(3)	(8)	1	17
Defined benefit plan, net of income tax (benefit)/expense of \$(21), \$0 and \$69	46	3	10
Other comprehensive income	63	38	1
Comprehensive Loss	(2,274)	(853)	(6,435)
Less: Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	(179)	(117)	(73)
Comprehensive Loss Attributable to NRG Energy, Inc.	(2,095)	(736)	(6,362)
Dividends for preferred shares	—	5	20
Gain on redemption of preferred shares	—	(78)	—
Comprehensive Loss Available for Common Stockholders	<u>\$ (2,095)</u>	<u>\$ (663)</u>	<u>\$ (6,382)</u>

See notes to Consolidated Financial Statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2017	2016
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 991	\$ 938
Funds deposited by counterparties	37	2
Restricted cash	508	446
Accounts receivable — trade	1,079	1,058
Inventory	532	721
Derivative instruments	626	1,067
Cash collateral posted in support of energy risk management activities	171	150
Accounts receivable — affiliate	95	—
Current assets held-for-sale	115	9
Prepayments and other current assets	261	404
Current assets - discontinued operations	—	1,919
Total current assets	4,415	6,714
Property, plant and equipment, net	13,908	15,369
Other Assets		
Equity investments in affiliates	1,038	1,120
Notes receivable, less current portion	2	16
Goodwill	539	662
Intangible assets, net	1,746	1,973
Nuclear decommissioning trust fund	692	610
Derivative instruments	172	181
Deferred income taxes	134	225
Non-current assets held-for-sale	43	10
Other non-current assets	629	841
Non-current assets - discontinued operations	—	2,961
Total other assets	4,995	8,599
Total Assets	\$ 23,318	\$ 30,682

See notes to Consolidated Financial Statements.

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

	As of December 31,	
	2017	2016
(In millions, except share data)		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	\$ 688	\$ 516
Accounts payable	881	782
Accounts payable - affiliate	33	31
Derivative instruments	555	1,092
Cash collateral received in support of energy risk management activities	37	81
Accrued interest expense	156	180
Current liabilities - held for sale	72	—
Other accrued expenses and other current liabilities	734	810
Other accrued expenses and other current liabilities - affiliate	161	—
Current liabilities - discontinued operations	—	1,210
Total current liabilities	3,317	4,702
Other Liabilities		
Long-term debt and capital leases	15,716	15,957
Nuclear decommissioning reserve	269	287
Nuclear decommissioning trust liability	415	339
Postretirement and other benefit obligations	458	510
Deferred income taxes	21	20
Derivative instruments	197	284
Out-of-market contracts, net	207	230
Non-current liabilities held-for-sale	8	11
Other non-current liabilities	664	666
Non-current liabilities - discontinued operations	—	3,184
Total non-current liabilities	17,955	21,488
Total Liabilities	21,272	26,190
Redeemable noncontrolling interest in subsidiaries	78	46
Commitments and Contingencies		
Stockholders' Equity		
Common stock; \$0.01 par value; 500,000,000 shares authorized; 418,323,134 and 417,583,825 shares issued; and 316,743,089 and 315,443,011 shares outstanding at December 31, 2017 and 2016	4	4
Additional paid-in capital	8,376	8,358
Accumulated deficit	(6,268)	(3,787)
Treasury stock, at cost; 101,580,045 and 102,140,814 shares at December 31, 2017 and 2016	(2,386)	(2,399)
Accumulated other comprehensive loss	(72)	(135)
Noncontrolling interest	2,314	2,405
Total Stockholders' Equity	1,968	4,446
Total Liabilities and Stockholders' Equity	\$ 23,318	\$ 30,682

See notes to Consolidated Financial Statements.

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

	For the Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Cash Flows from Operating Activities			
Net loss	(2,337)	(891)	(6,436)
(Loss)/income from discontinued operations, net of income tax	(789)	92	(105)
Loss from continuing operations	\$ (1,548)	\$ (983)	\$ (6,331)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Equity in earnings and distribution of unconsolidated affiliates	55	54	37
Depreciation and amortization	1,056	1,172	1,351
Provision for bad debts	68	48	64
Amortization of nuclear fuel	51	49	45
Amortization of financing costs and debt discount/premiums	60	55	47
Adjustment for debt extinguishment	53	142	(10)
Amortization of intangibles and out-of-market contracts	108	167	151
Amortization of unearned equity compensation	35	10	39
Net (gain)/loss on sale of assets and equity method investments	(34)	70	14
Gain on post retirement benefits curtailment	—	—	(21)
Impairment losses	1,788	972	4,916
Changes in derivative instruments	(171)	32	235
Changes in deferred income taxes and liability for uncertain tax benefits	91	(43)	1,326
Changes in collateral deposits in support of risk management activities	(80)	398	(334)
Proceeds from sale of emission allowances	25	34	(24)
Changes in nuclear decommissioning trust liability	11	41	(2)
Cash provided/(used) by changes in other working capital, net of acquisition and disposition effects:			
Accounts receivable - trade	(99)	(7)	113
Inventory	143	71	(59)
Prepayments and other current assets	12	(44)	(21)
Accounts payable	77	(39)	(180)
Accrued expenses and other current liabilities	(60)	(35)	(29)
Other assets and liabilities	(216)	43	(40)
Cash provided by continuing operations	1,425	2,207	1,287
Cash (used)/provided by discontinued operations	(38)	(119)	62
Net Cash Provided by Operating Activities	1,387	2,088	1,349
Cash Flows from Investing Activities			
Acquisition of businesses, net of cash acquired	(41)	(209)	(31)
Capital expenditures	(1,111)	(976)	(1,029)
Net cash proceeds from notes receivable	17	17	18
Proceeds from renewable energy grants	8	36	82
Proceeds from/(purchases) of emission allowances, net of purchases	66	(1)	41
Investments in nuclear decommissioning trust fund securities	(512)	(551)	(629)
Proceeds from sales of nuclear decommissioning trust fund securities	501	510	631
Proceeds from sale of assets, net	87	73	27
Investments in unconsolidated affiliates	(40)	(23)	(395)
Other	12	35	16
Cash used by continuing operations	(1,013)	(1,089)	(1,269)
Cash (used)/provided by discontinued operations	(53)	297	(259)
Net Cash Used by Investing Activities	(1,066)	(792)	(1,528)
Cash Flows from Financing Activities			
Payments of dividends to preferred and common stockholders	(38)	(76)	(201)
Net receipts from settlement of acquired derivatives that include financing elements	2	6	14
Payments for treasury stock	—	—	(437)
Payments for preferred shares	—	(226)	—
Payments for debt extinguishment costs	(42)	(121)	—
Distributions to, net of contributions from, noncontrolling interests in subsidiaries	95	(156)	47
Proceeds from sale of noncontrolling interests in subsidiaries	—	—	600
(Payments)/Proceeds from issuance of common stock	(2)	1	1

Proceeds from issuance of long-term debt	2,270	5,527	1,004
Payments of debt issuance and hedging costs	(63)	(89)	(21)
Payments for short and long-term debt	(2,348)	(5,908)	(1,362)
Receivable from affiliate	(125)	—	—
Other	(10)	(13)	(22)
Cash used by continuing operations	(261)	(1,055)	(377)
Cash (used)/provided by discontinued operations	(224)	140	(55)
Net Cash Used by Financing Activities	(485)	(915)	(432)
Effect of exchange rate changes on cash and cash equivalents	(1)	1	10
Change in Cash from discontinued operations	(315)	318	(252)
Net Increase/(Decrease) in Cash and Cash Equivalents, Funds Deposited by Counterparties and Restricted Cash	150	64	(349)
Cash and Cash Equivalents, Funds Deposited by Counterparties and Restricted Cash at Beginning of Period	1,386	1,322	1,671
Cash and Cash Equivalents, Funds Deposited by Counterparties and Restricted Cash at End of Period	\$ 1,536	\$ 1,386	\$ 1,322

See notes to Consolidated Financial Statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings/ (Accumulated Deficit)	Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Noncon- trolling Interest	Total Stock-holders' Equity
(In millions)							
Balances at December 31, 2014	\$ 4	\$ 8,327	\$ 3,588	\$ (1,983)	\$ (174)	\$ 1,914	\$ 11,676
Net loss			(6,382)			(37)	(6,419)
Other comprehensive income/(loss)					1	(4)	(3)
Sale of assets to NRG Yield, Inc.		(56)				83	27
ESPP share purchases		(1)		7			6
Equity-based compensation		26	(2)				24
Purchase of treasury stock				(437)			(437)
Common stock dividends			(191)				(191)
Preferred stock dividends			(20)				(20)
Distributions to noncontrolling interests						(159)	(159)
Contributions from noncontrolling interests						234	234
Acquisition of noncontrolling interests by NRG Yield, Inc.						74	74
Impact of NRG Yield, Inc. public offering						599	599
Equity component of NRG Yield, Inc. convertible notes						23	23
Balances at December 31, 2015	\$ 4	\$ 8,296	\$ (3,007)	\$ (2,413)	\$ (173)	\$ 2,727	\$ 5,434
Net loss			(774)			(79)	(853)
Other comprehensive income					38		38
Sale of assets to NRG Yield, Inc.		59				(16)	43
ESPP share purchases		(2)	(6)	14			6
Equity-based compensation		5	1				6
Common stock dividends			(74)				(74)
Dividend for preferred shares			(5)				(5)
Gain on redemption of preferred shares			78				78
Distributions to noncontrolling interests						(158)	(158)
Dividends paid to NRG Yield, Inc.						(92)	(92)
Contributions from noncontrolling interests						30	30
Redemption of noncontrolling interests						(7)	(7)
Balances at December 31, 2016	\$ 4	\$ 8,358	\$ (3,787)	\$ (2,399)	\$ (135)	\$ 2,405	\$ 4,446
Net loss			(2,153)			(98)	(2,251)
Other comprehensive income					51		51
Sale of assets to NRG Yield, Inc.		(25)				20	(5)
ESPP share purchases		(3)	(4)	13			6
Equity-based compensation		29					29
Common stock dividends			(38)				(38)
Distributions to noncontrolling interests						(65)	(65)
Dividends paid to NRG Yield, Inc.						(108)	(108)
Contributions from noncontrolling interests						160	160
Early adoption of new accounting standards		17	(286)		12		(257)
Balances at December 31, 2017	\$ 4	\$ 8,376	\$ (6,268)	\$ (2,386)	\$ (72)	\$ 2,314	\$ 1,968

See notes to Consolidated Financial Statements.

NRG ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Nature of Business

General

NRG Energy, Inc., or NRG or the Company, is a leading integrated power company built on the strength of a diverse competitive electric generation portfolio and leading retail electricity platform. NRG aims to create a sustainable energy future by producing, selling and delivering electricity and related products and services in major competitive power markets in the U.S. in a manner that delivers value to all of NRG's stakeholders. The Company owns and operates approximately 30,000 MW of generation; engages in the trading of wholesale energy, capacity and related products; transacts in and trades fuel and transportation services; and directly sells energy, services, and innovative, sustainable products and services to retail customers under the names "NRG", "Reliant" and other retail brand names owned by NRG.

Generation consists of the Company's wholesale operations, commercial operations, EPC operations, energy services and other critical related functions. NRG has traditionally referred to this business as its wholesale power generation business. In addition to the traditional functions from NRG's wholesale power generation business, Generation also includes NRG's business solutions, which include demand response, commodity sales, energy efficiency and energy management services, and NRG's conventional distributed generation business, consisting of reliability, combined heat and power, thermal and district heating and cooling and large-scale distributed generation.

Retail is a consumer facing business that includes the Company's residential retail and C&I business. Products and services range from retail energy, portable solar and battery products home services, and a variety of bundled products which combine energy with protection products, energy efficiency and renewable energy solutions as well as other distributed and reliability products.

Renewables operates the Company's existing renewables business, including operation of the NRG Yield renewable assets. Renewables is also one of the largest solar and wind power developers and owner-operators in the U.S., having developed, constructed and financed a full range of solutions for utilities, schools, municipalities and commercial market segments.

GenOn Chapter 11 Cases

On June 14, 2017, or the Petition Date, GenOn, along with GenOn Americas Generation and certain of their directly and indirectly-owned subsidiaries, or collectively the GenOn Entities, filed voluntary petitions for relief under Chapter 11, or the Chapter 11 Cases, of the U.S. Bankruptcy Code, or the Bankruptcy Code, in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division, or the Bankruptcy Court. GenOn Mid-Atlantic, as well as its consolidated subsidiaries, REMA and certain other subsidiaries, did not file for relief under Chapter 11.

As a result of the bankruptcy filings and beginning on June 14, 2017, GenOn and its subsidiaries were deconsolidated from NRG's consolidated financial statements. NRG recorded its investment in GenOn under the cost method with an estimated fair value of zero. NRG determined that this disposal of GenOn and its subsidiaries is a discontinued operation; and, accordingly, the financial information for all historical periods has been recast to reflect GenOn as a discontinued operation. In connection with the disposal, NRG recorded a loss on deconsolidation of \$208 million during the quarter ended June 30, 2017. See Note 3, *Discontinued Operations, Acquisitions and Dispositions*, for more information.

Prior to the GenOn Entities' filing the Chapter 11 Cases, on June 12, 2017, NRG entered into a restructuring support and lock-up agreement, or the Restructuring Support Agreement, with the GenOn Entities and certain holders of the GenOn and GenOn Americas Generation Senior Notes, that provides for a restructuring and recapitalization of the GenOn Entities through a prearranged plan of reorganization. On December 12, 2017, the Bankruptcy Court entered an order confirming the plan of reorganization. There is no assurance that the GenOn Entities' plan will be successfully implemented. The principal terms of the Restructuring Support Agreement and further information regarding the Chapter 11 Cases are described further in Note 3, *Discontinued Operations, Acquisitions and Dispositions*.

Transformation Plan

On July 12, 2017, NRG announced its Transformation Plan designed to significantly strengthen earnings and cost competitiveness, lower risk and volatility, and create significant shareholder value. The three-part, three-year plan is comprised of the following targets:

Operations and cost excellence — Cost savings and margin enhancement of \$1,065 million recurring, which consists of \$590 million of annual cost savings, a \$215 million net margin enhancement program, \$50 million annual reduction in maintenance capital expenditures, and \$210 million in permanent selling, general and administrative expense reduction associated with asset sales.

Portfolio optimization — Targeting up to \$3.2 billion of asset sale net cash proceeds, including divestitures of 6 GWs of conventional generation and businesses (excluding GenOn) and the expected monetization of 100% of its interest in NRG Yield, Inc. and its renewables platform.

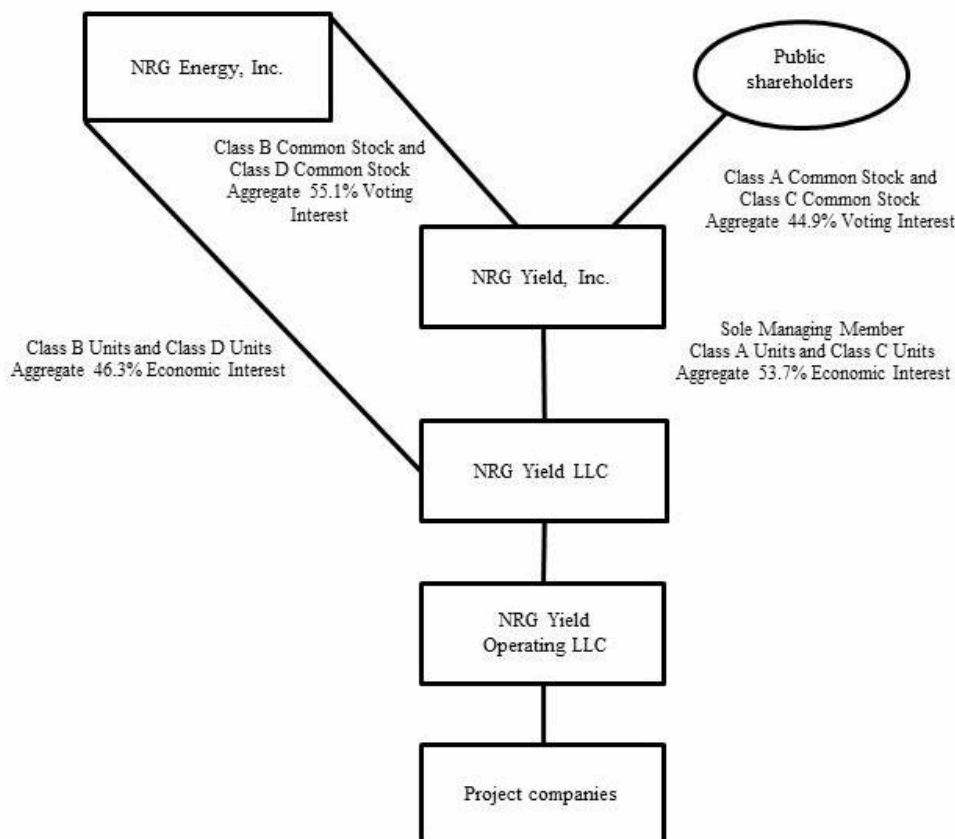
Capital structure and allocation enhancements — A prioritized capital allocation strategy that targets a reduction in consolidated debt from approximately \$19.5 billion (\$18 billion net debt) to approximately \$6.5 billion (\$6 billion net debt). Following the completion of the contemplated asset sales, the Company expects \$5.3 billion in excess cash to be available for allocation through 2020, after achieving its targeted 3.0x net debt / Adjusted EBITDA corporate credit ratio.

The Company expects to fully implement the Transformation Plan by the end of 2020 with significant completion by the end of 2018. The Company expects to realize (i) \$370 million of working capital improvements through 2020 and (ii) approximately \$290 million, one-time costs to achieve.

NRG Yield, Inc. Ownership

In 2013, the Company formed NRG Yield, Inc. to own and operate a portfolio of contracted generation assets and thermal infrastructure assets that have historically been owned and/or operated by NRG and its subsidiaries. In 2013 and 2014, NRG Yield, Inc. issued Class A common stock to its public shareholders and utilized the proceeds to acquire a controlling interest in NRG Yield LLC, through its ownership of Class A units. At that time, the Company owned the Class B common stock of NRG Yield, Inc. and the Class B units of NRG Yield LLC. On May 14, 2015, NRG Yield, Inc. completed a stock split in connection with which each outstanding share of Class A common stock was split into one share of Class A common stock and one share of Class C common stock, and each outstanding share of Class B common stock was split into one share of Class B common stock and one share of Class D common stock. A similar split was effected at NRG Yield LLC with respect to its member units. The Company consolidates NRG Yield, Inc. for financial reporting purposes as it maintains a controlling voting interest, and presents the public ownership of the Class A and Class C common stock as noncontrolling interest. The Company receives distributions from NRG Yield LLC, through its ownership of Class B and Class D units.

The following table represents the structure of NRG Yield, Inc. as of December 31, 2017:



Note 2 — Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with GAAP. The ASC, established by the FASB, is the source of authoritative GAAP to be applied by nongovernmental entities. In addition, the rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants.

The consolidated financial statements include NRG's accounts and operations and those of its subsidiaries in which the Company has a controlling interest. All significant intercompany transactions and balances have been eliminated in consolidation. The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist through arrangements that do not involve controlling voting interests. As such, NRG applies the guidance of ASC 810, *Consolidations*, or ASC 810, to determine when an entity that is insufficiently capitalized or not controlled through its voting interests, referred to as a VIE, should be consolidated.

Segment Reporting

The Company's businesses are segregated as follows: Generation, which includes generation, international and BETM; Retail, which includes Mass customers, and Business Solutions, which includes C&I customers and other distributed and reliability products; Renewables, which includes solar and wind assets, excluding those in NRG Yield; NRG Yield; and corporate activities. On June 14, 2017, as described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, NRG deconsolidated GenOn for financial reporting purposes. The financial information for all historical periods has been recast to reflect the presentation of GenOn as discontinued operations within the corporate segment. The Company's segment structure and its allocation of corporate expenses were updated to reflect how management makes financial decisions and allocates resources. The Company has recast data from prior periods to reflect this change in reportable segments to conform to the current year presentation.

Cash and Cash Equivalents

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

Funds Deposited by Counterparties

Funds deposited by counterparties consist of cash held by the Company as a result of collateral posting obligations from its counterparties. Some amounts are segregated into separate accounts that are not contractually restricted but, based on the Company's intention, are not available for the payment of general corporate obligations. Depending on market fluctuations and the settlement of the underlying contracts, the Company will refund this collateral to the hedge counterparties pursuant to the terms and conditions of the underlying trades. Since collateral requirements fluctuate daily and the Company cannot predict if any collateral will be held for more than twelve months, the funds deposited by counterparties are classified as a current asset on the Company's balance sheet, with an offsetting liability for this cash collateral received within current liabilities. As of December 31, 2016, \$79 million of the cash collateral received was from GenOn, previously a consolidated subsidiary, and is included in cash collateral received in current liabilities as a result of deconsolidating GenOn, with the offset included in cash and cash equivalents.

Restricted Cash

The following table provides a reconciliation of cash and cash equivalents, restricted cash and funds deposited by counterparties reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Cash and cash equivalents	\$ 991	\$ 938	\$ 853
Funds deposited by counterparties	37	2	55
Restricted cash	508	446	414
Cash and cash equivalents, funds deposited by counterparties and restricted cash shown in the statement of cash flows	<u>\$ 1,536</u>	<u>\$ 1,386</u>	<u>\$ 1,322</u>

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within the Company's projects that are restricted in their use. Of these funds, as of December 31, 2017, approximately \$51 million is designated for current debt service payments, \$65 million is designated to fund operating expenses, and \$57 million is designated to fund distributions, with the remaining \$335 million restricted for reserves including debt service, performance obligations and other reserves, as well as capital expenditures.

Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are reported in the balance sheet at outstanding principal adjusted for any write-offs and the allowance for doubtful accounts. For its retail business, the Company accrues an allowance for doubtful accounts based on estimates of uncollectible revenues by analyzing counterparty credit ratings (for commercial and industrial customers), historical collections, accounts receivable aging and other factors. The retail business writes-off accounts receivable balances against the allowance for doubtful accounts when it determines a receivable is uncollectible. In addition, the Company considers a reserve for doubtful accounts based on the credit worthiness of the customers and continually reviews and adjusts for current economic trends that might impact the level of future credit losses. The reserve represents management's best estimate of uncollectible amounts. As of December 31, 2017 and 2016, the allowance for doubtful accounts was \$28 million and \$29 million, respectively.

Inventory

Inventory is valued at the lower of weighted average cost or market, and consists principally of fuel oil, coal and raw materials used to generate electricity or steam. The Company removes these inventories as they are used in the production of electricity or steam. Spare parts inventory is valued at weighted average cost. The Company removes these inventories when they are used for repairs, maintenance or capital projects. The Company expects to recover the fuel oil, coal, raw materials, and spare parts costs in the ordinary course of business. Finished goods inventory is valued at the lower of cost or net realizable value with cost being determined on a first-in first-out basis. The Company removes these inventories as they are sold to customers. Sales of inventory are classified as an operating activity in the consolidated statements of cash flows.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, in the case of business acquisitions, fair value; however, impairment adjustments are recorded whenever events or changes in circumstances indicate that their carrying values may not be recoverable. See Note 3, *Discontinued Operations, Acquisitions and Dispositions*, for more information on acquired property, plant and equipment. NRG also classifies nuclear fuel related to the Company's 44% ownership interest in STP as part of the Company's property, plant, and equipment. Significant additions or improvements extending asset lives are capitalized as incurred, while repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. Depreciation, other than nuclear fuel, is computed using the straight-line method, while nuclear fuel is amortized based on units of production over the estimated useful lives. Certain assets and their related accumulated depreciation amounts are adjusted for asset retirements and disposals with the resulting gain or loss included in cost of operations in the consolidated statements of operations.

Asset Impairments

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Such reviews are performed in accordance with ASC 360. An impairment loss is indicated if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured by the difference between an asset's carrying amount and fair value with the difference recorded in operating costs and expenses in the consolidated statements of operations. Fair values are determined by a variety of valuation methods, including third-party appraisals, sales prices of similar assets, and present value techniques.

Investments accounted for by the equity method are reviewed for impairment in accordance with ASC 323, *Investments-Equity Method and Joint Ventures*, or ASC 323, which requires that a loss in value of an investment that is an other-than-temporary decline should be recognized. The Company identifies and measures losses in the value of equity method investments based upon a comparison of fair value to carrying value.

For further discussion of these matters, refer to Note 10, *Asset Impairments*.

Development Costs and Capitalized Interest

Development costs include project development costs, which are expensed in the preliminary stages of a project and capitalized when the project is deemed to be commercially viable. Commercial viability is determined by one or a series of actions including, among others, Board of Director approval pursuant to a formal project plan that subjects the Company to significant future obligations that can only be discharged by the use of a Company asset. When a project is available for operations, capitalized interest and capitalized project development costs are reclassified to property, plant and equipment and depreciated on a straight-line basis over the estimated useful life of the project's related assets. Capitalized costs are charged to expense if a project is abandoned or management otherwise determines the costs to be unrecoverable.

Interest incurred on funds borrowed to finance capital projects is capitalized until the project under construction is ready for its intended use. The amount of interest capitalized for the years ended December 31, 2017, 2016, and 2015, was \$34 million, \$30 million, and \$25 million, respectively.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized as interest expense on a basis which approximates the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying amount of the related debt.

Intangible Assets

Intangible assets represent contractual rights held by the Company. The Company recognizes specifically identifiable intangible assets including customer contracts, customer relationships, energy supply contracts, marketing partnerships, power purchase agreements, trade names, emission allowances, and fuel contracts when specific rights and contracts are acquired. In addition, the Company also established values for emission allowances and power contracts upon adoption of Fresh Start reporting. These intangible assets are amortized based on expected volumes, expected delivery, expected discounted future net cash flows, straight line or units of production basis. As of December 31, 2017 and 2016, the Company had accumulated amortization related to its intangible assets of \$1.8 billion and \$1.7 billion, respectively.

Intangible assets determined to have indefinite lives are not amortized, but rather are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that such acquired intangible assets have been determined to have finite lives and should now be amortized over their useful lives.

Emission allowances held-for-sale, which are included in other non-current assets on the Company's consolidated balance sheet, are not amortized; they are carried at the lower of cost or fair value and reviewed for impairment in accordance with ASC 360.

Goodwill

In accordance with ASC 350, the Company recognizes goodwill for the excess cost of an acquired entity over the net value assigned to assets acquired and liabilities assumed. NRG performs goodwill impairment tests annually, during the fourth quarter, and when events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, there is no goodwill impairment.

In the absence of sufficient qualitative factors, the Company performs a quantitative assessment by determining the fair value of the reporting unit and comparing the fair value to its book value. If the fair value of the reporting unit exceeds its book value, goodwill of the reporting unit is not considered impaired. If the book value exceeds fair value, the Company recognizes an impairment loss equal to the difference between book value and fair value.

For further discussion of goodwill and goodwill impairment losses recognized during 2017 and 2016, refer to Note 11, *Goodwill and Other Intangibles*.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with ASC 740, which requires that the Company use the asset and liability method of accounting for deferred income taxes and provide deferred income taxes for all significant temporary differences.

The Company has two categories of income tax expense or benefit — current and deferred, as follows:

- Current income tax expense or benefit consists solely of current taxes payable less applicable tax credits, and
- Deferred income tax expense or benefit is the change in the net deferred income tax asset or liability, excluding amounts charged or credited to accumulated other comprehensive income.

The Company reports some of its revenues and expenses differently for financial statement purposes than for income tax return purposes, resulting in temporary and permanent differences between the Company's financial statements and income tax returns. The tax effects of such temporary differences are recorded as either deferred income tax assets or deferred income tax liabilities in the Company's consolidated balance sheets. The Company measures its deferred income tax assets and deferred income tax liabilities using income tax rates that are currently in effect. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income which includes the future reversal of existing taxable temporary differences to realize deferred tax assets, net of valuation allowances. In arriving at this conclusion to utilize projections of future profit before tax in its estimate of future taxable income, including the potential impact of the Tax Cuts and Jobs Act legislation, or the Tax Act, the Company considered the profit before tax generated in recent years. A valuation allowance is recorded to reduce the Company's net deferred tax assets to an amount that is more-likely-than-not to be realized.

The Company reduces its current income tax expense in the consolidated statement of operations for any investment tax credits, or ITCs, that are not convertible into cash grants, as well as other tax credits, in the period the tax credit is generated. ITCs that are convertible into cash grants, as well as the deferred income tax benefit generated by the difference in the financial statement and tax basis of the related assets, are recorded as a reduction to the carrying value of the underlying property and subsequently amortized to earnings on a straight-line basis over the useful life of each underlying property.

The Company accounts for uncertain tax positions in accordance with ASC 740, which applies to all tax positions related to income taxes. Under ASC 740, tax benefits are recognized when it is more-likely-than-not that a tax position will be sustained upon examination by the authorities. The benefit recognized from a position that has surpassed the more-likely-than-not threshold is the largest amount of benefit that is more than 50% likely to be realized upon settlement. The Company recognizes interest and penalties accrued related to uncertain tax benefits as a component of income tax expense.

In accordance with ASC 805 and as discussed further in Note 19, *Income Taxes*, changes to existing net deferred tax assets or valuation allowances or changes to uncertain tax benefits, are recorded to income tax expense.

Revenue Recognition

Energy — Both physical and financial transactions are entered into to optimize the financial performance of the Company's generating facilities. Electric energy revenue is recognized upon transmission to the customer. Physical transactions, or the sale of generated electricity to meet supply and demand, are recorded on a gross basis in the Company's consolidated statements of operations. Financial transactions, or the buying and selling of energy for trading purposes, are recorded net within operating revenues in the consolidated statements of operations in accordance with ASC 815.

Capacity — Capacity revenues are recognized when contractually earned, and consist of revenues billed to a third party at either the market or a negotiated contract price for making installed generation capacity available in order to satisfy system integrity and reliability requirements.

Sale of Emission Allowances — The Company records its bank of emission allowances as part of intangible assets. From time to time, management may authorize the transfer of emission allowances in excess of usage from the Company's emission bank to intangible assets held-for-sale for trading purposes. The Company records the sale of emission allowances on a net basis within operating revenue in the Company's consolidated statements of operations.

Contract Amortization — Assets and liabilities recognized from power sales agreements assumed at Fresh Start and through acquisitions related to the sale of electric capacity and energy in future periods for which the fair value has been determined to be significantly less (more) than market are amortized to revenue over the term of each underlying contract based on actual generation and/or contracted volumes.

Retail revenues — Gross revenues for energy sales and services to retail customers are recognized upon delivery under the accrual method. Energy sales and services that have been delivered but not billed by period end are estimated. Gross revenues also includes energy revenues from resales of purchased power, which were \$187 million, \$154 million and \$165 million for the years ended December 31, 2017, 2016, and 2015, respectively. These revenues represent the sale of excess supply to third parties in the market.

Accrued unbilled revenues are based on estimates of customer usage since the date of the last meter reading provided by the independent system operators or electric distribution companies. Volume estimates are based on daily forecasted volumes and estimated customer usage by class. Unbilled revenues are calculated by multiplying these volume estimates by the applicable rate by customer class. Estimated amounts are adjusted when actual usage is known and billed. The Company recorded receivables for unbilled revenues of \$376 million, \$321 million and \$307 million as of December 31, 2017, 2016, and 2015, respectively, for retail energy sales and services.

Consumer product revenues are recognized when title and risk of loss pass to the retailer, distributor, or end-customer and when all of the following have occurred: a firm sales agreement is in place, delivery has occurred, pricing is fixed and determinable, and collection is reasonably assured. Revenue is recognized as the net amount expected to be received after deducting estimated amounts for product returns, discounts, and allowances based on historical return rates and reasonable judgment.

Lessor Accounting

Certain of the Company's revenues are obtained through PPAs or other contractual agreements. Many of these agreements are accounted for as operating leases under ASC 840 *Leases*.

Certain of these leases have no minimum lease payments and all of the rent is recorded as contingent rent on an actual basis when the electricity is delivered. Judgment is required by management in determining the economic life of each generating facility, in evaluating whether certain lease provisions constitute minimum payments or represent contingent rent and other factors in determining whether a contract contains a lease and whether the lease is an operating lease or capital lease. Contingent rental income recognized in the years ended December 31, 2017, 2016, and 2015 was \$879 million, \$912 million, and \$753 million, respectively.

Gross Receipts and Sales Taxes

In connection with its retail business, the Company records gross receipts taxes on a gross basis in revenues and cost of operations in its consolidated statements of operations. During the years ended December 31, 2017, 2016, and 2015, the Company's revenues and cost of operations included gross receipts taxes of \$92 million, \$101 million, and \$110 million, respectively. Additionally, the retail business records sales taxes collected from its taxable customers and remitted to the various governmental entities on a net basis; thus, there is no impact on the Company's consolidated statement of operations.

Cost of Energy for Retail Operations

The cost of energy for electricity sales and services to retail customers is included in cost of operations and is based on estimated supply volumes for the applicable reporting period. A portion of the cost of energy (\$107 million, \$90 million and \$85 million as of December 31, 2017, 2016, and 2015, respectively) was accrued and consisted of estimated transmission and distribution charges not yet billed by the transmission and distribution utilities. In estimating supply volumes, the Company considers the effects of historical customer volumes, weather factors and usage by customer class. Transmission and distribution delivery fees are estimated using the same method used for electricity sales and services to retail customers. In addition, ISO fees are estimated based on historical trends, estimated supply volumes and initial ERCOT ISO settlements. Volume estimates are then multiplied by the supply rate and recorded as cost of operations in the applicable reporting period.

Derivative Financial Instruments

The Company accounts for derivative financial instruments under ASC 815, which requires the Company to record all derivatives on the balance sheet at fair value unless they qualify for a NPNS exception. Changes in the fair value of non-hedge derivatives are immediately recognized in earnings. Changes in the fair value of derivatives accounted for as cash flow hedges, if elected for hedge accounting, are deferred and recorded as a component of accumulated OCI until the hedged transactions occur and are recognized in earnings.

The Company's primary derivative instruments are power purchase or sales contracts, fuels purchase contracts, other energy related commodities, and interest rate instruments used to mitigate variability in earnings due to fluctuations in market prices and interest rates. On an ongoing basis, the Company assesses the effectiveness of all derivatives that are designated as hedges for accounting purposes in order to determine that each derivative continues to be highly effective in offsetting changes in fair values or cash flows of hedged items. Internal analyses that measure the statistical correlation between the derivative and the associated hedged item determine the effectiveness of such a contract designated as a hedge. If it is determined that the derivative instrument is not highly effective as a hedge, hedge accounting will be discontinued prospectively. In this case, the gain or loss previously deferred in accumulated OCI would be frozen until the underlying hedged instrument is delivered unless the transactions being hedged are no longer probable of occurring in which case the amount in OCI would be immediately reclassified into earnings. If the derivative instrument is terminated, the effective portion of this derivative deferred in accumulated OCI will be frozen until the underlying hedged item is delivered.

Revenues and expenses on contracts that qualify for the NPNS exception are recognized when the underlying physical transaction is delivered. While these contracts are considered derivative financial instruments under ASC 815, they are not recorded at fair value, but on an accrual basis of accounting. If it is determined that a transaction designated as NPNS no longer meets the scope exception, the fair value of the related contract is recorded on the balance sheet and immediately recognized through earnings.

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

Foreign Currency Translation and Transaction Gains and Losses

The local currencies are generally the functional currency of NRG's foreign operations. Foreign currency denominated assets and liabilities are translated at end-of-period rates of exchange. Revenues, expenses, and cash flows are translated at the weighted-average rates of exchange for the period. The resulting currency translation adjustments are not included in the Company's consolidated statements of operations for the period, but are accumulated and reported as a separate component of stockholders' equity until sale or complete or substantially complete liquidation of the net investment in the foreign entity takes place. Foreign currency transaction gains or losses are reported within other income/(expense) in the Company's consolidated statements of operations. For the years ended December 31, 2017, 2016, and 2015, amounts recognized as foreign currency transaction gains (losses) were immaterial. The Company's cumulative translation adjustment balances as of December 31, 2017, 2016, and 2015 were \$(2) million, \$(11) million and \$(10) million, respectively.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trust funds, accounts receivable, notes receivable, derivatives, and investments in debt securities. Trust funds are held in accounts managed by experienced investment advisors. Certain accounts receivable, notes receivable, and derivative instruments are concentrated within entities engaged in the energy industry. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables and other contractual arrangements are subject to collateral requirements under the terms of enabling agreements. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. See Note 4, *Fair Value of Financial Instruments*, for a further discussion of derivative concentrations.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, funds deposited by counterparties, receivables, accounts payable, and accrued liabilities approximate fair value because of the short-term maturity of these instruments. See Note 4, *Fair Value of Financial Instruments*, for a further discussion of fair value of financial instruments.

Asset Retirement Obligations

The Company accounts for AROs in accordance with ASC 410-20, *Asset Retirement Obligations*, or ASC 410-20. Retirement obligations associated with long-lived assets included within the scope of ASC 410-20 are those for which a legal obligation exists under enacted laws, statutes, and written or oral contracts, including obligations arising under the doctrine of promissory estoppel, and for which the timing and/or method of settlement may be conditional on a future event. ASC 410-20 requires an entity to recognize the fair value of a liability for an ARO in the period in which it is incurred and a reasonable estimate of fair value can be made.

Upon initial recognition of a liability for an ARO, the Company capitalizes the asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its future value, while the capitalized cost is depreciated over the useful life of the related asset. See Note 13, *Asset Retirement Obligations*, for a further discussion of AROs.

Pensions and Other Postretirement Benefits

The Company offers pension benefits through a defined benefit pension plan. In addition, the Company provides postretirement health and welfare benefits for certain groups of employees. The Company accounts for pension and other postretirement benefits in accordance with ASC 715, *Compensation — Retirement Benefits*. The Company recognizes the funded status of the Company's defined benefit plans in the statement of financial position and records an offset for gains and losses as well as all prior service costs that have not been included as part of the Company's net periodic benefit cost to other comprehensive income. The determination of the Company's obligation and expenses for pension benefits is dependent on the selection of certain assumptions. These assumptions determined by management include the discount rate, the expected rate of return on plan assets and the rate of future compensation increases. The Company's actuarial consultants determine assumptions for such items as retirement age. The assumptions used may differ materially from actual results, which may result in a significant impact to the amount of pension obligation or expense recorded by the Company.

The Company measures the fair value of its pension assets in accordance with ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with ASC 718, *Compensation — Stock Compensation*, or ASC 718. The fair value of the Company's non-qualified stock options and market stock units are estimated on the date of grant using the Black-Scholes option-pricing model and the Monte Carlo valuation model, respectively. NRG uses the Company's common stock price on the date of grant as the fair value of the Company's restricted stock units and deferred stock units. Forfeiture rates are estimated based on an analysis of the Company's historical forfeitures, employment turnover, and expected future behavior. The Company recognizes compensation expense for both graded and cliff vesting awards on a straight-line basis over the requisite service period for the entire award.

Investments Accounted for by the Equity Method

The Company has investments in various domestic energy projects, as well as one Australian project. The equity method of accounting is applied to such investments in affiliates, which include joint ventures and partnerships, because the ownership structure prevents the Company from exercising a controlling influence over the operating and financial policies of the projects. Under this method, equity in pre-tax income or losses of domestic partnerships and, generally, in the net income or losses of its Australian project, are reflected as equity in earnings of unconsolidated affiliates. For certain investments that relate to tax equity arrangements, equity earnings are allocated using the hypothetical liquidation at book value, or HLBV, method which is described below. Distributions from equity method investments that represent earnings on the Company's investment are included within cash flows from operating activities and distributions from equity method investments that represent a return of the Company's investment are included within cash flows from investing activities.

Tax Equity Arrangements

The Company's redeemable noncontrolling interest in subsidiaries and certain amounts within noncontrolling interest, included in stockholders' equity, represent third-party interests in the net assets under certain tax equity arrangements, which are consolidated by the Company, that have been entered into to finance the cost of solar energy systems under operating leases and wind facilities eligible for certain tax credits. The Company has determined that the provisions in the contractual agreements of these structures represent substantive profit sharing arrangements. Further, the Company has determined that the appropriate methodology for calculating the noncontrolling interest and redeemable noncontrolling interest that reflects the substantive profit sharing arrangements is a balance sheet approach utilizing the HLBV method. Under the HLBV method, the amounts reported as noncontrolling interest and redeemable noncontrolling interests represent the amounts the investors that are party to the tax equity arrangements would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements, assuming the net assets of the funding structures were liquidated at their recorded amounts determined in accordance with GAAP. The investors' interests in the results of operations of the funding structures are determined as the difference in noncontrolling interest and redeemable noncontrolling interests at the start and end of each reporting period, after taking into account any capital transactions between the structures and the funds' investors. The calculations utilized to apply the HLBV method include estimated calculations of taxable income or losses for each reporting period.

Redeemable Noncontrolling Interest

To the extent that the third-party has the right to redeem their interests for cash or other assets, the Company has included the noncontrolling interest attributable to the third party as a component of temporary equity in the mezzanine section of the consolidated balance sheet. The following table reflects the changes in the Company's redeemable noncontrolling interest balance for the years ended December 31, 2017, 2016, and 2015.

	(In millions)
Balance as of December 31, 2014	\$ 19
Cash contributions from redeemable noncontrolling interest	27
Comprehensive loss attributable to redeemable noncontrolling interest	(17)
Balance as of December 31, 2015	29
Distributions to redeemable noncontrolling interest	(1)
Contributions from redeemable noncontrolling interest	33
Non-cash adjustments to redeemable noncontrolling interest	23
Comprehensive loss attributable to redeemable noncontrolling interest	(38)
Balance as of December 31, 2016	46
Distributions to redeemable noncontrolling interest	(2)
Contributions from redeemable noncontrolling interest	99
Non-cash adjustments to redeemable noncontrolling interest	7
Comprehensive loss attributable to redeemable noncontrolling interest	(72)
Balance as of December 31, 2017	\$ 78

Sale-Leaseback Arrangements

NRG is party to sale-leaseback arrangements that provide for the sale of certain assets to a third party and simultaneous leaseback to the Company. In accordance with ASC 840-40, *Sale-Leaseback Transactions*, if the seller-lessee retains, through the leaseback, substantially all of the benefits and risks incident to the ownership of the property sold, the sale-leaseback transaction is accounted for as a financing arrangement. An example of this type of continuing involvement would include an option to repurchase the assets or the buyer-lessor having the option to sell the assets back to the Company. This provision is included in most of the Company's sale-leaseback arrangements. As such, the Company accounts for these arrangements as financings.

Under the financing method, the Company does not recognize as income any of the sale proceeds received from the lessor that contractually constitutes payment to acquire the assets subject to these arrangements. Instead, the sale proceeds received are accounted for as financing obligations and leaseback payments made by the Company are allocated between interest expense and as a reduction to the financing obligation. Interest on the financing obligation is calculated using the Company's incremental borrowing rate at the inception of the arrangement on the outstanding financing obligation. Judgment is required to determine the appropriate borrowing rate for the arrangement and in determining any gain or loss on the transaction that would be recorded either at the end of or over the lease term.

Marketing and Advertising Costs

The Company expenses its marketing and advertising costs as incurred and which are included within selling, general and administrative expenses. Marketing and advertising expenses for the years ended December 31, 2017, 2016, and 2015 were \$184 million, \$247 million, and \$309 million, respectively. The costs of tangible assets used in advertising campaigns are recorded as fixed assets or deferred advertising costs and amortized as advertising costs over the shorter of the useful life of the asset or the advertising campaign. The Company has several long-term sponsorship arrangements. Payments related to these arrangements are deferred and expensed over the term of the arrangement. Advertising expenses for the years ended December 31, 2017, 2016, and 2015 were \$42 million, \$53 million, and \$135 million, respectively.

Reorganization Costs

Reorganization costs include costs incurred by the Company related to the Transformation Plan implementation and primarily reflect personnel costs related to cost savings initiatives. As of December 31, 2017, \$44 million has been incurred.

Business Combinations

The Company accounts for its business combinations in accordance with ASC 805, *Business Combinations*, or ASC 805. ASC 805 requires an acquirer to recognize and measure in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value at the acquisition date. It also recognizes and measures the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, transaction costs are expensed as incurred.

Use of Estimates

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

In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available. Estimates are used for such items as plant depreciable lives, tax provisions, uncollectible accounts, actuarially determined benefit costs, the valuation of energy commodity contracts, environmental liabilities, legal costs incurred in connection with recorded loss contingencies, and assets acquired and liabilities assumed in business combinations, among others. In addition, estimates are used to test long-lived assets and goodwill for impairment and to determine the fair value of impaired assets. As better information becomes available or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Reclassifications

Certain prior-year amounts have been reclassified for comparative purposes. The reclassifications did not affect results from operations, net assets or cash flows.

Recent Accounting Developments - Guidance Adopted in 2017

ASU 2018-02 — In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220)*, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, or ASU No. 2018-02. Prior to ASU No. 2018-02, GAAP required the remeasurement of deferred tax assets and liabilities as a result of a change in tax laws or rates to be presented in net income from continuing operations, even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income. As a result, such items, referred to as stranded tax effects, did not reflect the appropriate tax rate. Under ASU No. 2018-02, entities are permitted, but not required, to reclassify from accumulated other comprehensive income to retained earnings those stranded tax effects resulting from the Tax Act. ASU No. 2018-02 is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted the new standard effective December 31, 2017. As a result of the adoption, the Company reclassified \$13 million from accumulated other comprehensive loss to retained earnings in the consolidated balance sheet as of December 31, 2017.

ASU 2017-12 — In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815)*, Targeted Improvements to Accounting for Hedging Activities, or ASU No. 2017-12. The amendments of ASU No. 2017-12 were issued to simplify the application of hedge accounting guidance and more closely align financial reporting for hedging relationships with economic results of an entity's risk management activities. The issues addressed by ASU No. 2017-12 include but are not limited to alignment of risk management activities and financial reporting, risk component hedging, accounting for the hedged item in fair value hedges of interest rate risk, recognition and presentation of the effects of hedging instruments, amounts excluded from the assessment of hedge effectiveness, and other simplifications of hedge accounting guidance. The Company adopted the guidance in ASU No. 2017-12 during the fourth quarter of 2017, with no material adjustments recorded to the consolidated results of operations, cash flows, and statement of financial position.

ASU 2016-18 — In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*, Restricted Cash, or ASU No. 2016-18. The amendments of ASU No. 2016-18 require an entity to include amounts generally described as restricted cash and restricted cash equivalents, including funds deposited by counterparties with cash and cash equivalents when reconciling the beginning of period and end of period total amounts on the statement of cash flows. The amendments of ASU No. 2016-18 are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted and the adoption of ASU No. 2016-18 will be applied retrospectively. The Company adopted the guidance in ASU No. 2016-18 during the second quarter of 2017. In connection with the adoption of the standard, the Company has applied the guidance retrospectively which resulted in a (decrease)/increase in cash flows from operations of \$(53) million and \$37 million and an increase/(decrease) in cash flows from investing of \$32 million and \$(43) million on the statement of cash flows for the years ended December 31, 2016 and 2015, respectively.

ASU 2016-16 — In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740)*, Intra-Entity Transfers of Assets Other Than Inventory, or ASU No. 2016-16. Previous GAAP prohibited the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party which has resulted in diversity in practice and increased complexity within financial reporting. The amendments of ASU No. 2016-16 require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The Company adopted the guidance in ASU No. 2016-16 effective January 1, 2017. In connection with the adoption of the standard, the Company recorded a reduction to non-current assets of \$267 million with a corresponding reduction to cumulative retained deficit as of December 31, 2017.

ASU 2016-15 — In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*, Classification of Certain Cash Receipts and Cash Payments, or ASU No. 2016-15. The amendments of ASU No. 2016-15 were issued to address eight specific cash flow issues for which stakeholders have indicated to the FASB that a diversity in practice existed in how entities were presenting and classifying these items in the statement of cash flows. The issues addressed by ASU No. 2016-15 include but are not limited to the classification of debt prepayment and debt extinguishment costs, payments made for contingent consideration for a business combination, proceeds from the settlement of insurance proceeds, distributions received from equity method investees and separately identifiable cash flows and the application of the predominance principle. The Company adopted the guidance in ASU No. 2016-15 effective January 1, 2017. In connection with the adoption of the standard, the Company has applied the guidance retrospectively which resulted in an increase in cash flows from operations of \$121 million and a decrease in cash flows from financing of \$121 million on the statement of cash flows for the year ended December 31, 2016. There was no impact to the statement of cash flows for the year ended December 31, 2015, as a result of adoption.

ASU 2016-09 — In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718)*, or ASU No. 2016-09. The amendments focused on simplification specifically with regard to share-based payment transactions, including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The Company adopted the guidance in ASU No. 2016-09 effective January 1, 2017, with no material adjustments recorded to the Company's consolidated financial statements.

Recent Accounting Developments - Guidance Not Yet Adopted

ASU 2017-07 — In March 2017, the FASB issued ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715)*, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, or ASU No. 2017-07. Current GAAP does not indicate where the amount of net benefit cost should be presented in an entity's income statement and does not require entities to disclose the amount of net benefit cost that is included in the income statement. The amendments of ASU No. 2017-07 require an entity to report the service cost component of net benefit costs in the same line item as other compensation costs arising from services rendered by the related employees during the applicable service period. The other components of net benefit cost are required to be presented separately from the service cost component and outside the subtotal of income from operations. Further, ASU No. 2017-07 prescribes that only the service cost component of net benefit costs is eligible for capitalization. The Company adopted the amendments of ASU No. 2017-07 effective January 1, 2018. The adoption of ASU No. 2017-07 will not have a material impact on the Company's results of operations, cash flows, and statement of financial position.

ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, or Topic 842, with the objective to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and to improve financial reporting by expanding the related disclosures. The guidance in Topic 842 provides that a lessee that may have previously accounted for a lease as an operating lease under current GAAP should recognize the assets and liabilities that arise from a lease on the balance sheet. In addition, Topic 842 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The Company will adopt the standard effective January 1, 2019, and expects to elect certain of the practical expedients permitted, including the expedient that permits the Company to retain its existing lease assessment and classification. The Company is currently working through an adoption plan which includes the evaluation of lease contracts compared to the new standard. While the Company is currently evaluating the impact the new guidance will have on its financial position and results of operations, the Company expects to recognize lease liabilities and right of use assets. The extent of the increase to assets and liabilities associated with these amounts remains to be determined pending the Company's review of its existing lease contracts and service contracts which may contain embedded leases. While this review is still in process, NRG believes the adoption of Topic 842 will have a material impact on its financial statements. The Company is continuing to monitor potential changes to Topic 842 that have been proposed by the FASB and will assess any necessary changes to the implementation process as the guidance is updated.

ASU 2014-09 — In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or Topic 606, which was further amended through various updates issued by the FASB thereafter. The amendments of Topic 606 completed the joint effort between the FASB and the IASB, to develop a common revenue standard for GAAP and IFRS, and to improve financial reporting. The guidance under Topic 606 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes a five step model to be applied by an entity in evaluating its contracts with customers. The Company has also elected the practical expedient available under Topic 606 for measuring progress toward complete satisfaction of a performance obligation and for disclosure requirements of remaining performance obligations. The practical expedient allows an entity to recognize revenue in the amount to which the entity has the right to invoice such that the entity has a right to the consideration in an amount that corresponds directly with the value to the customer for performance completed to date by the entity. The Company adopted the standard effective January 1, 2018. The adoption of Topic 606 at the date of initial application, as prescribed under the modified retrospective transition method, will not have a material impact on the Company's financial statements. The adoption of Topic 606 also includes additional disclosure requirements beginning in the first quarter of 2018. Many of these disclosures are not substantially different than the Company's existing disclosures. Topic 606 requires disclosure of disaggregated revenue amounts, which the Company expects would include types of operating revenues by business.

Note 3 — Discontinued Operations, Acquisitions and Dispositions

Discontinued Operations

As described in Note 1, *Nature of Business*, on the Petition Date, the GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. As a result of the bankruptcy filings, NRG concluded that it no longer controls GenOn as it is subject to the control of the Bankruptcy Court; and, accordingly, NRG no longer consolidates GenOn for financial reporting purposes.

By eliminating a large portion of its operations in the PJM market with the deconsolidation of GenOn, NRG concluded that GenOn meets the criteria for discontinued operations, as this represents a strategic shift in the markets in which NRG operates. As such, all prior period results for GenOn have been reclassified as discontinued operations while NRG will record all ongoing results of GenOn as a cost method investment, which was valued at zero at the date of deconsolidation.

Summarized results of discontinued operations were as follows:

(In millions)	Year ended December 31,	
	2017	2016
Operating revenues	\$ 646	\$ 1,862
Operating costs and expenses	(702)	(1,896)
Gain on sale of assets	—	294
Other expenses	(98)	(168)
(Loss)/Income from operations of discontinued components, before tax	(154)	92
Income tax expense	9	11
(Loss)/Income from operations of discontinued components	(163)	81
Interest income - affiliate	8	11
(Loss)/Income from operations of discontinued components, net of tax	(155)	92
Pre-tax loss on deconsolidation	(208)	—
Settlement consideration and services credit	(289)	—
Pension and post-retirement liability assumption	(131)	—
Other	(6)	—
Loss on disposal of discontinued components, net of tax	(634)	—
(Loss)/Income from discontinued operations, net of tax	\$ (789)	\$ 92

The following table summarizes the major classes of assets and liabilities classified as discontinued operations as of December 31, 2016. As of June 14, 2017, NRG no longer consolidates GenOn for financial reporting purposes.

(In millions)	December 31, 2016
Cash and cash equivalents	\$ 1,034
Other current assets	885
Current assets - discontinued operations	1,919
Property, plant and equipment, net	2,543
Other non-current assets	418
Non-current assets - discontinued operations	2,961
Current portion of long term debt and capital leases	704
Other current liabilities	506
Current liabilities - discontinued operations	1,210
Long-term debt and capital leases	2,050
Out-of-market contracts	811
Other non-current liabilities	323
Non-current liabilities - discontinued operations	\$ 3,184

Chapter 11 Cases

Prior to the GenOn Entities' filing the Chapter 11 Cases, on June 12, 2017, NRG entered into a restructuring support and lock-up agreement, or the Restructuring Support Agreement, with the GenOn Entities and certain holders of the GenOn and GenOn Americas Generation Senior Notes, that provides for a restructuring and recapitalization of the GenOn Entities through a prearranged plan of reorganization. There is no assurance that the GenOn Entities' plan will be successfully implemented. The principal terms of the Restructuring Support Agreement are described further below.

On September 18, 2017, and October 2, 2017, the GenOn Entities filed amendments to the plan of reorganization and the disclosure statement which primarily provided the GenOn Entities with the flexibility to complete sales of certain assets pursuant to the amended plan of reorganization and removed the GenOn Entities' requirement to conduct a rights offering in connection with the GenOn Entities' exit financing.

On October 31, 2017, the GenOn Entities announced that they entered into a Consent Agreement with certain holders of GenOn's Senior Notes and GenOn Americas Generation's Senior Notes, collectively, the Consenting Holders, whereby the GenOn Entities and the Consenting Holders agreed to extend the milestones in the Restructuring Support Agreement, by which the plan of reorganization must become effective, or the Effective Date. Specifically, the Consent Agreement extended the Effective Date milestone to June 30, 2018, or September 30, 2018, if regulatory approvals are still pending, or the Extended Effective Dates.

On December 12, 2017, the Bankruptcy Court entered an order confirming the plan of reorganization, and effective December 12, 2017, GenOn and NRG entered into agreements concerning (i) timeline and transition, (ii) cooperation and co-development matters, (iii) post-employment and retiree health and welfare benefits and pension benefits, (iv) tax matters, and (v) intercompany balances and releases, consistent with the Restructuring Support Agreement, which among other things, provide for the transition of GenOn to a standalone enterprise, the resolution of substantial intercompany claims between GenOn and NRG, and the allocation of certain costs and liabilities between GenOn and NRG. On December 12, 2017, the Bankruptcy Court also entered an order giving effect to the Consent Agreement.

Forms of certain of the definitive documents that make up the plan supplement were filed with the Bankruptcy Court by the GenOn Entities and approved by the Bankruptcy Court in connection with the confirmation of the plan of reorganization. It is a condition precedent to the occurrence of the effective date of the plan of reorganization that the final version of the plan supplement be consistent with the Restructuring Support Agreement, in all material respects.

Restructuring Support Agreement

As described in Note 1, *Nature of Business*, NRG, GenOn and certain holders representing greater than 93% in aggregate principal amount of GenOn's Senior Notes and certain holders representing greater than 93% in aggregate principal amount of GenOn Americas Generation's Senior Notes entered into a Restructuring Support Agreement that provides for a restructuring and recapitalization of the GenOn Entities through a prearranged plan of reorganization that was approved by the Bankruptcy Court pursuant to an order of confirmation. Completion of the agreed upon terms is contingent upon certain milestones in the Restructuring Support Agreement and the satisfaction or waiver or certain conditions precedent. Certain principal terms of the Restructuring Support Agreement and the plan of reorganization are detailed below:

- 1) The dismissal of litigation and full releases from GenOn and GenOn Americas Generation in favor of NRG upon the earlier of the consummation of the GenOn Entities' plan of reorganization or the Settlement Agreement; a condition precedent to the consummation of the Settlement Agreement is a full release or indemnification in favor of NRG from any claims of GenOn Mid-Atlantic and REMA.
- 2) NRG will provide settlement cash consideration to GenOn of \$261.3 million, which will be paid in cash less any amounts owed to NRG under the intercompany secured revolving credit facility. As of December 31, 2017, GenOn owed NRG approximately \$125 million under the intercompany secured revolving credit facility. See Note 21, *Related Party Transactions*, for further discussion of the intercompany secured revolving credit facility.
- 3) NRG will consent to the cancellation of its interests in the equity of GenOn and be entitled to a worthless stock deduction, as further described in the tax matters agreement. The equity interests in the reorganized GenOn will be issued to the holders of the GenOn Senior Notes.
- 4) NRG will retain the pension liability, including payment of approximately \$13 million of 2017 pension contributions, for GenOn employees for service provided prior to the completion of the reorganization, which was paid in September 2017. GenOn's pension liability as of December 31, 2017, was approximately \$92 million. NRG will also retain the liability for GenOn's post-employment and retiree health and welfare benefits, in an amount up to \$25 million.
- 5) The shared services agreement between NRG and GenOn was terminated and replaced as of the plan confirmation date with a transition services agreement. Under the transition services agreement, NRG will continue to provide the shared services and other separation services at an annualized rate of \$84 million, subject to certain credits and adjustments. See Note 21, *Related Party Transactions*, for further discussion of the Services Agreement.
- 6) NRG will provide a credit of \$28 million to GenOn to apply against amounts owed under the transition services agreement. Any unused amount can be paid in cash at GenOn's request. The credit was intended to reimburse GenOn for its payment of financing costs.
- 7) NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, which could be utilized for required letters of credit in lieu of the intercompany secured revolving credit facility. GenOn can no longer utilize the intercompany secured revolving credit facility and, on July 27, 2017, the letter of credit facility was terminated, as GenOn had obtained a separate letter of credit facility with a third party financial institution. See Note 21, *Related Party Transactions*, for further discussion of the intercompany secured revolver credit facility.

and the letter of credit facility obtained in July 2017.

- 8) NRG and GenOn have agreed to cooperate in good faith to maximize the value of certain development projects. Pursuant to this, GenOn made a one-time payment in the amount of \$15 million to NRG in December 2017 as compensation for a purchase option with respect to the Canal 3 project.

Settlement Consideration

NRG has determined that the payment of the settlement consideration is probable and has recorded a liability for the amount due of \$261.3 million in accrued expenses and other current liabilities - affiliate with a corresponding loss from discontinued operations. NRG expects to pay this amount net of amounts due from GenOn under the intercompany secured revolving credit facility, which is further described in Note 21, *Related Party Transactions*.

Pension Liability

NRG will retain the pension liability, including payment of approximately \$13 million of 2017 pension contributions, which was paid in September 2017, for the GenOn employees for service provided prior to emergence from bankruptcy. NRG determined that the retention of this liability is probable and has recorded the estimated accumulated pension benefit obligation as of December 31, 2017 of \$92 million in other non-current liabilities with a corresponding loss from discontinued operations. NRG's obligation for this liability will be revalued through and at GenOn's emergence from bankruptcy.

Services Agreement

In December 2017, in conjunction with the confirmation of the GenOn Entities' plan of reorganization, the Services Agreement was terminated and replaced by the transition services agreement. Under the transition services agreement, NRG will continue to provide shared services and other separation services to GenOn at an annualized rate of \$84 million until June 30, 2018, which may be extended by GenOn through September 30, 2018. NRG may provide additional separation services that are necessary for or reasonably related to the operation of GenOn's business after such date, subject to NRG's prior written consent, not to be unreasonably withheld.

Beginning on June 14, 2017, and through December 2017, NRG recorded amounts earned for shared services of approximately \$5 million per month. In December 2017, NRG provided GenOn with a \$3.5 million credit for services provided under the transition services agreement and began recording amounts earned for shared services of approximately \$7 million per month. NRG has also agreed to provide GenOn with a credit of \$28 million against amounts owed under the transition services agreement. Any unused amount can be paid in cash at GenOn's request, subject to the terms and conditions of the transition services agreement. As a result, NRG has concluded that the liability for this credit is probable and has recorded a payable to GenOn for \$28 million in accrued expenses and other current liabilities - affiliate with a corresponding loss from discontinued operations.

Commercial Operations

For pre-disposal periods, NRG provided GenOn with services as described in Note 21, *Related Party Transactions*. Under intercompany agreements, NRG Power Marketing LLC has entered into physical and financial intercompany commodity and hedging transactions with GenOn and certain of its subsidiaries. Subject to applicable collateral thresholds, these arrangements may provide for the bilateral exchange of credit support based upon market exposure and potential market movements. The terms and conditions of the agreements are generally consistent with industry practices and other third party arrangements. For current and pre-disposal periods, revenue and expense associated with these transactions is recorded in continuing operations.

GenOn Debt

As of June 14, 2017, the GenOn Senior Notes and GenOn Americas Generation Senior Notes, which totaled approximately \$2.5 billion, were deconsolidated from NRG's consolidated financial statements. The filing of the Chapter 11 Cases constitutes an event of default under the following debt instruments of GenOn:

- 1) The intercompany secured revolving credit facility with NRG;
- 2) The indenture governing the GenOn 7.875% Senior Notes due 2017 (as amended or supplemented from time to time);
- 3) The indenture governing the GenOn 9.500% Notes due 2018 (as amended or supplemented from time to time);
- 4) The indenture governing the GenOn 9.875% Notes due 2020 (as amended or supplemented from time to time);
- 5) The indenture governing the GenOn Americas Generation 8.50% Senior Notes due 2021 (as amended or supplemented from time to time); and
- 6) The indenture governing the GenOn Americas Generation 9.125% Senior Notes due 2031 (as amended or supplemented from time to time).

Dispositions

2016 Disposition of Majority Interest in EVgo

On June 17, 2016, the Company completed the sale of a majority interest in its EVgo business to Vision Ridge Partners for total consideration of approximately \$39 million, including \$17 million in cash received, which is net of \$2.5 million in working capital adjustments, \$15 million contributed as capital to the EVgo business and \$7 million of future contributions by Vision Ridge Partners, all of which were determined based on forecasted cash requirements to operate the business in future periods. In addition, the Company has future earnout potential of up to \$70 million based on future profitability targets. NRG retained its original financial obligation of \$102.5 million under its agreement with the CPUC whereby EVgo will build at least 200 public fast charging Freedom Station sites and perform the associated work to prepare 10,000 commercial and multi-family parking spaces for electric vehicle charging in California. As part of the sale, NRG has contracted with EVgo to continue to build the remaining required Freedom Stations and commercial and multi-family parking spaces for electric vehicle charging required under this obligation and EVgo will be directly reimbursed by NRG for the costs. As a result of the sale, the Company recorded a loss on sale of \$78 million during the second quarter of 2016, which reflects the loss on the sale of the equity interest of \$27 million and the accrual of NRG's remaining obligation under its agreement with the CPUC of \$56 million, of which \$25 million remains as of December 31, 2017. On February 22, 2017, the Company and CPUC entered into a second amendment to the agreement which extended the operating period commitment for the Freedom Stations to December 5, 2020. As of December 31, 2017, the Company's remaining 35% interest in EVgo of \$1 million was accounted for as an equity method investment.

2016 Rockford Disposition

On May 12, 2016, the Company entered into an agreement with RA Generation, LLC to sell 100% of its interests in the Rockford I and Rockford II generating stations, or Rockford, for cash consideration of \$55 million, subject to adjustments for working capital and the results of the PJM 2019/2020 base residual auction. Rockford is a 450-MW natural gas facility located in Rockford, Illinois. The transaction triggered an indicator of impairment as the sales price was less than the carrying amount of the assets and, as a result, the assets were considered to be impaired. The Company measured the impairment loss as the difference between the carrying amount of the assets and the agreed-upon sales price. The Company recorded an impairment loss of \$17 million during the quarter ended June 30, 2016 to reduce the carrying amount of the assets held for sale to the fair market value. On July 12, 2016, the Company completed the sale of Rockford for cash proceeds of \$56 million, including \$1 million in adjustments for the PJM base residual auction results. For further discussion on this impairment, refer to Note 10, *Asset Impairments*.

2015 Disposition of Altenex

On December 31, 2015, the Company completed the sale of its 32% interest in Altenex, LLC to Edison Energy, LLC and Edison Energy NewCo 2, LLC for cash consideration of \$26 million. The Company had accounted for its investment in Altenex as an equity method investment and recognized a loss of \$14 million as a result of the transactions within the Company's consolidated statements of operations.

Acquisitions

2016 Utility-Scale Solar and Wind Acquisition

On November 2, 2016, the Company acquired equity interests in a tax equity portfolio from SunEdison, located in Utah, comprised of 530 MW of mechanically-complete solar assets, of which NRG's net interest based on cash to be distributed is 265 MW, for upfront cash consideration of \$111 million. In connection with the acquisition, the Company assumed non-recourse debt of \$222 million. The Company also borrowed additional amounts of \$65 million during the fourth quarter of 2016, as described in Note 12, *Debt and Capital Leases*, which effectively reduced the Company's use of liquidity related to the acquisition. The Company does not have a controlling interest in the tax equity portfolio and, accordingly, its interest is recorded as an equity method investment. The purchase price was allocated to the equity method investment balance of approximately \$328 million, current assets of \$5 million and the assumed non-recourse debt of \$222 million. The assets reached commercial operations during the fourth quarter of 2016 and have 20-year PPAs with PacifiCorp.

The Company acquired a 110-MW portfolio of construction-ready and 71 MW of development solar assets in Hawaii from SunEdison for upfront cash consideration of \$2 million on October 3, 2016, and a 154-MW construction-ready solar project in Texas for upfront cash consideration of \$11 million on November 9, 2016.

In addition to the total \$124 million in upfront cash consideration paid for the above acquisitions, the Company expects to make an estimated \$59 million in additional payments contingent upon future development milestones, of which \$20 million was paid as of December 31, 2017.

2016 Solar Distributed Generation Acquisition

On October 3, 2016, the Company acquired a 29-MW portfolio of mechanically-complete and construction-ready distributed generation solar assets from SunEdison for cash consideration of approximately \$67 million excluding post-closing adjustments which reduced the purchase price by \$5 million. Subsequent to the acquisition, the Company sold these assets into a tax-equity financed portfolio within the DGPV Holdco partnership between NRG and NRG Yield, Inc. The purchase price was allocated to \$47 million in construction in progress and \$15 million in intangible assets.

2015 Acquisition of Desert Sunlight

On June 29, 2015, NRG Yield, Inc., through its subsidiary NRG Yield Operating LLC, acquired 25% of the membership interest in Desert Sunlight Investment Holdings, LLC, which owns two solar photovoltaic facilities that total 550 MW located in Desert Center, California from EFS Desert Sun, LLC, an affiliate of GE Energy Financial Services, for a purchase price of \$285 million. The Company accounts for its 25% investment as an equity method investment.

Transfers of Assets under Common Control

On November 1, 2017, NRG completed the sale of a 38-MW solar portfolio primarily comprised of assets from SPP funds, in addition to other projects developed by NRG, to NRG Yield, Inc. for cash consideration of \$71 million, plus \$3 million in working capital adjustments.

On August 1, 2017, NRG closed on the sale of its remaining 25% interest in NRG Wind TE Holdco, a portfolio of 12 wind projects, to NRG Yield, Inc. for total cash consideration of \$44 million, including working capital adjustment of \$3 million. The transaction also includes potential additional payments to NRG dependent upon actual energy prices for merchant periods beginning in 2027.

On March 27, 2017, the Company sold to NRG Yield, Inc.: (i) a 16% interest in the Agua Caliente solar project, representing ownership of approximately 46 net MW of capacity and (ii) NRG's interests in seven utility-scale solar projects located in Utah representing 265 net MW of capacity, which have reached commercial operations. NRG Yield, Inc. paid cash consideration of \$130 million, plus \$1 million in working capital adjustments, and assumed non-recourse debt of approximately \$328 million.

On September 1, 2016, the Company completed the sale of its remaining 51.05% interest in the CVSR project to NRG Yield, Inc. for total cash consideration of \$78.5 million, plus an immaterial working capital adjustment. In addition, NRG Yield, Inc. assumed non-recourse project level debt of \$496 million.

On November 3, 2015, the Company sold 75% of the Class B interests of NRG Wind TE Holdco, which owns a portfolio of 12 wind facilities totaling 814 net MW, to NRG Yield, Inc. NRG Yield, Inc. paid total cash consideration of \$209 million, subject to working capital adjustments. NRG Yield, Inc. is responsible for its pro-rata share of non-recourse project debt of \$193 million and noncontrolling interest associated with a tax equity structure of \$159 million (as of the acquisition date). In February 2016, the Company made a final working capital payment of \$2 million to NRG Yield, Inc. reducing total cash consideration to \$207 million.

On January 2, 2015, the Company sold the following facilities to NRG Yield, Inc.: Walnut Creek, the Tapestry projects (Buffalo Bear, Pinnacle and Taloga) and Laredo Ridge. NRG Yield, Inc. paid total cash consideration of \$489 million, including \$9 million of working capital adjustments, plus assumed project level debt of \$737 million.

The above sales were recorded as transfers of entities under common control and the related assets were transferred at their carrying value.

Note 4 — Fair Value of Financial Instruments

For cash and cash equivalents, funds deposited by counterparties, accounts and other receivables, accounts payable, restricted cash, and cash collateral posted and received in support of energy risk management activities, the carrying amount approximates fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying values and fair values of the Company's recorded financial instruments not carried at fair market value are as follows:

	As of December 31,			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Assets				
Notes receivable (a)	\$ 16	\$ 15	\$ 34	\$ 34
Liabilities				
Long-term debt, including current portion (b)	\$ 16,603	\$ 16,894	\$ 16,655	\$ 16,620

(a) Includes the current portion of notes receivable which is recorded in prepayments and other current assets on the Company's consolidated balance sheets.
(b) Excludes deferred financing costs, which are recorded as a reduction to long-term debt on the Company's consolidated balance sheets.

The fair value of the Company's publicly-traded long-term debt is based on quoted market prices and is classified as Level 2 within the fair value hierarchy. The fair value of debt securities, non-publicly traded long-term debt, and certain notes receivable of the Company are based on expected future cash flows discounted at market interest rates or current interest rates for similar instruments with equivalent credit quality and are classified as Level 3 within the fair value hierarchy. The following table presents the level within the fair value hierarchy for long-term debt, including current portion as of December 31, 2017 and 2016:

	As of December 31, 2017		As of December 31, 2016	
	Level 2	Level 3	Level 2	Level 3
		(In millions)		
Long-term debt, including current portion	\$ 8,934	\$ 7,960	\$ 9,205	\$ 7,415

Fair Value Accounting under ASC 820

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. NRG's financial assets and liabilities utilizing Level 1 inputs include active exchange-traded securities, energy derivatives, and trust fund investments.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. NRG's financial assets and liabilities utilizing Level 2 inputs include fixed income securities, exchange-based derivatives, and over the counter derivatives such as swaps, options and forward contracts.
- Level 3 — unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. NRG's financial assets and liabilities utilizing Level 3 inputs include infrequently-traded, non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement in its entirety.

Recurring Fair Value Measurements

Debt securities, equity securities, and trust fund investments, which are comprised of various U.S. debt and equity securities, and derivative assets and liabilities, are carried at fair market value.

The following tables present assets and liabilities measured and recorded at fair value on the Company's consolidated balance sheets on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2017			
	Fair Value			
	Total	Level 1	Level 2	Level 3
	(In millions)			
Investments in securities (classified within other non-current assets):				
Debt securities	\$ 19	\$ —	\$ —	\$ 19
Available-for-sale securities	3	3	—	—
Nuclear trust fund investments:				
Cash and cash equivalents	47	45	2	—
U.S. government and federal agency obligations	43	42	1	—
Federal agency mortgage-backed securities	82	—	82	—
Commercial mortgage-backed securities	14	—	14	—
Corporate debt securities	99	—	99	—
Equity securities	334	334	—	—
Foreign government fixed income securities	5	—	5	—
Other trust fund investments:				
U.S. government and federal agency obligations	1	1	—	—
Derivative assets:				
Commodity contracts	745	191	509	45
Interest rate contracts	53	—	53	—
Measured using net asset value practical expedient:				
Equity securities	68			
Total assets	\$ 1,513	\$ 616	\$ 765	\$ 64
Derivative liabilities:				
Commodity contracts	\$ 693	\$ 257	\$ 359	\$ 77
Interest rate contracts	59	—	59	—
Total liabilities	\$ 752	\$ 257	\$ 418	\$ 77

	As of December 31, 2016			
	Fair Value			
	Total	Level 1	Level 2	Level 3
Investments in securities (classified within other non-current assets):				
Debt securities	\$ 17	\$ —	\$ —	\$ 17
Available-for-sale securities	10	10	—	—
Nuclear trust fund investments:				
Cash and cash equivalents	25	25	—	—
U.S. government and federal agency obligations	73	72	1	—
Federal agency mortgage-backed securities	62	—	62	—
Commercial mortgage-backed securities	17	—	17	—
Corporate debt securities	84	—	84	—
Equity securities	292	292	—	—
Foreign government fixed income securities	3	—	3	—
Other trust fund investments:				
U.S. government and federal agency obligations	1	1	—	—
Derivative assets:				
Commodity contracts	1,199	560	549	90
Interest rate contracts	49	—	49	—
Measured using net asset value practical expedient:				
Equity securities	54			
Total assets	\$ 1,886	\$ 960	\$ 765	\$ 107
Derivative liabilities:				
Commodity contracts	\$ 1,288	\$ 494	\$ 636	\$ 158
Interest rate contracts	88	—	88	—
Total liabilities	\$ 1,376	\$ 494	\$ 724	\$ 158

There have been no transfers during the year ended December 31, 2017 between Levels 1 and 2. The following tables reconcile, for the years ended December 31, 2017 and 2016, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

	For the Year Ended December 31, 2017		
	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	Debt Securities	Derivatives ^(a)	Total
	(In millions)		
Beginning balance as of January 1, 2017	\$ 17	\$ (68)	\$ (51)
Total gains/(losses) realized/unrealized:			
Included in earnings	2	43	45
Included in nuclear decommissioning obligations	—	—	—
Purchases	—	(23)	(23)
Contracts reclassified to held-for-sale	—	4	4
Transfers into Level 3 ^(b)	—	(1)	(1)
Transfers out of Level 3 ^(b)	—	13	13
Ending balance as of December 31, 2017	\$ 19	\$ (32)	\$ (13)
Gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of December 31, 2017	\$ 2	\$ 6	\$ 8

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

(b) Transfers into/out of Level 3 are related to the availability of external broker quotes, and are valued as of the end of the reporting period. All transfers into/out of Level 3 are from/to Level 2.

For the Year Ended December 31, 2016

Fair Value Measurement Using Significant Unobservable Inputs (Level 3)

	Debt Securities	Trust Fund Investments ^(c)	Derivatives ^(a)	Total
	(In millions)			
Beginning balance as of January 1, 2016	\$ 17	\$ 54	\$ (22)	\$ 49
Total gains/(losses) realized/unrealized:				
Included in earnings	—	—	2	2
Included in nuclear decommissioning obligations	—	(1)	—	(1)
Purchases	—	1	(29)	(28)
Transfers into Level 3 ^(b)	—	—	(18)	(18)
Transfer out of Level 3 ^(b)	—	(54)	(1)	(55)
Ending balance as of December 31, 2016	\$ 17	\$ —	\$ (68)	\$ (51)
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of December 31, 2016	\$ —	\$ —	\$ (13)	\$ (13)

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

(b) Transfers into/out of Level 3 are related to the availability of external broker quotes, and are valued as of the end of the reporting period. All transfers into/out of Level 3 are from/to Level 2.

(c) All Trust Fund Investments were considered transferred out of Level 3 as these investments are measured using net asset value as a practical expedient and are thus classified outside of the fair value hierarchy as of December 31, 2016.

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

Non-derivative fair value measurements

NRG's investments in debt securities are classified as Level 3 and consist of non-traded debt instruments that are valued based on third-party market value assessments.

The trust fund investments are held primarily to satisfy NRG's nuclear decommissioning obligations. These trust fund investments hold debt and equity securities directly and equity securities indirectly through commingled funds. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. In addition, U.S. government and federal agency obligations are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of corporate debt securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized in Level 2. Certain equity securities, classified as commingled funds, are analogous to mutual funds, are maintained by investment companies, and hold certain investments in accordance with a stated set of fund objectives. The fair value of the equity securities classified as commingled funds are based on net asset values per fund share (the unit of account), derived from the quoted prices in active markets of the underlying equity securities. However, because the shares in the commingled funds are not publicly quoted, not traded in an active market and are subject to certain restrictions regarding their purchase and sale, the commingled funds are categorized in Level 3. See also Note 6, *Nuclear Decommissioning Trust Fund*.

Derivative fair value measurements

A portion of the Company's contracts are exchange-traded contracts with readily available quoted market prices. A majority of NRG's contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. For the majority of NRG markets, the Company receives quotes from multiple sources. To the extent that NRG receives multiple quotes, the Company's prices reflect the average of the bid-ask mid-point prices obtained from all sources that NRG believes provide the most liquid market for the commodity. If the Company receives one quote, then the mid-point of the bid-ask spread for that quote is used. The terms for which such price information is available vary by commodity, region and product. A significant portion of the fair value of the Company's derivative portfolio is based on price quotes from brokers in active markets who regularly facilitate those transactions and the Company believes such price quotes are executable. The Company does not use third party sources that derive price based on proprietary models or market surveys. The remainder of the assets and liabilities represents contracts for which external sources or observable market quotes are not available. These contracts are valued based on various valuation techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Contracts valued with prices provided by models and other valuation techniques make up 6% of derivative assets and 10% of derivative liabilities. The fair value of each contract is discounted using a risk free interest rate. In addition, the Company applies a credit reserve to reflect credit risk, which for interest rate swaps is calculated utilizing the bilateral method based on published default probabilities. For commodities, to the extent that NRG's net exposure under a specific master agreement is an asset, the Company uses the counterparty's default swap rate. If the exposure under a specific master agreement is a liability, the Company uses NRG's default swap rate. For interest rate swaps and commodities, the credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume NRG's liabilities or that a market participant would be willing to pay for NRG's assets. As of December 31, 2017, the credit reserve resulted in no change in fair value in operating revenue and cost of operations. As of December 31, 2016 the credit reserve resulted in a \$10 million decrease in fair value in operating revenue and cost of operations.

The fair values in each category reflect the level of forward prices and volatility factors as of December 31, 2017, and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts NRG holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible, however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

NRG's significant positions classified as Level 3 include physical and financial power executed in illiquid markets as well as financial transmission rights, or FTRs. The significant unobservable inputs used in developing fair value include illiquid power location pricing which is derived as a basis to liquid locations. The basis spread is based on observable market data when available or derived from historic prices and forward market prices from similar observable markets when not available. For FTRs, NRG uses the most recent auction prices to derive the fair value.

The following tables quantify the significant unobservable inputs used in developing the fair value of the Company's Level 3 positions as of December 31, 2017 and 2016:

Significant Unobservable Inputs							
December 31, 2017							
Fair Value			Valuation Technique	Significant Unobservable Input	Input/Range		Weighted Average
Assets	Liabilities				Low	High	
(In millions)							
Power Contracts	\$ 34	\$ 65	Discounted Cash Flow	Forward Market Price (per MWh)	\$ 10	\$ 142	\$ 33
FTRs	11	12	Discounted Cash Flow	Auction Prices (per MWh)	(28)	46	—
	<u>\$ 45</u>	<u>\$ 77</u>					

Significant Unobservable Inputs

December 31, 2016

	Fair Value		Valuation Technique	Significant Unobservable Input	Input/Range		Weighted Average
	Assets	Liabilities			Low	High	
	(In millions)						
Power Contracts	\$ 39	\$ 108	Discounted Cash Flow	Forward Market Price (per MWh)	\$ 11	\$ 104	\$ 31
FTRs	51	50	Discounted Cash Flow	Auction Prices (per MWh)	(22)	17	—
	<u>\$ 90</u>	<u>\$ 158</u>					

The following table provides sensitivity of fair value measurements to increases/(decreases) in significant unobservable inputs as of December 31, 2017 and 2016:

Significant Unobservable Input	Position	Change In Input	Impact on Fair Value Measurement
Forward Market Price Power	Buy	Increase/(Decrease)	Higher/(Lower)
Forward Market Price Power	Sell	Increase/(Decrease)	Lower/(Higher)
FTR Prices	Buy	Increase/(Decrease)	Higher/(Lower)
FTR Prices	Sell	Increase/(Decrease)	Lower/(Higher)

Under the guidance of ASC 815, entities may choose to offset cash collateral posted or received against the fair value of derivative positions executed with the same counterparties under the same master netting agreements. The Company has chosen not to offset positions as defined in ASC 815. As of December 31, 2017, the Company recorded \$171 million of cash collateral posted and \$37 million of cash collateral received on its balance sheet.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, *Summary of Significant Accounting Policies*, the following item is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process; (ii) a daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk by having a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at the Company to cover the credit risk of the counterparty until positions settle.

Counterparty Credit Risk

As of December 31, 2017, counterparty credit exposure, excluding credit exposure from RTOs, ISOs, and registered commodity exchanges and certain long-term agreements, was \$220 million and NRG held collateral (cash and letters of credit) against those positions of \$30 million, resulting in a net exposure of \$196 million. Approximately 73% of the Company's exposure before collateral is expected to roll off by the end of 2019. Counterparty credit exposure is valued through observable market quotes and discounted at a risk free interest rate. The following tables highlight net counterparty credit exposure by industry sector and by counterparty credit quality. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and NPNS, and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

<u>Category</u>	<u>Net Exposure^{(a) (b)} (% of Total)</u>
Financial institutions	14%
Utilities, energy merchants, marketers and other	86
Total	100%

<u>Category</u>	<u>Net Exposure^{(a) (b)} (% of Total)</u>
Investment grade	69%
Non-Investment grade/Non-Rated	31
Total	100%

(a) Counterparty credit exposure excludes uranium and coal transportation contracts because of the unavailability of market prices.

(b) The figures in the tables above exclude potential counterparty credit exposure related to RTOs, ISOs, registered commodity exchanges and certain long term contracts.

NRG has counterparty credit risk exposure to certain counterparties, each of which represent more than 10% of total net exposure discussed above. The aggregate of such counterparties' exposure was \$37 million as of December 31, 2017. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial position or results of operations from nonperformance by any of NRG's counterparties.

RTOs and ISOs

The Company participates in the organized markets of CAISO, ERCOT, ISO-NE, MISO, NYISO and PJM, known as RTOs or ISOs. Trading in these markets is approved by FERC, or in the case of ERCOT, approved by the PUCT and includes credit policies that, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. As a result, the counterparty credit risk to these markets is limited to NRG's share of overall market and are excluded from the above exposures.

Exchange Traded Transactions

The Company enters into commodity transactions on registered exchanges, notably ICE and NYMEX. These clearinghouses act as the counterparty and transactions are subject to extensive collateral and margining requirements. As a result, these commodity transactions have limited counterparty credit risk.

Long Term Contracts

Counterparty credit exposure described above excludes credit risk exposure under certain long term agreements, including California tolling agreements, Gulf Coast load obligations, wind and solar PPAs. As external sources or observable market quotes are not available to estimate such exposure, the Company values these contracts based on various techniques including, but not limited to, internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Based on these valuation techniques, as of December 31, 2017, aggregate credit risk exposure managed by NRG to these counterparties was approximately \$4.1 billion, including \$2.6 billion related to assets of NRG Yield, Inc., for the next five years. This amount excludes potential credit exposures for projects with long term PPAs that have not reached commercial operations. The majority of these power contracts are with utilities or public power entities with strong credit quality and public utility commission or other regulatory support. However, such regulated utility counterparties can be impacted by changes in government regulations, which NRG is unable to predict.

Retail Customer Credit Risk

The Company is exposed to retail credit risk through the Company's retail electricity providers, which serve C&I customers and the Mass market. Retail credit risk results in losses when a customer fails to pay for services rendered. The losses may result from both nonpayment of customer accounts receivable and the loss of in-the-money forward value. The Company manages retail credit risk through the use of established credit policies that include monitoring of the portfolio and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of December 31, 2017, the Company's retail customer credit exposure to C&I and Mass customers was diversified across many customers and various industries, as well as government entities. The Company is also subject to risk with respect to its residential solar customers. The Company's bad debt expense was \$68 million, \$48 million, and \$64 million for the years ending December 31, 2017, 2016, and 2015, respectively. Current economic conditions may affect the Company's customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

Note 5 — Accounting for Derivative Instruments and Hedging Activities

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

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

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

Energy-Related Commodities

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

- Forward contracts, which commit NRG to purchase or sell energy commodities or purchase fuels in the future;
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument;
- Swap agreements, which require payments to or from counterparties based upon the differential between two prices for a predetermined contractual, or notional, quantity;
- Option contracts, which convey to the option holder the right but not the obligation to purchase or sell a commodity;
- Extendable swaps, which include a combination of swaps and options executed simultaneously for different periods. This combination of instruments allows NRG to sell out-year volatility through call options in exchange for natural gas swaps with fixed prices in excess of the market price for natural gas at that time. The above-market swap combined with its later-year call option are priced in aggregate at market at the trade's inception; and
- Weather derivative products used to mitigate a portion of lost revenue due to weather.

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

- Fixing the price for a portion of anticipated future electricity sales that provides an acceptable return on the Company's electric generation operations;
- Fixing the price of a portion of anticipated fuel purchases for the operation of the Company's power plants; and
- Fixing the price of a portion of anticipated power purchases for the Company's retail sales.

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

As of December 31, 2017, NRG's derivative assets and liabilities consisted primarily of the following:

- Forward and financial contracts for the purchase/sale of electricity and related products economically hedging NRG's generation assets' forecasted output or NRG's retail load obligations through 2031;
- Forward and financial contracts for the purchase of fuel commodities relating to the forecasted usage of NRG's generation assets through 2019; and
- Other energy derivatives instruments extending through 2024.

Also, as of December 31, 2017, NRG had other energy-related contracts that did not meet the definition of a derivative instrument or qualified for the NPNS exception and were therefore exempt from fair value accounting treatment as follows:

- Load-following forward electric sale contracts extending through 2026;
- Power tolling contracts through 2043;
- Coal purchase contracts through 2021;
- Power transmission contracts through 2025;
- Natural gas transportation contracts and storage agreements through 2030; and
- Coal transportation contracts through 2029.

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable rate debt. In order to manage the Company's interest rate risk, NRG enters into interest rate swap agreements. As of December 31, 2017, NRG had interest rate derivative instruments on recourse debt extending through 2021 and non-recourse debt extending through 2041, some of which are designated as cash flow hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's open derivative transactions broken out by commodity, excluding those derivatives that qualified for the NPNS exception as of December 31, 2017 and 2016. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

Commodity	Units	Total Volume	
		December 31, 2017	December 31, 2016
(In millions)			
Emissions	Short Ton	1	—
Coal	Short Ton	21	35
Natural Gas	MMBtu	(17)	(53)
Oil	Barrel	—	1
Power	MWh	14	7
Capacity	MW/Day	(1)	(1)
Interest	Dollars	\$ 3,876	\$ 3,429
Equity	Shares	1	1

The decrease in the natural gas position was primarily the result of the settlement of generation hedge positions. The increase in the interest rate position was primarily the result of entering into new interest rate swaps to hedge additional non-recourse project level debt.

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet:

(In millions)	Fair Value			
	Derivative Assets		Derivative Liabilities	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Derivatives Designated as Cash Flow or Fair Value Hedges:				
Interest rate contracts current	\$ 1	\$ —	\$ 5	\$ 28
Interest rate contracts long-term	11	12	11	41
Total Derivatives Designated as Cash Flow or Fair Value Hedges	12	12	16	69
Derivatives Not Designated as Cash Flow or Fair Value Hedges:				
Interest rate contracts current	9	—	15	7
Interest rate contracts long-term	32	37	28	12
Commodity contracts current	616	1,067	535	1,057
Commodity contracts long-term	129	132	158	231
Total Derivatives Not Designated as Cash Flow or Fair Value Hedges	786	1,236	736	1,307
Total Derivatives	\$ 798	\$ 1,248	\$ 752	\$ 1,376

The Company has elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. In addition, collateral received or paid on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. The following table summarizes the offsetting derivatives by counterparty master agreement level and collateral received or paid:

	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets/Liabilities	Derivative Instruments	Cash Collateral (Held)/Posted	Net Amount
As of December 31, 2017	(In millions)			
Commodity contracts:				
Derivative assets	\$ 745	\$ (578)	\$ (11)	\$ 156
Derivative liabilities	(693)	578	73	(42)
Total commodity contracts	52	—	62	114
Interest rate contracts:				
Derivative assets	53	(3)	—	50
Derivative liabilities	(59)	3	—	(56)
Total interest rate contracts	(6)	—	—	(6)
Total derivative instruments	\$ 46	\$ —	\$ 62	\$ 108

Gross Amounts Not Offset in the Statement of Financial Position

As of December 31, 2016	Gross Amounts of		Cash Collateral		Net Amount
	Recognized Assets/Liabilities	Derivative Instruments	(Held)/Posted		
	(In millions)				
Commodity contracts:					
Derivative assets	\$ 1,199	\$ (1,021)	\$ (13)	\$ 165	
Derivative liabilities	(1,288)	1,021	13	(254)	
Total commodity contracts	(89)	—	—	(89)	
Interest rate contracts:					
Derivative assets	49	(4)		45	
Derivative liabilities	(88)	4	—	(84)	
Total interest rate contracts	(39)	—	—	(39)	
Total derivative instruments	\$ (128)	\$ —	\$ —	\$ (128)	

Accumulated Other Comprehensive Income

The following tables summarize the effects on NRG's accumulated OCI balance attributable to cash flow hedge derivatives, net of tax:

	Year Ended December 31, 2017	
	Interest Rate	Total
	(In millions)	
Accumulated OCI balance at December 31, 2016	\$ (66)	\$ (66)
Reclassified from accumulated OCI to income:		
Due to realization of previously deferred amounts	12	12
Mark-to-market of cash flow hedge accounting contracts	—	—
Accumulated OCI balance at December 31, 2017, net of \$8 tax	\$ (54)	\$ (54)
Losses expected to be realized from other comprehensive loss during the next 12 months, net of \$2 tax	\$ (12)	\$ (12)

	Year Ended December 31, 2016	
	Interest Rate	Total
	(In millions)	
Accumulated OCI balance at December 31, 2015	\$ (101)	\$ (101)
Reclassified from accumulated OCI to income:		
Due to realization of previously deferred amounts	21	21
Mark-to-market of cash flow hedge accounting contracts	14	14
Accumulated OCI balance at December 31, 2016, net of \$16 tax	\$ (66)	\$ (66)

	Year Ended December 31, 2015		
	Energy Commodities	Interest Rate	Total
	(In millions)		
Accumulated OCI balance at December 31, 2014	\$ (1)	\$ (67)	\$ (68)
Reclassified from accumulated OCI to income:			
Due to realization of previously deferred amounts	1	14	15
Mark-to-market of cash flow hedge accounting contracts	—	(48)	(48)
Accumulated OCI balance at December 31, 2015, net of \$16 tax	\$ —	\$ (101)	\$ (101)

Amounts reclassified from accumulated OCI into income are recorded to operating revenue for commodity contracts and interest expense for interest rate contracts.

Accounting guidelines require a high degree of correlation between the derivative and the hedged item throughout the period in order to qualify as a cash flow hedge. As of December 31, 2016, the Company's regression analysis for Viento Funding II interest rate swaps, while positively correlated, did not meet the required threshold for cash flow hedge accounting. As a result, the Company de-designated the Viento Funding II cash flow hedges as of December 31, 2016, and will prospectively mark these derivatives to market through the income statement.

The Company's regression analysis for Marsh Landing, Walnut Creek and Avra Valley interest rate swaps, while positively correlated, no longer contain matching terms for cash flow hedge accounting. As a result, the Company voluntarily de-designated the Marsh Landing, Walnut Creek and Avra Valley cash flow hedges as of April 28, 2017, and will prospectively mark these derivatives to market through the income statement.

Impact of Derivative Instruments on the Statement of Operations

Unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedges are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that have not been designated as cash flow hedges, and trading activity on the Company's statement of operations. The effect of commodity hedges is included within operating revenues and cost of operations and the effect of interest rate hedges is included in interest expense.

	Year Ended December 31,		
	2017	2016	2015
(In millions)			
Unrealized mark-to-market results			
Reversal of previously recognized unrealized loss/(gains) on settled positions related to economic hedges	\$ 47	\$ (128)	\$ (162)
Reversal of acquired gain positions related to economic hedges	—	(12)	(22)
Net unrealized gains/(losses) on open positions related to economic hedges	146	6	(9)
Total unrealized mark-to-market gains/(losses) for economic hedging activities	193	(134)	(193)
Reversal of previously recognized unrealized (gains)/losses on settled positions related to trading activity	(25)	10	(46)
Reversal of acquired gain positions related to trading activity	—	—	(14)
Net unrealized gains/(losses) on open positions related to trading activity	14	18	(16)
Total unrealized mark-to-market (losses)/gains for trading activity	(11)	28	(76)
Total unrealized gains/(losses)	\$ 182	\$ (106)	\$ (269)
Year Ended December 31,			
(In millions)			
Unrealized gains/(losses) included in operating revenues	\$ 228	\$ (614)	\$ (210)
Unrealized (losses)/gains included in cost of operations	(46)	508	(59)
Total impact to statement of operations — energy commodities	\$ 182	\$ (106)	\$ (269)
Total impact to statement of operations — interest rate contracts	\$ 9	\$ 36	\$ 17

The reversal of gain or loss positions acquired as part of acquisitions were valued based upon the forward prices on the acquisition dates. The roll-off amounts were offset by realized gains or losses at the settled prices and are reflected in revenue or cost of operations during the same period.

For the year ended December 31, 2017, the \$146 million gain from economic hedge positions was primarily the result of an increase in the value of forward purchases of ERCOT heat rate contracts due to ERCOT heat rate expansion.

For the year ended December 31, 2016, the \$6 million gain from economic hedge positions was primarily the result of an increase in the value of forward purchases of natural gas due to an increase in natural gas prices.

For the year ended December 31, 2015, the \$9 million loss from economic hedge positions was primarily the result of a decrease in the value of forward purchases of natural gas due to a decrease in natural gas prices.

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements, or require the Company to post additional collateral if there were a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in net liability positions as of December 31, 2017 was \$25 million. The collateral required for contracts with credit rating contingent features that are in a net liability position as of December 31, 2017 was \$7 million. The Company is also a party to certain marginable agreements under which it has a net liability position, but the counterparty has not called for the collateral due, which was approximately \$4 million as of December 31, 2017.

See Note 4, *Fair Value of Financial Instruments*, for discussion regarding concentration of credit risk.

Note 6 — Nuclear Decommissioning Trust Fund

NRG's Nuclear Decommissioning Trust Fund assets, which are for the decommissioning of STP, are comprised of securities classified as available-for-sale and recorded at fair value based on actively quoted market prices. Although NRG is responsible for managing the decommissioning of its 44% interest in STP, the predecessor utilities that owned STP are authorized by the PUCT to collect decommissioning funds from their ratepayers to cover decommissioning costs on behalf of NRG. NRC requirements determine the decommissioning cost estimate which is the minimum required level of funding. In the event that funds from the ratepayers that accumulate in the nuclear decommissioning trust are ultimately determined to be inadequate to decommission the STP facilities, the utilities will be required to collect through rates charged to rate payers all additional amounts, with no obligation from NRG, provided that NRG has complied with PUCT rules and regulations regarding decommissioning trusts. Following completion of the decommissioning, if surplus funds remain in the decommissioning trusts, any excess will be refunded to the respective ratepayers of the utilities.

NRG accounts for the Nuclear Decommissioning Trust Fund in accordance with ASC 980, *Regulated Operations*, or ASC 980, because the Company's nuclear decommissioning activities are subject to approval by the PUCT, with regulated rates that are designed to recover all decommissioning costs and that can be charged to and collected from the ratepayers per PUCT mandate. Since the Company is in compliance with PUCT rules and regulations regarding decommissioning trusts and the cost of decommissioning is the responsibility of the Texas ratepayers, not NRG, all realized and unrealized gains or losses (including other-than-temporary impairments) related to the Nuclear Decommissioning Trust Fund are recorded to the Nuclear Decommissioning Trust liability and are not included in net income or accumulated other comprehensive income, consistent with regulatory treatment.

The following table summarizes the aggregate fair values and unrealized gains and losses (including other-than-temporary impairments) for the securities held in the trust funds, as well as information about the contractual maturities of those securities.

(In millions, except otherwise noted)	As of December 31, 2017				As of December 31, 2016			
	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average maturities (in years)	Fair Value	Unrealized Gains	Unrealized Losses	Weighted-average maturities (in years)
Cash and cash equivalents	\$ 47	\$ —	\$ —	—	\$ 25	\$ —	\$ —	—
U.S. government and federal agency obligations	43	1	—	11	73	1	—	11
Federal agency mortgage-backed securities	82	1	1	23	62	1	1	25
Commercial mortgage-backed securities	13	—	—	20	17	—	1	26
Corporate debt securities	99	2	1	11	84	1	2	11
Equity securities	403	272	—	—	346	214	—	—
Foreign government fixed income securities	5	—	—	9	3	—	—	9
Total	<u>\$ 692</u>	<u>\$ 276</u>	<u>\$ 2</u>		<u>\$ 610</u>	<u>\$ 217</u>	<u>\$ 4</u>	

The following table summarizes proceeds from sales of available-for-sale securities and the related realized gains and losses from these sales. The cost of securities sold is determined using the specific identification method.

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Realized gains	\$ 22	\$ 26	\$ 21
Realized losses	8	11	14
Proceeds from sale of securities	501	510	631

Note 7 — Inventory

Inventory consisted of:

	As of December 31,	
	2017	2016
	(In millions)	
Fuel oil	\$ 90	\$ 142
Coal/Lignite	126	219
Natural gas	24	28
Spare parts	292	332
Total Inventory	\$ 532	\$ 721

During the year ended December 31, 2017, the Company recorded a lower of weighted average cost or market adjustment related to fuel oil of \$33 million.

Note 8 — Notes Receivable

Notes receivable consist of fixed and variable rate notes related primarily to amounts owed to the Company from transmission owners for certain projects for the financing of network upgrades. The Company's notes receivable were as follows:

	As of December 31,	
	2017	2016
	(In millions)	
Notes receivable	\$ 16	\$ 34
Less current maturities ^(a)	14	18
Total notes receivable — non-current	\$ 2	\$ 16

(a) The current portion of notes receivable is recorded in prepayments and other current assets on the consolidated balance sheets.

Note 9 — Property, Plant and Equipment

The Company's major classes of property, plant, and equipment were as follows:

	As of December 31,		Depreciable Lives
	2017	2016	
	(In millions)		
Facilities and equipment	\$ 15,907	\$ 18,698	1-40 Years
Land and improvements	710	750	
Nuclear fuel	236	226	5 Years
Office furnishings and equipment	434	412	2-10 Years
Construction in progress	1,086	619	
Total property, plant, and equipment	18,373	20,705	
Accumulated depreciation	(4,465)	(5,336)	
Net property, plant, and equipment	\$ 13,908	\$ 15,369	

The Company recorded long-lived asset impairments during the years ended December 31, 2017 and 2016, as further described in Note 10, *Asset Impairments*.

Note 10 — Asset Impairments

2017 Impairment Losses

During the fourth quarter of 2017, the Company completed its annual budget and revised its view of long-term power and fuel prices and the corresponding impact on estimated cash flows associated with its long-lived assets. The most significant impact was a decrease in the Company's long-term view of natural gas prices which resulted in a reduction to long-term power prices and had a negative impact on the Company's coal, nuclear and renewable facilities. Each of the facilities below had estimated cash flows that were lower than the carrying amount and the assets were considered impaired.

The fair values of the assets were determined using an income approach by applying a discounted cash flow methodology to the long-term budget for the facility. The income approach utilized estimates of discounted future cash flows, which were Level 3 fair value measurements, and include key inputs such as forecasted power prices, nuclear fuel costs, forecasted operating and maintenance costs, plant investment capital expenditures and discount rates.

South Texas Project, or STP — The Company recognized an impairment loss of \$1,248 million related to its interest in STP as a result of the decrease in the Company's view of long-term power prices in ERCOT.

Indian River — The Company recognized an impairment loss of \$36 million for Indian River as a result of the decrease in the Company's view of long-term power prices in PJM.

Keystone and Conemaugh — The Company recognized impairment losses of \$35 million for Keystone and \$35 million for Conemaugh as a result of the decrease in the Company's view of long-term power prices in PJM.

Wind Facilities — The Company recorded impairment losses of \$110 million, \$26 million and \$4 million for Langford, Elbow Creek and Forward, respectively, as a result of the decrease in the Company's view of long-term merchant power prices in ERCOT and PJM. While Elbow Creek and Forward have contracts to sell power, the significant decrease in estimated power prices had an impact on cash flows in post-contract periods.

The Company also recorded the following impairments in 2017 based on specific triggering events that occurred:

Bacliff Project — On June 16, 2017, NRG Texas Power LLC provided notice to BTEC New Albany, LLC that it was exercising its right to terminate the Amended and Restated Membership Interest Purchase Agreement, or MIPA, due to the Bacliff Project, a new peaking facility at the former P.H. Robinson Electric Generating Station, not achieving commercial completion by the contractual expiration date of May 31, 2017. As a result of the MIPA termination, the Company recorded an impairment loss of \$41 million to reduce the carrying amount of the related construction in progress to zero during the second quarter of 2017. On July 14, 2017, the Company gave notice to BTEC New Albany, LLC that it owes NRG Texas Power LLC approximately \$48 million under the terminated MIPA, consisting of \$38 million in purchaser incurred costs and \$10 million in liquidated damages.

Other Long-Lived Asset Impairments — During the second, third and fourth quarters of 2017, the Company recorded impairment losses of approximately \$22 million, \$14 million and \$15 million, respectively, in connection with the Company's Renewables business. These impairment losses were primarily to record the value of certain long-lived assets, including property, plant and equipment and intangible assets, at fair market value at acquisition date or in connection with an impairment indicator.

Petra Nova Parish Holdings — In connection with the preparation of the annual budget during the fourth quarter, management revised its view of oil production expectations with respect to Petra Nova Parish Holdings. As a result, the Company reviewed its 50% interest in Petra Nova Parish Holdings for impairment utilizing the other-than-temporary impairment model. In determining fair value, the Company utilized an income approach and considered project specific assumptions for the future project cash flows. The carrying amount of the Company's equity method investment exceeded the fair value of the investment and the Company concluded that the decline is considered to be other-than-temporary. As a result, the Company measured the impairment loss as the difference between the carrying amount and the fair value of the investment and recorded an impairment loss of \$69 million.

The Company also recorded an additional \$11 million in impairment losses for other investments during the fourth quarter of 2017.

2016 Impairment Losses

Rockford — As described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, on May 12, 2016, the Company entered into an agreement with RA Generation, LLC to sell 100% of its interests in the Rockford generating stations for cash consideration of \$55 million. The transaction triggered an indicator of impairment as the sale price was less than the carrying amount of the assets, and, as a result, the assets were considered to be impaired. The Company measured the impairment loss as the difference between the carrying amount of the assets and the agreed-upon sale price. The Company recorded an impairment loss of \$17 million during the year ended December 31, 2016, to reduce the carrying amount of the assets held for sale to the fair market value.

Wind Facilities — During the fourth quarter of 2016, as the Company updated its estimated future cash flows in connection with the preparation of its annual budget, the Company determined that the cash flows for the Elbow Creek and Goat Wind projects, located in Texas and the Forward project, located in Pennsylvania were below the carrying value of the related assets, primarily driven by the declining merchant power prices in post-contract periods, and the assets were considered impaired. The fair values of the facilities were determined using an income approach by applying a discounted cash flow methodology to the long-term budgets for each respective plant. The income approach utilized estimates of discounted future cash flows, which were Level 3 fair value measurements and include key inputs, such as forecasted power prices, operations and maintenance expense and discount rates. The Company measured the impairment loss as the difference between the carrying amount and the fair value of the assets and recorded impairment losses of \$117 million, \$60 million and \$6 million for Elbow Creek, Goat Wind and Forward, respectively.

Long Beach — During the fourth quarter of 2016, the Company determined that by the end of 2017 it would retire its Long Beach generation station located in Long Beach, California. The generating station was not awarded a PPA extension in SCE's capacity auction during the fourth quarter of 2016 for the PPA set to expire on July 31, 2017. The Company considered this to be an indicator of impairment and performed an impairment test. The Company measured the impairment loss as the difference between the carrying amount and the fair value of the assets and recorded an impairment loss of \$36 million. Subsequently, management decided to continue to operate in 2018, which did not significantly impact fair value.

Other Impairments — During 2016, the Company recorded other impairment losses of \$153 million, which included \$23 million in excess SO₂ allowances, \$23 million for other intangible assets, \$19 million in previously purchased solar panels, \$18 million in deferred marketing expenses, \$22 million in other investments and \$48 million of other impairment losses.

Petra Nova Parish Holdings — During the first quarter of 2016, management changed its plans with respect to its future capital commitments driven in part by the continued decline in oil prices. As a result, the Company reviewed its 50% interest in Petra Nova Parish Holdings for impairment utilizing the other-than-temporary impairment model. In determining fair value, the Company utilized an income approach and considered project specific assumptions for the future project cash flows. The carrying amount of the Company's equity method investment exceeded the fair value of the investment and the Company concluded that the decline is considered to be other-than-temporary. As a result, the Company measured the impairment loss as the difference between the carrying amount and the fair value of the investment and recorded an impairment loss of \$140 million.

Community Wind North and Sherbino — During the fourth quarter of 2016, the Company offered several projects to NRG Yield including its interest in Community Wind North. The offer price was below its current carrying amount and this decline in fair value was determined to be other-than-temporary. Accordingly, the Company recorded an impairment loss of \$36 million to reduce its carrying amount to fair value. In addition, in connection with the preparation of the annual budget, the Company noted that due to the anticipated difficulty in refinancing Sherbino's debt that will mature in 2018, the project's fair value had decreased significantly below its carrying amount and this decline was determined to be other-than-temporary. Accordingly, the Company determined that an other-than-temporary impairment existed and recorded an impairment loss on its investment in Sherbino of \$70 million.

2015 Impairment Losses

Limestone and W.A. Parish — During the fourth quarter of 2015, as the Company updated its estimates of future cash flows in connection with the preparation of its annual budget, it was noted that the cash flows for the Limestone and W.A. Parish coal-fired facilities located in Texas were lower than the carrying amount, primarily driven by declining power prices as the cost of commodities continues to decline and the assets were impaired. The fair value of the Limestone and W.A. Parish plants was determined using an income approach by applying a discounted cash flow methodology to the long-term budgets for each respective plant. The income approach utilized estimates of discounted future cash flows, which were Level 3 fair value measurements, and include key inputs such as forecasted power prices, fuel costs and emissions credit expense, forecasted operating and capital expenditures and discount rates. The Company measured the impairment loss as the difference between the carrying amount and the fair value of the assets and recognized impairment losses of \$1,514 million and \$1,295 million related to Limestone and W.A. Parish, respectively.

Huntley — On August 25, 2015, the Company filed a notice with the NYSPPSC of its intent to retire Huntley's operating units on March 1, 2016. The Company considered this to be an indicator of impairment and performed an impairment test for these assets under ASC 360, *Property, Plant and Equipment*. On October 14, 2015, the Company filed a cost-of-service filing at FERC in anticipation that the Huntley operating units would be needed for reliability purposes, proposing a reliability must run service agreement for a four-year period beginning on March 1, 2016. On October 30, 2015, NYISO released the results of its reliability study, indicating that the Huntley operating units are not needed for bulk system reliability. The Company considered the impact of the reliability study conducted and evaluated the estimated cash flows associated with the facility. Accordingly, the Company determined that the carrying amount of the assets was higher than the estimated future net cash flows expected to be generated by the assets and that the assets were impaired. The fair value of the Huntley operating units was determined using the income approach. The income approach utilized estimates of discounted future cash flows, which were Level 3 fair value measurements, and include key inputs such as forecasted contract prices, forecasted operating expenses and discount rates. The Company recorded an impairment loss of \$132 million during the year ended December 31, 2015.

Dunkirk — The Company signed a ten-year agreement in November 2014 with National Grid to add natural gas-burning capabilities at the Dunkirk facility. On August 25, 2015, NRG announced that Dunkirk Unit 2 would be mothballed on January 1, 2016 at the expiration of its reliability support services agreement. The project to add natural gas-burning capabilities has been suspended, pending the outcome of litigation with respect to the gas addition contract and its validity. On October 30, 2015, NYISO released the results of its reliability study, indicating that the Dunkirk facility is not needed for system reliability. In connection with the planned mothball of the facility, the pending litigation and the latest reliability assessment completed by NYISO, the Company evaluated whether the related fixed assets were impaired. The Company determined that the carrying amount of the assets was higher than the estimated future net cash flows expected to be generated by the assets and that the assets were impaired. The fair value of the Dunkirk facility was determined using the income approach. The income approach utilized estimates of discounted future cash flows, which were Level 3 fair value measurements, and include key inputs such as forecasted contract prices, forecasted operating and capital expenditures and discount rates. The Company recorded an impairment loss of \$160 million during the year ended December 31, 2015.

Gregory — During the fourth quarter of 2015, the Company determined that the carrying amount of the assets was higher than the estimated future net cash flows expected to be generated by the assets and that the assets were impaired. The fair value of the Gregory facility was determined using the income approach, which utilized estimates of discounted future cash flows, which were Level 3 fair value measurements, and include key inputs such as forecasted prices, operating and capital expenditures and discount rates. The Company recorded an impairment loss of \$176 million during the year ended December 31, 2015.

Solar Panels — During the fourth quarter of 2015, the Company recorded an impairment loss of \$29 million to reduce the carrying value of certain solar panels to their approximate fair value.

Investments — During the fourth quarter of 2015, the Company reviewed certain of its cost method and equity method investments and concluded that losses incurred by these investments were other-than-temporary. These losses were primarily driven by the sustained decline in stock price of a publicly traded investment as well as change in financing structures of certain non-publicly traded investments. As a result, the Company recorded losses related to these investments of \$56 million.

Note 11 — Goodwill and Other Intangibles

Goodwill

NRG's goodwill balance was \$539 million and \$662 million as of December 31, 2017 and 2016, respectively. As of December 31, 2017, and 2016, NRG had approximately \$460 million and \$547 million, respectively, of goodwill that is deductible for U.S. income tax purposes in future periods. As of December 31, 2017, goodwill consisted of \$165 million associated with the acquisition of EME, \$341 million for Retail business acquisitions, and \$33 million associated with other business acquisitions.

2017 Impairments of Goodwill

BETM — During the fourth quarter of 2017, the Company concluded that BETM was held for sale in connection with board approval and advanced negotiations to sell the business. Accordingly, the Company recorded the assets and liabilities at fair market value as of December 31, 2017, which resulted in an impairment loss of \$90 million to record BETM's goodwill at fair market value. The remaining goodwill balance for BETM of \$21 million is included within non-current assets held-for-sale as of December 31, 2017.

SPP — During the fourth quarter of 2017, NRG sold its interests in certain SPP projects to NRG Yield. The goodwill recorded during the SPP acquisition was related primarily to its development pipeline, which was not sold to NRG Yield. As the Company does not expect to separately develop these projects and accordingly, has no cash flow stream associated with the goodwill, an impairment loss of \$12 million was recorded to reduce the value to zero as of December 31, 2017.

2016 Impairments of Goodwill

During the year ended December 31, 2016, the Company recorded a goodwill impairment charge of \$337 million related to its Texas reporting unit, reducing the goodwill balance for Texas to zero.

In connection with the annual impairment assessment, the Company performed step one of the two-step impairment test for the Texas reporting unit, for which \$1.7 billion of goodwill was recognized as part of the Texas Genco acquisition in 2006 and \$1.4 billion was written off in 2015. The Company determined the fair value of the Texas reporting unit primarily using an income approach through which the Company applied a discounted cash flow methodology to the long-term budgets for all plants in the regions. Significant inputs impacting the income approach include the Company's views of power and fuel prices for the first five-year period and the Company's view for the longer term, which were finalized in connection with the preparation of the fourth quarter financial statements, projected generation based on an hourly dispatch meant to simulate the dispatch of each unit into the power market which is impacted by power prices, fuel prices, and the physical and economic characteristics of each plant, intangible value to Texas for synergies it provides to NRG's retail businesses, and the discount rate applied to cash flow projections. Under step one, the estimated fair value of the Texas invested capital was 43% below its carrying value as of December 31, 2016, and the Company concluded step two was required. Based on the results of step two of the impairment test, the Company determined the carrying amount of the reporting unit was higher than the fair value, and accordingly, the Company recognized an impairment loss of \$337 million as of December 31, 2016.

Intangible Assets

The Company's intangible assets as of December 31, 2017, primarily reflect intangible assets established with the acquisitions of various companies and are comprised of the following:

- *Emission Allowances* — These intangibles primarily consist of SO₂ and NO_x emission allowances established with the 2006 Texas Genco acquisition and also include RGGI emission credits which NRG began purchasing in 2009. These emission allowances are held-for-use and are amortized to cost of operations, with NO_x allowances amortized on a straight-line basis and SO₂ allowances and RGGI credits amortized based on units of production. During the year ended December 31, 2017, the Company recorded an impairment loss of \$20 million to reduce the value of excess SO₂ allowances to zero.
- *Energy supply contracts* — Established with the acquisitions of Reliant Energy and Green Mountain Energy, these represent the fair value at the acquisition date of in-market contracts for the purchase of energy to serve retail electric customers. The contracts are amortized to cost of operations based on the expected delivery under the respective contracts.
- *In-market fuel (gas and nuclear) contracts* — These intangibles were established with the Texas Genco acquisition in 2006 and are amortized to cost of operations over expected volumes over the life of each contract.
- *Customer contracts* — Established with the acquisitions of Reliant Energy, Green Mountain Energy, and Northwind Phoenix, these intangibles represent the fair value at the acquisition date of contracts that primarily provide electricity to Reliant Energy's and Green Mountain Energy's C&I customers. These contracts are amortized to revenues based on expected volumes to be delivered for the portfolio.
- *Customer relationships* — These intangibles represent the fair value at the acquisition date of acquired businesses' customer base, primarily for Dominion, Energy Alternatives, Energy Plus, Reliant Energy, Green Mountain Energy, Energy Systems, Energy Curtailment Specialists, and Source Power & Gas. The customer relationships are amortized to depreciation and amortization expense based on the expected discounted future net cash flows by year.
- *Marketing partnerships* — Established with the acquisition of Energy Plus, these intangibles represent the fair value at the acquisition date of existing agreements with loyalty and affinity partners. The marketing partnerships are amortized to depreciation and amortization expense based on the expected discounted future net cash flows by year.
- *Trade names* — Established with the Reliant Energy, Green Mountain, Energy Plus and Dominion acquisitions, these intangibles are amortized to depreciation and amortization expense, on a straight-line basis.
- *Power purchase agreements* — Established predominantly with the EME and Alta Wind acquisitions, these represent the fair value of PPAs acquired. These will be amortized to revenues, generally on a straight-line basis, over the terms of the PPAs. During the year ended December 31, 2017, the Company recorded an impairment loss of \$6 million related to PPAs.
- *Other* — Consists of renewable energy credits, wind leasehold rights, costs to extend the operating license for STP Units 1 and 2, and the intangible assets related to purchased ground leases.

The following tables summarize the components of NRG's intangible assets subject to amortization:

<u>Year Ended December 31,</u> <u>2017</u>	Emission Allowances	Contracts			Customer Relationships	Marketing Partnerships	Trade Names	PPA	Other	Total
		Energy Supply	Fuel	Customer						
(In millions)										
January 1, 2017	\$ 789	\$ 54	\$ 72	\$ 16	\$ 816	\$ 88	\$ 342	\$ 1,286	\$ 198	\$ 3,661
Purchases	31	—	—	—	—	—	—	—	32	63
Acquisition of businesses	—	—	—	—	18	—	—	—	—	18
Usage	(10)	—	—	—	—	—	—	—	(28)	(38)
Write-off of fully amortized balances ^(a)	—	(54)	(23)	—	—	—	—	—	—	(77)
Impairment	(20)	—	—	—	—	—	—	(6)	—	(26)
Other	(23)	—	—	—	—	—	—	5	(19)	(37)
December 31, 2017	767	—	49	16	834	88	342	1,285	183	3,564
Less accumulated amortization	(591)	—	(45)	(9)	(698)	(54)	(182)	(205)	(34)	(1,818)
Net carrying amount	\$ 176	\$ —	\$ 4	\$ 7	\$ 136	\$ 34	\$ 160	\$ 1,080	\$ 149	\$ 1,746

(a) Adjusted for write-off of fully amortized energy supply contracts of \$54 million and fuel contracts of \$23 million.

<u>Year Ended December 31,</u> <u>2016</u>	Emission Allowances	Contracts			Customer Relationships	Marketing Partnerships	Trade Names	PPA	Other	Total
		Energy Supply	Fuel	Customer						
(In millions)										
January 1, 2016	\$ 816	\$ 54	\$ 72	\$ 16	\$ 834	\$ 88	\$ 342	\$ 1,286	\$ 213	\$ 3,721
Purchases	13	—	—	—	—	—	—	—	34	47
Acquisition of businesses	—	—	—	—	—	—	—	—	18	18
Usage	(1)	—	—	—	—	—	—	—	(44)	(45)
Write-off of fully amortized balances ^(a)	(10)	—	—	—	—	—	—	—	—	(10)
Impairment ^(b)	(23)	—	—	—	(18)	—	—	—	(23)	(64)
Other	(6)	—	—	—	—	—	—	—	—	(6)
December 31, 2016	789	54	72	16	816	88	342	1,286	198	3,661
Less accumulated amortization	(518)	(54)	(67)	(8)	(663)	(49)	(159)	(143)	(27)	(1,688)
Net carrying amount	\$ 271	\$ —	\$ 5	\$ 8	\$ 153	\$ 39	\$ 183	\$ 1,143	\$ 171	\$ 1,973

(a) Adjusted for write-off of fully amortized emission allowances of \$10 million.

(b) The impairment of customer relationships and other intangibles included a write-off of accumulated amortization of \$10 million and \$8 million, respectively.

The following table presents NRG's amortization of intangible assets for each of the past three years:

<u>Amortization</u>	<u>Years Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>(In millions)</u>		
Emission allowances	\$ 73	\$ 66	\$ 60
Energy supply contracts	—	7	5
Fuel contracts	1	2	2
Customer contracts	1	2	2
Customer relationships	35	49	67
Marketing partnerships	5	8	14
Trade names	23	22	23
Power purchase agreements	62	64	51
Other	7	11	14
Total amortization	<u>\$ 207</u>	<u>\$ 231</u>	<u>\$ 238</u>

The following table presents estimated amortization of NRG's intangible assets for each of the next five years:

<u>Year Ended December 31,</u>	<u>Contracts</u>								<u>Total</u>	
	<u>Emission Allowances</u>	<u>Fuel</u>		<u>Customer Relationships</u>		<u>Marketing Partnerships</u>	<u>Trade Names</u>	<u>PPA</u>		<u>Other</u>
	<u>(In millions)</u>									
2018	\$ 33	\$ 1	\$ 1	\$ 25	\$ 5	\$ 22	\$ 64	\$ 8	\$ 159	
2019	30	—	1	21	4	22	64	8	150	
2020	16	—	1	17	4	22	64	8	132	
2021	16	—	1	13	4	22	64	8	128	
2022	15	—	1	7	3	22	64	8	120	

Intangible assets held for sale — From time to time, management may authorize the transfer from the Company's emission bank of emission allowances held-for-use to intangible assets held-for-sale. Emission allowances held-for-sale are included in other non-current assets on the Company's consolidated balance sheet and are not amortized, but rather expensed as sold. As of December 31, 2017, the value of emission allowances held-for-sale is \$9 million and is managed within the Corporate segment. Once transferred to held-for-sale, these emission allowances are prohibited from moving back to held-for-use.

Out-of-market contracts — Due primarily to business acquisitions, NRG acquired certain out-of-market contracts, which are classified as non-current liabilities on NRG's consolidated balance sheet. These include out-of-market lease contracts of \$159 million acquired in the acquisition of EME. These out-of-market contracts are amortized to cost of operations. As of December 31, 2017 and 2016, the Company had accumulated amortization for out-of-market contracts of \$358 million and \$457 million, respectively.

The following table summarizes the estimated amortization related to NRG's out-of-market contracts:

<u>Year Ended December 31,</u>	<u>Power Contracts</u>		<u>Leases</u>		<u>Total</u>
	<u>(In millions)</u>				
2018	\$ 16	\$ 9	\$ 9	\$ 25	
2019	16	9	9	25	
2020	17	9	9	26	
2021	14	9	9	23	
2022	1	9	9	10	

Note 12 — Debt and Capital Leases

Long-term debt and capital leases consisted of the following:

(In millions, except rates)	December 31,		December 31, 2017
	2017	2016	Interest Rate % ^(a)
Recourse debt:			
Senior notes, due 2018	\$ —	\$ 398	7.625
Senior notes, due 2021	—	207	7.875
Senior notes, due 2022	992	992	6.250
Senior notes, due 2023	—	869	6.625
Senior notes, due 2024	733	733	6.250
Senior notes, due 2026	1,000	1,000	7.250
Senior notes, due 2027	1,250	1,250	6.625
Senior notes, due 2028	870	—	5.750
Term loan facility, due 2023	1,872	1,891	L+2.25
Tax-exempt bonds	465	455	4.125 - 6.00
Subtotal recourse debt	7,182	7,795	
Non-recourse debt:			
NRG Yield Operating LLC Senior Notes, due 2024	500	500	5.375
NRG Yield Operating LLC Senior Notes, due 2026	350	350	5.000
NRG Yield, Inc. Convertible Senior Notes, due 2019	345	345	3.500
NRG Yield, Inc. Convertible Senior Notes, due 2020	288	288	3.250
NRG Yield LLC and NRG Yield Operating LLC Revolving Credit Facility, due 2019 ^(b)	55	—	L+2.500
El Segundo Energy Center, due 2023	400	443	L+1.75 - L+2.375
Marsh Landing, due 2023	318	370	L+1.875
Alta Wind I - V lease financing arrangements, due 2034 and 2035	926	965	5.696 - 7.015
Walnut Creek, term loans due 2023	267	310	L+1.625
Utah Portfolio, due 2022	278	287	L+2.625
Tapestry, due 2021	162	172	L+1.625
CVSR, due 2037	746	771	2.339 - 3.775
CVSR HoldCo, due 2037	194	199	4.680
Alpine, due 2022	135	145	L+1.750
Energy Center Minneapolis, due 2025	83	96	3.55 - 5.95
Energy Center Minneapolis, due 2031	125	125	3.55
Viento, due 2023	163	178	L+3.00
NRG Yield - other	579	603	various
Subtotal NRG Yield debt (non-recourse to NRG) ^(c)	5,914	6,147	
Ivanpah, due 2033 and 2038	1,073	1,113	2.285 - 4.256
Carlsbad Energy Project ^(c)	427	—	L+1.625 -.04120
Agua Caliente, due 2037	818	849	2.395 - 3.633
Agua Caliente Borrower 1, due 2038	89	—	5.430
Cedro Hill, due 2029 ^(c)	151	163	L+1.75
Midwest Generation, due 2019	152	231	4.390
NRG Other Renewables ^(c)	647	269	
NRG Other	180	137	various
Subtotal other non-recourse debt	3,537	2,762	
Subtotal all non-recourse debt	9,451	8,909	
Subtotal long-term debt (including current maturities)	16,633	16,704	
Capital leases	5	6	various
Subtotal long-term debt and capital leases (including current maturities)	16,638	16,710	
Less current maturities	(688)	(516)	
Less debt issuance costs	(204)	(188)	
Discounts	(30)	(49)	
Total long-term debt and capital leases	\$ 15,716	\$ 15,957	

(a) As of December 31, 2017, L+ equals 3 month LIBOR plus x%, except for the Utah Solar Portfolio where L+ equals 1 month LIBOR plus 2.629%.

(b) Applicable rate is determined by the Borrower Leverage Ratio, as defined in the credit agreement

(c) Debt associated with the asset sales announced in February 2018

Long-term debt includes the following discounts:

	As of December 31,	
	2017	2016
	(In millions)	
Term loan facility, due 2023 ^(a)	\$ (7)	\$ (9)
Yield, Inc. Convertible notes, due 2019	(5)	(10)
Yield, Inc. Convertible notes, due 2020	(13)	(17)
Midwest Generation, due 2019	(5)	(13)
Total discounts	\$ (30)	\$ (49)

(a) Term loan facility, due 2018 replaced with the Term loan facility due 2023. Discount of \$1 million was related to current maturities in 2016.

Consolidated Annual Maturities

Annual payments based on the maturities of NRG's debt and capital leases for the years ending after December 31, 2017 are as follows:

	(In millions)	
2018	\$	695
2019		933
2020		805
2021		606
2022		1,854
Thereafter		11,745
Total	\$	16,638

Recourse Debt

Senior Notes

Issuance of 2028 Senior Notes

On December 7, 2017, NRG issued \$870 million of aggregate principal amount at par of 5.75% senior unsecured notes due 2028. The 2028 Senior Notes are senior unsecured obligations of NRG and are guaranteed by certain of its subsidiaries. Interest is paid semi-annually beginning on July 15, 2018, until the maturity date of January 15, 2028. The proceeds from the issuance of the 2028 Senior Notes were utilized to redeem the Company's 6.625% Senior Notes due 2023.

Issuance of 2026 Senior Notes

On May 23, 2016, NRG issued \$1.0 billion in aggregate principal amount at par of 7.25% senior notes due 2026, or the 2026 Senior Notes. The 2026 Senior Notes are senior unsecured obligations of NRG and are guaranteed by certain of its subsidiaries. Interest is paid semi-annually beginning on November 15, 2016, until the maturity date of May 15, 2026. The proceeds from the issuance of the 2026 Senior Notes were utilized to repurchase a portion of the Senior Notes during 2016.

Issuance of 2027 Senior Notes

On August 2, 2016, NRG issued \$1.25 billion in aggregate principal amount at par of 6.625% senior notes due 2027, or the 2027 Senior Notes. The 2027 Senior Notes are senior unsecured obligations of NRG and are guaranteed by certain of its subsidiaries. Interest is paid semi-annually beginning on January 15, 2017, until the maturity date of January 15, 2027. The proceeds from the issuance of the 2027 Senior Notes were utilized to retire the Company's 8.250% senior notes due 2020 and reduce the balance of the Company's 7.875% senior notes due 2021.

2017 Senior Note Redemptions

During the year ended December 31, 2017, the Company redeemed \$1.5 billion in aggregate principal of its Senior Notes for \$1.5 billion, which included accrued interest of \$29 million. In connection with the redemptions, a \$49 million loss on debt extinguishment was recorded, which included the write-off of previously deferred financing costs of \$7 million.

Amount in millions, except rates	Principal Repurchased	Cash Paid ^(a)	Average Early Redemption Percentage
7.625% senior notes due 2018	\$ 398	\$ 411	101.42%
7.875% senior notes due 2021	206	218	102.63%
6.625% senior notes due 2023	869	915	103.57%
Total	<u>\$ 1,473</u>	<u>\$ 1,544</u>	

(a) Includes payment for accrued interest.

2016 Senior Notes Repurchases

During the year ended December 31, 2016, the Company repurchased \$3.0 billion in aggregate principal of its Senior Notes for \$3.1 billion, which included accrued interest of \$77 million. In connection with the repurchases, a \$117 million loss on debt extinguishment was recorded, which included the write-off of previously deferred financing costs of \$16 million.

Amount in millions, except rates	Principal Repurchased	Cash Paid ^(a)	Average Early Redemption Percentage
7.625% senior notes due 2018 ^(b)	\$ 641	\$ 706	107.89%
8.250% senior notes due 2020	1,058	1,129	103.12%
7.875% senior notes due 2021 ^(c)	922	978	104.00%
6.250% senior notes due 2022	108	105	94.73%
6.625% senior notes due 2023	67	64	94.13%
6.250% senior notes due 2024	171	163	94.52%
Total	<u>\$ 2,967</u>	<u>\$ 3,145</u>	

(a) Includes payment for accrued interest.

(b) \$186 million of the redemptions financed by cash on hand.

(c) \$193 million of the redemptions financed by cash on hand.

Senior Notes Outstanding

As of December 31, 2017, NRG had the following outstanding issuances of senior notes, or Senior Notes:

- i. 6.250% senior notes, issued January 27, 2014 and due July 15, 2022, or the 2022 Senior Notes;
- ii. 6.250% senior notes, issued April 21, 2014 and due November 1, 2024, or the 2024 Senior Notes;
- iii. 7.250% senior notes, issued May 23, 2016 and due May 15, 2026, or the 2026 Senior Notes;
- iv. 6.625% senior notes, issued August 2, 2016 and due January 15, 2027, or the 2027 Senior Notes; and
- v. 5.750% senior notes, issued December 7, 2017 and due January 15, 2028, or the 2028 Senior Notes.

The Company periodically enters into supplemental indentures for the purpose of adding entities under the Senior Notes as guarantors.

The indentures and the forms of notes provide, among other things, that the Senior Notes will be senior unsecured obligations of NRG. The indentures also provide for customary events of default, which include, among others: nonpayment of principal or interest; breach of other agreements in the indentures; defaults in failure to pay certain other indebtedness; the rendering of judgments to pay certain amounts of money against NRG and its subsidiaries; the failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs, the Trustee or the Holders of at least 25% in principal amount of the then outstanding series of Senior Notes may declare all of the Senior Notes of such series to be due and payable immediately. The terms of the indentures, among other things, limit NRG's ability and certain of its subsidiaries' ability to return capital to stockholders, grant liens on assets to lenders and incur additional debt. Interest is payable semi-annually on the Senior Notes until their maturity dates.

2022 Senior Notes

At any time prior to July 15, 2017, NRG may redeem up to 35% of the aggregate principal amount of the 2022 Senior Notes, at a redemption price equal to 106.25% of the principal amount of the notes redeemed, plus accrued and unpaid interest, with an amount equal to the net cash proceeds of certain equity offerings. At any time prior to July 15, 2018, NRG may redeem all or a part of the 2022 Senior Notes, at a redemption price equal to 100% of the principal amount, accrued and unpaid interest to the redemption date, plus a premium. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.125% of the note, plus interest payments due on the note from the date of redemption through July 15, 2018, computed using a discount rate equal to the Treasury Rate as of such redemption date plus 0.50%. In addition, on or after July 15, 2018, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
July 15, 2018 to July 14, 2019	103.125%
July 15, 2019 to July 14, 2020	101.563%
July 15, 2020 and thereafter	100.000%

2024 Senior Notes

At any time prior to May 1, 2017, NRG may redeem up to 35% of the aggregate principal amount of the 2024 Senior Notes, at a redemption price equal to 106.25% of the principal amount of the notes redeemed, plus accrued and unpaid interest, with an amount equal to the net cash proceeds of certain equity offerings. At any time prior to May 1, 2019, NRG may redeem all or a part of the 2024 Senior Notes, at a redemption price equal to 100% of the principal amount, accrued and unpaid interest to the redemption date, plus a premium. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.125% of the note, plus interest payments due on the note from the date of redemption through May 1, 2019 computed using a discount rate equal to the Treasury Rate as of such redemption date plus 0.50%. In addition, on or after May 1, 2019, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
May 1, 2019 to April 30, 2020	103.125%
May 1, 2020 to April 30, 2021	102.083%
May 1, 2021 to April 30, 2022	101.042%
May 1, 2022 and thereafter	100.000%

2026 Senior Notes

At any time prior to May 15, 2019, NRG may redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes, at a redemption price equal to 107.25% of the principal amount of the notes redeemed, plus accrued and unpaid interest, with an amount equal to the net cash proceeds of certain equity offerings. At any time prior to May 15, 2021, NRG may redeem all or a part of the 2026 Senior Notes, at a redemption price equal to 100% of the principal amount, accrued and unpaid interest to the redemption date, plus a premium. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.625% of the note, plus interest payments due on the note from the date of redemption through May 15, 2021 computed using a discount rate equal to the Treasury Rate as of such redemption date plus 0.50%. In addition, on or after May 15, 2021, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
May 15, 2021 to May 14, 2022	103.625%
May 15, 2022 to May 14, 2023	102.417%
May 15, 2023 to May 14, 2024	101.208%
May 15, 2024 and thereafter	100.000%

2027 Senior Notes

At any time prior to July 15, 2019, NRG may redeem up to 35% of the aggregate principal amount of the 2027 Senior Notes, at a redemption price equal to 106.625% of the principal amount of the notes redeemed, plus accrued and unpaid interest, with an amount equal to the net cash proceeds of certain equity offerings. At any time prior to July 15, 2021 NRG may redeem all or a part of the 2027 Senior Notes, at a redemption price equal to 100% of the principal amount, accrued and unpaid interest to the redemption date, plus a premium. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 103.313% of the note, plus interest payments due on the note from the date of redemption through July 15, 2021 computed using a discount rate equal to the Treasury Rate as of such redemption date plus 0.50%. In addition, on or after July 15, 2021, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
July 15, 2021 to July 14, 2022	103.313%
July 15, 2022 to July 14, 2023	102.208%
July 15, 2023 to July 14, 2024	101.104%
July 15, 2024 and thereafter	100.000%

2028 Senior Notes

At any time prior to January 15, 2021, NRG may redeem up to 35% of the aggregate principal amount of the 2028 Senior Notes, at a redemption price equal to 105.750% of the principal amount of the notes redeemed, plus accrued and unpaid interest, with an amount equal to the net cash proceeds of certain equity offerings. At any time prior to January 15, 2023 NRG may redeem all or a part of the 2028 Senior Notes, at a redemption price equal to 100% of the principal amount, accrued and unpaid interest to the redemption date, plus a premium. The premium is the greater of: (i) 1% of the principal amount of the notes; or (ii) the excess of the principal amount of the note over the following: the present value of 102.875% of the note, plus interest payments due on the note from the date of redemption through January 15, 2023 computed using a discount rate equal to the Treasury Rate as of such redemption date plus 0.50%. In addition, on or after January 15, 2023, NRG may redeem some or all of the notes at redemption prices expressed as percentages of principal amount as set forth in the following table, plus accrued and unpaid interest on the notes redeemed to the first applicable redemption date:

Redemption Period	Redemption Percentage
January 15, 2023 to January 14, 2024	102.875%
January 15, 2024 to January 14, 2025	101.917%
January 15, 2025 to January 14, 2026	100.958%
January 15, 2026 and thereafter	100.000%

Senior Credit Facility

On June 30, 2016, NRG replaced its Senior Credit Facility, consisting of its Term Loan Facility and Revolving Credit Facility with a new senior secured facility, or the Senior Credit Facility, which includes the following:

- A \$1.9 billion term loan facility, or the 2023 Term Loan Facility, with a maturity date of June 30, 2023, which will pay interest at a rate of LIBOR plus 2.75%, with a LIBOR floor of 0.75%. The debt was issued at 99.50% of face value; the discount will be amortized to interest expense over the life of the loan. Repayments under the 2023 Term Loan Facility will consist of 0.25% of principal per quarter, with the remainder due at maturity. The proceeds of the new term loan facility as well as cash on hand were used to repay the 2018 Term Loan Facility balance outstanding. A \$21 million loss on extinguishment of the Term Loan Facility was recorded during the second quarter of 2016, which consisted of the write-off of previously deferred financing costs. On January 24, 2017, NRG repriced the 2023 Term Loan Facility, reducing the interest rate margin by 50 basis points to LIBOR plus 2.25%, the LIBOR floor remains 0.75%.
- A \$289 million revolving senior credit facility, or the Tranche A Revolving Facility, with a maturity date of July 1, 2018 and a \$2.2 billion revolving senior credit facility, or the Tranche B Revolving Facility, with a maturity date of June 30, 2021, which will pay interest at a rate of LIBOR plus 2.25%.

The Senior Credit Facility is guaranteed by substantially all of NRG's existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for unrestricted foreign subsidiaries, and certain other subsidiaries, including GenOn, NRG Yield, Inc. and their respective subsidiaries. The capital stock of these guarantor subsidiaries has been pledged for the benefit of the Senior Credit Facility's lenders.

The Senior Credit Facility is also secured by first-priority perfected security interests in substantially all of the property and assets owned or acquired by NRG and its subsidiaries, other than certain limited exceptions. These exceptions include assets of certain unrestricted subsidiaries, equity interests in certain of NRG's affiliates that have non-recourse debt financing, including GenOn, NRG Yield, Inc. and their respective subsidiaries, and voting equity interests in excess of 66% of the total outstanding voting equity interest of certain of NRG's foreign subsidiaries.

Tax Exempt Bonds

	As of December 31,		Interest Rate %
	2017	2016	
Amount in millions, except rates			
Indian River Power tax exempt bonds, due 2040	\$ 57	\$ 57	6.000
Indian River Power LLC, tax exempt bonds, due 2045	190	190	5.375
Dunkirk Power LLC, tax exempt bonds, due 2042	59	59	5.875
City of Texas City, tax exempt bonds, due 2045	32	22	4.125
Fort Bend County, tax exempt bonds, due 2038	54	54	4.750
Fort Bend County, tax exempt bonds, due 2042	73	73	4.750
Total	\$ 465	\$ 455	

Non-Recourse Debt

The following are descriptions of certain indebtedness of NRG's subsidiaries that are outstanding as of December 31, 2017. All of NRG's non-recourse debt is secured by the assets in the respective project subsidiaries as further described below.

Yield LLC and Yield Operating LLC Revolving Credit Facility

NRG Yield LLC and its direct wholly owned subsidiary, NRG Yield Operating LLC, entered into a senior secured revolving credit facility, which can be used for cash and for the issuance of letters of credit. At December 31, 2017, there was \$55 million outstanding on the revolver and \$74 million of letters of credit issued under the revolving credit facility.

NRG Yield Operating 2026 Senior Notes

On August 18, 2016, NRG Yield Operating LLC issued \$350 million of senior unsecured notes, or the NRG Yield Operating 2026 Senior Notes. The NRG Yield Operating 2026 Senior Notes bear interest of 5.00% and mature on September 15, 2026. Interest on the notes is payable semi-annually on March 15 and September 15 of each year, and will commence on March 15, 2017. The Yield Operating 2026 Senior Notes are senior unsecured obligations of NRG Yield Operating LLC and are guaranteed by NRG Yield LLC, and by certain of NRG Yield Operating LLC's wholly owned current and future subsidiaries. A portion of the proceeds from the 2026 Senior Notes was used to repay NRG Yield Operating LLC's revolving credit facility.

Project Financings

The following are descriptions of certain indebtedness of NRG's project subsidiaries that are outstanding as of December 31, 2017.

Aqua Caliente Holdco Financing Agreement

On February 17, 2017, Agua Caliente Borrower I LLC and Agua Caliente Borrower II LLC, Agua Caliente Holdco, the indirect owners of the Agua Caliente solar facility, issued \$130 million of senior secured notes under the Agua Caliente Holdco Financing Agreement, or 2038 Agua Caliente Holdco Notes, that bear interest at 5.43% and mature on December 31, 2038. Net proceeds were distributed to the Company.

Carlsbad Project Financing

On May 26, 2017, Carlsbad Energy Holdings, LLC entered into a note payable agreement with financial institutions for the issuance of up to \$407 million of senior secured notes that bear interest at a rate of 4.12%, and mature on October 31, 2038. As of December 31, 2017, all \$407 million of these notes were outstanding.

Also on May 26, 2017, Carlsbad Energy Holdings, LLC entered into a credit agreement, or the Carlsbad Financing Agreement, with the issuing banks, for a \$194 million construction loan, that will convert to a term loan upon completion of the project. The Carlsbad Financing Agreement also includes a letter of credit facility with an aggregate principle amount not to exceed \$83 million, and a working capital loan facility with an aggregate principle amount not to exceed \$4 million. As of December 31, 2017, \$20 million was outstanding under the construction loan and \$29 million in letters of credit in support of the project were issued.

Utah Portfolio

As part of the November 2, 2016 utility-scale solar and wind acquisition, as discussed in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, NRG recorded \$222 million of non-recourse project level debt. As of term conversion for the three associated debt facilities, the Company borrowed an additional \$65 million of non-recourse debt. Each facility bears interest of LIBOR plus 2.625% and matures on December 16, 2022.

Thermal Financing

On October 31, 2016, NRG Energy Center Minneapolis LLC, a subsidiary of NRG Yield, Inc., received proceeds of \$125 million from the issuance of 3.55% Series D notes due October 31, 2031, or the Series D Notes, and entered into a shelf facility for the anticipated issuance of an additional \$70 million of notes. The Series D Notes are secured by substantially all of the assets of NRG Energy Center Minneapolis LLC. NRG Thermal LLC has guaranteed the indebtedness and its guarantee is secured by a pledge of the equity interests in all of NRG Thermal LLC's subsidiaries. NRG Energy Center Minneapolis LLC distributed the proceeds of the Series D Notes to NRG Thermal LLC, who in turn distributed the proceeds to NRG Yield Operating LLC to be utilized for general corporate purposes, including potential acquisitions.

Alta Wind lease financing arrangements

Alta Wind Holdings (Alta Wind II - V) and Alta I have finance lease obligations issued under lease transactions whereby the respective operating entities sold and leased back undivided interests in specific assets of the projects. All of the assets of Alta I-V are pledged as collateral under these arrangements. The sale and related lease transactions are accounted for as financing arrangements as the operating entities have continued involvement with the property.

Amount in millions, except rates	Lease Financing Arrangement			Letter of Credit Facility				
	Non-Recourse Debt	Amount Outstanding as of December 31, 2017	Interest Rate	Maturity Date	Amount Outstanding as of December 31, 2017	Interest Rate	Maturity Date	
Alta Wind I	\$	231	7.015%	12/30/2034	\$	16	3.00% - 3.25%	1/5/2021
Alta Wind II		183	5.696%	12/30/2034		27	1.250%	3/21/2022
Alta Wind III		191	6.067%	12/30/2034		27	1.750%	various
Alta Wind IV		123	5.938%	12/30/2034		19	1.750%	various
Alta Wind V		198	6.071%	6/30/2035		30	1.750%	various
Total	\$	926			\$	119		

Midwest Generation

On April 7, 2016, Midwest Generation, LLC, or MWG, entered into an agreement to sell certain quantities of unforced capacity that has cleared various PJM Reliability Pricing Model auctions to a trading counterparty for net proceeds of \$253 million. MWG will continue to operate the applicable generation facilities and remains responsible for performance penalties and eligible for performance bonus payments, if any. Accordingly, MWG will continue to account for all revenues and costs as before; however, the proceeds will be recorded as a financing obligation while capacity payments by PJM to the counterparty will be reflected as debt amortization and interest expense through the end of the 2018/19 delivery year. MWG will amortize the upfront discount to interest expense, at an effective interest rate of 4.39%, over the term of the arrangement, through June 2019. As of December 31, 2017, \$152 million was outstanding.

CVSR

On July 15, 2016, CVSR Holdco LLC, the indirect owner of the CVSR project, issued \$200 million of senior secured notes. The \$199 million of net proceeds from the notes were distributed to a subsidiary of NRG and NRG Yield Operating LLC, the owners of CVSR Holdco LLC, based on their pro-rata ownership. The notes were issued at par and bear an interest rate at 4.68%. Interest is payable semi-annually beginning on September 30, 2016, until the maturity date of March 31, 2037.

Capistrano Refinancing

On July 13, 2016, Cedro Hill, Broken Bow and Crofton Bluffs, subsidiaries of Capistrano Wind Partners, each amended their respective credit facilities to increase borrowings to a total of \$312 million and to lower their respective interest rates. The net proceeds of \$87 million were distributed to Capistrano Wind Partners and subsequently distributed to the holders of the Class B preferred equity interests of Capistrano Wind Partners.

Interest Rate Swaps — Project Financings

Many of NRG's project subsidiaries entered into interest rate swaps, intended to hedge the risks associated with interest rates on non-recourse project level debt. These swaps amortize in proportion to their respective loans and are floating for fixed where the project subsidiary pays its counterparty the equivalent of a fixed interest payment on a predetermined notional value and will receive quarterly the equivalent of a floating interest payment based on the same notional value. All interest rate swap payments by the project subsidiary and its counterparty are made quarterly, and the LIBOR is determined in advance of each interest period. The following table summarizes the swaps, some of which are forward starting as indicated, related to NRG's project level debt as of December 31, 2017.

	% of Principal	Fixed Interest Rate	Floating Interest Rate	Notional Amount at December 31, 2017 (In millions)	Effective Date	Maturity Date
<u>Recourse Debt</u>						
NRG Energy	85%	various	1-mo. LIBOR	\$ 1,000	June 30, 2016	June 30, 2021
<u>Non-Recourse Debt</u>						
El Segundo Energy Center	75%	various	3-mo. LIBOR	340	various	various
South Trent Wind LLC	75%	3.265%	3-mo. LIBOR	40	June 15, 2010	June 14, 2020
South Trent Wind LLC	75%	4.95%	3-mo. LIBOR	21	June 30, 2020	June 14, 2028
NRG Solar Roadrunner LLC	75%	4.313%	3-mo. LIBOR	26	September 30, 2011	December 31, 2029
NRG Solar Alpine LLC	85%	various	3-mo. LIBOR	115	various	various
NRG Solar Avra Valley LLC	85%	2.333%	3-mo. LIBOR	46	November 30, 2012	November 30, 2030
NRG Marsh Landing	75%	3.244%	3-mo. LIBOR	295	June 28, 2013	June 30, 2023
Utah Portfolio	80%	various	1-mo. LIBOR	223	various	September 30, 2036
DGPV 4	85%	various	3-mo. LIBOR	95	various	various
Other	75%	various	various	653	various	various
<u>EME Project Financings</u>						
Broken Bow	75%	various	3-mo. LIBOR	55	various	various
Cedro Hill	90%	various	3-mo. LIBOR	136	various	various
Crofton Bluffs	75%	various	3-mo. LIBOR	36	various	various
Laredo Ridge	75%	2.310%	3-mo. LIBOR	75	March 31, 2011	March 31, 2026
Tapestry	75%	2.210%	3-mo. LIBOR	146	December 30, 2011	December 21, 2021
Tapestry	50%	3.570%	3-mo. LIBOR	60	December 21, 2021	December 21, 2029
Viento Funding II	90%	various	6-mo. LIBOR	148	various	various
Viento Funding II	90%	4.985%	6-mo. LIBOR	65	July 11, 2023	June 30, 2028
Walnut Creek Energy	75%	various	3-mo. LIBOR	239	June 28, 2013	May 31, 2023
WCEP Holdings	90%	4.003%	3-mo. LIBOR	45	June 28, 2013	May 21, 2023
<u>Alta Wind Project Financings</u>						
AWAM	100%	2.470%	3-mo. LIBOR	17	May 22, 2013	May 15, 2031
Total				\$ 3,876		

Note 13 — Asset Retirement Obligations

The Company's AROs are primarily related to the future dismantlement of equipment on leased property and environmental obligations related to nuclear decommissioning, ash disposal, site closures, and fuel storage facilities. In addition, the Company has also identified conditional AROs for asbestos removal and disposal, which are specific to certain power generation operations.

See Note 6, *Nuclear Decommissioning Trust Fund*, for a further discussion of the Company's nuclear decommissioning obligations. Accretion for the nuclear decommissioning ARO and amortization of the related ARO asset are recorded to the Nuclear Decommissioning Trust Liability to the ratepayers and are not included in net income, consistent with regulatory treatment.

The following table represents the balance of ARO obligations as of December 31, 2017 and 2016, along with the additions, reductions and accretion related to the Company's ARO obligations for the year ended December 31, 2017:

	(In millions)
Balance as of December 31, 2016	\$ 735
Revisions in estimates for current obligations	(3)
Additions	9
Spending for current obligations	(21)
Accretion — Expense	35
Accretion — Nuclear decommissioning	16
Balance as of December 31, 2017	\$ 771

Note 14 — Benefit Plans and Other Postretirement Benefits

NRG sponsors and operates defined benefit pension and other postretirement plans.

NRG pension benefits are available to eligible non-union and union employees through various defined benefit pension plans. These benefits are based on pay, service history and age at retirement. Most pension benefits are provided through tax-qualified plans. NRG also provides postretirement health and welfare benefits for certain groups of employees. Cost sharing provisions vary by the terms of any applicable collective bargaining agreements.

NRG maintains two separate qualified pension plans, the NRG Pension Plan for Bargained Employees and the NRG Pension Plan. Employees of both NRG and GenOn participate in each of the pension plans, depending upon whether their employment is covered by a bargaining agreement. As controlled group members, ERISA requires that NRG and GenOn are jointly and severally liable for the NRG Pension Plan for Bargained Employees and the NRG Pension Plan, including pension liabilities associated with GenOn employees.

As described in Note 1, *Nature of Business*, and Note 3, *Discontinued Operations, Acquisitions and Dispositions*, NRG and GenOn entered into a Restructuring Support Agreement and various support agreements, including a transition services agreement, that provides for a restructuring and recapitalization of the GenOn Entities through a prearranged plan of reorganization and was approved by the Bankruptcy Court pursuant to an order of confirmation on December 12, 2017. In accordance with the agreements, NRG will retain GenOn's pension liability for service provided by GenOn employees prior to the completion of the reorganization. NRG determined that the retention of this liability is probable and has recorded the estimated accumulated pension benefit obligation as of December 31, 2017 of \$92 million in other non-current liabilities with a corresponding loss from discontinued operations. The balance reflects a contribution of \$13 million to the plans with respect to GenOn's employees paid in September 2017. NRG will also retain the liability for GenOn's post-employment and retiree health and welfare benefits, in an amount up to \$25 million. Retention of this liability is probable and accordingly, NRG has recorded the \$25 million in other non-current liabilities with a corresponding loss from discontinued operations as of December 31, 2017. NRG's obligation for both of these liabilities will be revalued through and at GenOn's emergence from bankruptcy, with NRG's obligation for the post-employment and retiree health and welfare plan capped at \$25 million.

NRG expects to contribute \$31 million to the Company's pension plans in 2018. Of this amount, \$13 million related to employees of GenOn.

NRG Defined Benefit Plans

The annual net periodic benefit cost/(credit) related to NRG's pension and other postretirement benefit plans include the following components:

	Year Ended December 31,		
	Pension Benefits		
	2017	2016	2015
	(In millions)		
Service cost benefits earned	\$ 26	\$ 30	\$ 32
Interest cost on benefit obligation	43	43	53
Expected return on plan assets	(58)	(60)	(62)
Amortization of unrecognized net loss	4	2	2
Net periodic benefit cost	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 25</u>

	Year Ended December 31,		
	Other Postretirement Benefits		
	2017	2016	2015
	(In millions)		
Service cost benefits earned	\$ 1	\$ 2	\$ 3
Interest cost on benefit obligation	4	6	9
Amortization of unrecognized prior service credit	(9)	(5)	(5)
Amortization of unrecognized net (gain)/loss	(1)	—	1
Curtailment gain	—	—	(14)
Net periodic benefit (credit)/cost	<u>\$ (5)</u>	<u>\$ 3</u>	<u>\$ (6)</u>

A comparison of the pension benefit obligation, other postretirement benefit obligations and related plan assets for NRG's plans on a combined basis is as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
	(In millions)			
Benefit obligation at January 1	\$ 1,241	\$ 1,196	\$ 128	\$ 178
Service cost	26	30	1	2
Interest cost	43	43	4	6
Plan amendments	—	—	(1)	(42)
Actuarial loss/(gain)	77	40	6	(2)
Employee and retiree contributions	—	—	3	3
Benefit payments	(58)	(68)	(13)	(17)
Benefit obligation at December 31	<u>1,329</u>	<u>1,241</u>	<u>128</u>	<u>128</u>
Fair value of plan assets at January 1	953	916	—	—
Actual return on plan assets	173	72	—	—
Employee and retiree contributions	—	—	3	3
Employer contributions	36	33	10	14
Benefit payments	(58)	(68)	(13)	(17)
Fair value of plan assets at December 31	<u>1,104</u>	<u>953</u>	<u>—</u>	<u>—</u>
Funded status at December 31 — excess of obligation over assets	<u>\$ (225)</u>	<u>\$ (288)</u>	<u>\$ (128)</u>	<u>\$ (128)</u>
Less: GenOn postretirement obligation ^(a)	—	—	38	46
Add: Retained obligation in bankruptcy proceeding ^(a)	—	—	(25)	(25)
Net obligation for NRG	<u>\$ (225)</u>	<u>\$ (288)</u>	<u>\$ (115)</u>	<u>\$ (107)</u>

(a) The difference between GenOn's postretirement benefit obligation and NRG's retained obligation of \$13 million and \$21 million is presented in noncurrent liabilities for discontinued operations as of December 31, 2017 and 2016, respectively.

Amounts recognized in NRG's balance sheets were as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
	(In millions)			
Current liabilities	\$ —	\$ —	\$ 7	\$ 8
Less: GenOn other postretirement benefits ^(a)	—	—	(3)	(5)
Total current liabilities	\$ —	\$ —	\$ 4	\$ 3
Non-current liabilities	\$ 225	\$ 288	\$ 121	\$ 120
Less: GenOn other postretirement benefits ^(a)	—	—	(10)	(16)
Total non-current liabilities	\$ 225	\$ 288	\$ 111	\$ 104

(a) The difference between GenOn's postretirement benefit obligation and NRG's retained obligation of \$13 million and \$21 million is presented in noncurrent liabilities for discontinued operations as of December 31, 2017 and 2016, respectively.

Of the amounts recognized in NRG's balance sheet, \$92 million and \$120 million related to GenOn's pension benefits obligation as of December 31, 2017 and 2016, respectively, and \$25 million related to GenOn's postretirement benefits obligation as of December 31, 2017 and 2016.

Amounts recognized in NRG's accumulated OCI that have not yet been recognized as components of net periodic benefit cost were as follows:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
	(In millions)			
Net loss/(gain)	\$ 53	\$ 94	\$ (4)	\$ (11)
Prior service cost/(credit)	3	3	(37)	(45)
Total accumulated OCI	\$ 56	\$ 97	\$ (41)	\$ (56)
Less: GenOn (deconsolidated June 14, 2017)	(22)	(37)	10	8
Net accumulated OCI	\$ 34	\$ 60	\$ (31)	\$ (48)

Other changes in plan assets and benefit obligations recognized in OCI were as follows:

	Year Ended December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
	(In millions)			
Net actuarial (gain)/loss	\$ (37)	\$ 28	\$ 6	\$ (2)
Amortization of net actuarial (gain)/loss	(4)	(2)	1	—
Prior service credit	—	—	(1)	(41)
Amortization of prior service cost	—	—	9	5
Total recognized in OCI	\$ (41)	\$ 26	\$ 15	\$ (38)
Less: GenOn (deconsolidated June 14, 2017)	15	(17)	2	3
Net recognized in OCI	\$ (26)	\$ 9	\$ 17	\$ (35)
Less: GenOn (deconsolidated June 14, 2017)	15	(17)	3	3
Net recognized in net periodic pension (credit)/cost and OCI	\$ (11)	\$ 24	\$ 13	\$ 39

As a result of GenOn's deconsolidation during 2017, NRG reduced the loss recorded in other comprehensive income by \$28 million related to GenOn's pension and other postretirement benefits.

The Company's estimated unrecognized loss and unrecognized prior service cost for NRG's pension plan that will be amortized from accumulated OCI to net periodic cost over the next fiscal year is less than \$1 million. The Company's estimated unrecognized gain and unrecognized prior service credit for NRG's postretirement plan that will be amortized from accumulated OCI to net periodic cost over the next fiscal year is less than \$1 million and \$7 million, respectively.

The following table presents the balances of significant components of NRG's pension plan:

	As of December 31,	
	Pension Benefits	
	2017	2016
	(In millions)	
Projected benefit obligation	\$ 1,329	\$ 1,241
Accumulated benefit obligation	1,255	1,174
Fair value of plan assets	1,104	953

NRG's market-related value of its plan assets is the fair value of the assets. The fair values of the Company's pension plan assets by asset category and their level within the fair value hierarchy are as follows:

Fair Value Measurements as of December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
	(In millions)		
Common/collective trust investment — U.S. equity	\$ —	\$ 256	\$ 256
Common/collective trust investment — non-U.S. equity	—	66	66
Common/collective trust investment — non-core assets	—	178	178
Common/collective trust investment — fixed income	—	230	230
Short-term investment fund	5	—	5
Subtotal fair value	\$ 5	\$ 730	\$ 735
Measured at net asset value practical expedient			
Common/collective trust investment — non-U.S. equity			94
Common/collective trust investment — fixed income			233
Partnerships/joint ventures			42
Total fair value			<u>\$ 1,104</u>

Fair Value Measurements as of December 31, 2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
	(In millions)		
Common/collective trust investment — U.S. equity	\$ —	\$ 283	\$ 283
Common/collective trust investment — non-U.S. equity	—	71	71
Common/collective trust investment — global equity	—	104	104
Common/collective trust investment — fixed income	—	190	190
Short-term investment fund	3	—	3
Subtotal fair value	\$ 3	\$ 648	\$ 651
Measured at net asset value practical expedient			
Common/collective trust investment — non-U.S. equity			78
Common/collective trust investment — fixed income			193
Partnerships/joint ventures			31
Total fair value			<u>\$ 953</u>

In accordance with ASC 820, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value of the common/collective trust investments is valued at fair value which is equal to the sum of the market value of all of the fund's underlying investments. Certain common/collective trust investments have readily determinable fair value as they publish daily net asset value, or NAV, per share and are categorized as Level 2. Certain other common/collective trust investments and partnerships/joint ventures use NAV per share, or its equivalent, as a practical expedient for valuation, and thus have been removed from the fair value hierarchy table.

The following table presents the significant assumptions used to calculate NRG's benefit obligations:

<u>Weighted-Average Assumptions</u>	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
Discount rate	3.71%	4.26%	3.71%	4.29%
Rate of compensation increase	3.00%	3.00%	N/A	N/A
Health care trend rate	—	—	8.2% grading to 4.5% in 2025	7.0% grading to 5.0% in 2025

The following table presents the significant assumptions used to calculate NRG's benefit expense:

<u>Weighted-Average Assumptions</u>	As of December 31,					
	Pension Benefits			Other Postretirement Benefits		
	2017	2016	2015	2017	2016	2015
Discount rate	4.26%	4.52%	4.16%	4.29%	4.55%	4.20%
Expected return on plan assets	6.85%	6.65%	6.36%	—	—	—
Rate of compensation increase	3.00%	3.00%	3.45%	—	—	—
Health care trend rate	—	—	—	7.0% grading to 5.0% in 2025	7.25% grading to 5.0% in 2025	8.6% grading to 5.0% in 2023

NRG uses December 31 of each respective year as the measurement date for the Company's pension and other postretirement benefit plans. The Company sets the discount rate assumptions on an annual basis for each of NRG's defined benefit retirement plans as of December 31. The discount rate assumptions represent the current rate at which the associated liabilities could be effectively settled at December 31. The Company utilizes the Aon Hewitt AA Above Median, or AA-AM, yield curve to select the appropriate discount rate assumption for each retirement plan. The AA-AM yield curve is a hypothetical AA yield curve represented by a series of annualized individual spot discount rates from 6 months to 99 years. Each bond issue used to build this yield curve must be non-callable, and have an average rating of AA when averaging available Moody's Investor Services, Standard & Poor's and Fitch ratings.

NRG employs a total return investment approach, whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The Investment Committee reviews the asset mix periodically and as the plan assets increase in future years, the Investment Committee may examine other asset classes such as real estate or private equity. NRG employs a building block approach to determining the long-term rate of return assumption for plan assets, with proper consideration given to diversification and rebalancing. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved, consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonableness and appropriateness.

In 2016, NRG changed the approach utilized to estimate the service cost and interest cost components of net periodic benefit cost for pension and postretirement benefit plans. Historically, the Company estimated these components by using a single weighted average discount rate derived from the yield curve used to measure the benefit obligation. The Company has elected to use a spot rate approach in the estimation of the components of benefit cost by applying specific spot rates along the yield curve to the relevant projected cash flows, as this provides a better estimate of service and interest costs. This election is considered a change in estimate and, accordingly, has been accounted for starting in 2016. This change does not affect the measurement of NRG's total benefit obligation.

The target allocations of NRG's pension plan assets were as follows for the year ended December 31, 2017:

U.S. equity	22%
Non-U.S. equity	14%
Non-core assets	19%
U.S. fixed income	45%

Plan assets are currently invested in a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S., non-U.S., global, and emerging market equities, as well as among growth, value, small and large capitalization stocks.

Investment risk and performance are monitored on an ongoing basis through quarterly portfolio reviews of each asset fund class to a related performance benchmark, if applicable, and annual pension liability measurements. Performance benchmarks are composed of the following indices:

Asset Class	Index
U.S. equities	Dow Jones U.S. Total Stock Market Index
Non-U.S. equities	MSCI All Country World Ex-U.S. IMI Index
Non-core assets ^(a)	Various (per underlying asset class)
Fixed income securities	Barclays Capital Long Term Government/Credit Index & Barclays Strips 20+ Index

(a) Non-Core Assets are defined as diversifying asset classes approved by the Investment Committee that are intended to enhance returns and/or reduce volatility of the U.S. and non-U.S. equities. Asset classes considered Non-Core include, but may not be limited to: Emerging Market Equity, Emerging Market Debt, Non-US Developed Market Small Cap, High Yield Fixed Income, Real Estate, Bank Loans, Global Infrastructure and other Alternatives.

NRG's expected future benefit payments for each of the next five years, and in the aggregate for the five years thereafter, are as follows:

	Pension Benefit Payments	Other Postretirement Benefit	
		Benefit Payments	Medicare Prescription Drug Reimbursements
	(In millions)		
2018	\$ 68	\$ 7	\$ —
2019	71	8	—
2020	75	8	—
2021	79	8	—
2022	82	8	—
2023-2027	421	33	1

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-Percentage-Point Increase		1-Percentage-Point Decrease	
	(In millions)			
Effect on total service and interest cost components	\$	1	\$	—
Effect on postretirement benefit obligation		9		(8)

STP Defined Benefit Plans

NRG has a 44% undivided ownership interest in STP, as discussed further in Note 27, *Jointly Owned Plants*. STPNOC, which operates and maintains STP, provides its employees a defined benefit pension plan as well as postretirement health and welfare benefits. Although NRG does not sponsor the STP plan, it reimburses STPNOC for 44% of the contributions made towards its retirement plan obligations. For the year ended December 31, 2017, NRG reimbursed STPNOC \$8 million towards its defined benefit plans. For the year ended December 31, 2016, NRG reimbursed STPNOC \$7 million towards its defined benefit plans. In 2018, NRG expects to reimburse STPNOC \$6 million for its contribution towards the plans.

The Company has recognized the following in its statement of financial position, statement of operations and accumulated OCI related to its 44% interest in STP:

	As of December 31,			
	Pension Benefits		Other Postretirement Benefits	
	2017	2016	2017	2016
	(In millions)			
Funded status — STPNOC benefit plans	\$ (76)	\$ (74)	\$ (24)	\$ (23)
Net periodic benefit cost/(credit)	8	7	(3)	(2)
Other changes in plan assets and benefit obligations recognized in other comprehensive (loss)/income	(6)	11	5	(1)

Defined Contribution Plans

NRG's employees are also eligible to participate in defined contribution 401(k) plans.

The Company's contributions to these plans were as follows:

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Company contributions to defined contribution plans	\$ 56	\$ 55	\$ 53

Note 15 — Capital Structure

For the period from December 31, 2014 to December 31, 2017, the Company had 10,000,000 shares of preferred stock authorized, and 500,000,000 shares of common stock authorized. The following table reflects the changes in NRG's common shares issued and outstanding for each period presented:

	Common		
	Issued	Treasury	Outstanding
Balance as of December 31, 2014	415,506,176	(78,843,552)	336,662,624
Shares issued under ESPP	—	283,139	283,139
Shares issued under LTIPs	1,433,774	—	1,433,774
Share repurchases	—	(24,189,495)	(24,189,495)
Balance as of December 31, 2015	416,939,950	(102,749,908)	314,190,042
Shares issued under ESPP	—	609,094	609,094
Shares issued under LTIPs	643,875	—	643,875
Balance as of December 31, 2016	417,583,825	(102,140,814)	315,443,011
Shares issued under ESPP	—	560,769	560,769
Shares issued under LTIPs	739,309	—	739,309
Balance as of December 31, 2017	418,323,134	(101,580,045)	316,743,089

Common Stock

The following table summarizes NRG's common stock reserved for the maximum number of shares potentially issuable based on the conversion and redemption features of the long-term incentive plans as of December 31, 2017:

Equity Instrument	Common Stock Reserve Balance
Long-term incentive plans	19,597,433

Common stock dividends — In 2015, NRG paid quarterly dividends on the Company's common stock of \$0.145 per share, or \$0.58 per share on an annualized basis. In 2016, as part of the 2016 Capital Allocation Program, the Company decreased its annual common stock dividend by 79% to \$0.12 per share for 2016 and 2017. The following table lists the dividends paid per common share during 2017, 2016 and 2015:

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
2017	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.030
2016	\$ 0.030	\$ 0.030	\$ 0.030	\$ 0.145
2015	\$ 0.145	\$ 0.145	\$ 0.145	\$ 0.145

On January 19, 2018, NRG declared a quarterly dividend on the Company's common stock of \$0.03 per share, or \$0.12 per share on an annualized basis, payable on February 15, 2018, to stockholders of record as of February 1, 2018.

Employee Stock Purchase Plan — Under the ESPP, eligible employees may elect to withhold up to 10% of their eligible compensation to purchase shares of NRG common stock at the lesser of 85% of its fair market value on the offering date or 85% of the fair market value on the exercise date. An offering date occurs each January 1 and July 1. An exercise date occurs each June 30 and December 31. As of December 31, 2017, there remained 3,107,050 shares of treasury stock reserved for issuance under the ESPP, and in January of 2018, 175,862 shares of common stock were issued to employee accounts from treasury stock for the offering period of July 1, 2017 to December 31, 2017. Beginning January 2018, NRG suspended the ESPP.

Share Repurchases — During 2015 and 2014, the Company's board of directors authorized share repurchases of \$481 million of its common stock, which were made as follows:

	Total number of shares purchased	Average price paid per share ^(a)	Amounts paid for shares purchased (in millions) ^(a)
Board Authorized Share Repurchases			
Fourth Quarter 2014	1,624,360	\$ 26.95	\$ 44
First Quarter 2015	3,146,484	25.15	79
Second Quarter 2015	4,379,907	24.53	107
Third Quarter 2015	11,104,184	15.06	167
Fourth Quarter 2015	5,558,920	15.03	84
Total Board Authorized Share Repurchases	25,813,855		\$ 481

(a) The average price paid per share and amounts paid for shares purchased exclude the commissions of \$0.015 per share paid in connection with the share repurchase.

Preferred Stock

2.822% Redeemable Preferred Stock

Preferred Stock

On May 24, 2016, NRG entered an agreement with Credit Suisse Group to repurchase 100% of the outstanding shares of its \$344.5 million 2.822% preferred stock. On June 13, 2016, the Company completed the repurchase from Credit Suisse of 100% of the outstanding shares at a price of \$226 million. The transaction resulted in a gain on redemption of \$78 million, measured as the difference between the fair value of the cash consideration paid upon redemption of \$226 million and the carrying value of the preferred stock at the time of the redemption of \$304 million. This amount is reflected in net income/(loss) available to NRG common stockholders in the calculation of earnings per share.

The following table reflects the changes in the Company's redeemable preferred stock balance for the years ended December 31, 2017, 2016, and 2015:

	(In millions)
Balance as of December 31, 2014	\$ 291
Accretion to redemption value	11
Balance as of December 31, 2015	302
Accretion to redemption value	2
Repurchase of 2.822% redeemable preferred stock	(226)
Gain on redemption of 2.822% redeemable preferred stock	(78)
Balance as of December 31, 2016	—
Balance as of December 31, 2017	\$ —

Note 16 — Investments Accounted for by the Equity Method and Variable Interest Entities

Entities that are not Consolidated

NRG accounts for the Company's significant investments using the equity method of accounting. NRG's carrying value of equity investments can be impacted by impairments, unrealized gains and losses on derivatives and movements in foreign currency exchange rates, as well as other adjustments.

The following table summarizes NRG's equity method investments as of December 31, 2017:

Name	Economic Interest	Investment Balance	
		(In millions)	
Avenal Solar Holdings LLC ^(a)	50.0%	\$	(6)
Desert Sunlight Investment Holdings, LLC ^(a)	25.0%		272
Elkhorn Ridge Wind, LLC ^(a)	47.0%		73
GenConn Energy LLC ^(a)	50.0%		102
Four Brothers Solar, LLC ^{(a)(c)}	50.0%		213
Granite Mountain Holdings, LLC ^{(a)(c)}	50.0%		78
Iron Springs Holdings, LLC ^{(a)(c)}	50.0%		54
Midway-Sunset Cogeneration Company	50.0%		16
San Juan Mesa Wind Project, LLC ^(a)	75.0%		66
Watson Cogeneration Company	49.0%		21
Gladstone Power Station ^(b)	37.5%		139
Other ^(d)	Various		10
Total equity investments in affiliates		\$	1,038

(a) Equity method investments owned by NRG Yield

(b) Gladstone Power Station is located in Australia

(c) Economic interest based on cash to be distributed

(d) Refer to Note 10 - *Asset Impairments* for discussion of NRG's investment in Petra Nova Parish Holdings, LLC.

	As of December 31,	
	2017	2016
	(In millions)	
Undistributed earnings from equity investments	\$ 120	\$ 101

Variable Interest Entities

NRG accounts for its interests in certain entities that are considered VIEs under ASC 810, for which NRG is not the primary beneficiary, under the equity method.

Utility-Scale Solar Portfolio — As described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, on November 2, 2016, the Company acquired equity interests in a tax equity financed portfolio comprised of 530 MW of mechanically-complete solar assets located in Utah, and subsequently sold these interests to NRG Yield, Inc. on March 27, 2017. These equity interests in Four Brothers Solar, LLC, Granite Mountain Holdings, LLC, and Iron Springs Holdings, LLC are accounted for as equity method investments as the Company does not have a controlling financial interest. The assets reached commercial operations during the fourth quarter of 2016 and have 20-year PPAs with PacifiCorp. NRG's maximum exposure to loss is limited to its equity investment, which was \$345 million as of December 31, 2017.

GenConn — NRG owns a 50% interest in GenConn, a limited liability company formed to construct, own and operate two 190-MW peaking generation facilities in Connecticut at NRG's Devon and Middletown sites.

GenConn has a \$237 million note with an interest rate of 4.73% and a maturity date of July 2041 and a 5-year, \$35 million working capital facility which can be used to issue letters of credit at an interest rate of 1.875%. As of December 31, 2017, \$204 million was outstanding under the note and \$14 million of letters of credit issued under the working capital facility. The note is secured by all of the GenConn assets. NRG's maximum exposure to loss is limited to its equity investment, which was \$102 million as of December 31, 2017.

Other Equity Investments

Gladstone — Through a joint venture, NRG owns a 37.5% interest in Gladstone, a 1,613 MW coal-fueled power generation facility in Queensland, Australia. The power generation facility is managed by the joint venture participants and the facility is operated by NRG. Operating expenses incurred in connection with the operation of the facility are funded by each of the participants in proportion to their ownership interests. Coal is sourced from local mines in Queensland. NRG and the joint venture participants receive their respective share of revenues directly from the off takers in proportion to the ownership interests in the joint venture. Power generated by the facility is primarily sold to an adjacent aluminum smelter, with excess power sold to the Queensland Government owned utility under long term supply contracts. NRG's investment in Gladstone was \$139 million as of December 31, 2017.

Entities that are Consolidated

The Company has a controlling financial interest in certain entities which have been identified as VIEs under ASC 810. These arrangements are primarily related to tax equity arrangements entered into with third-parties in order to finance the cost of solar energy systems under operating leases and wind facilities eligible for certain tax credits as further described in Note 2, *Summary of Significant Accounting Policies*. For one of the tax equity arrangements, the Company has a deficit restoration obligation equal to \$110 million as of December 31, 2017, which would be required to be funded if the arrangement were to be dissolved.

The summarized financial information for the Company's consolidated VIEs consisted of the following:

(In millions)	December 31, 2017	December 31, 2016
Current assets	\$ 118	\$ 87
Net property, plant and equipment	2,337	1,534
Other long-term assets	658	954
Total assets	3,113	2,575
Current liabilities	96	59
Long-term debt	661	442
Other long-term liabilities	209	183
Total liabilities	966	684
Redeemable noncontrolling interests	78	46
Noncontrolling interests	507	529
Net assets less noncontrolling interests	\$ 1,562	\$ 1,316

Note 17 — Earnings/(Loss) Per Share

Basic earnings/(loss) per common share is computed by dividing net income/(loss) less accumulated preferred stock dividends by the weighted average number of common shares outstanding. Shares issued and treasury shares repurchased during the year are weighted for the portion of the year that they were outstanding. Diluted earnings/(loss) per share is computed in a manner consistent with that of basic earnings/(loss) per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

Dilutive effect for equity compensation and other equity instruments — The outstanding non-qualified stock options, non-vested restricted stock units, and market stock units are not considered outstanding for purposes of computing basic earnings/(loss) per share. However, these instruments are included in the denominator for purposes of computing diluted earnings/(loss) per share under the treasury stock method. The if-converted method was used to determine the dilutive effect of embedded derivatives in the Company's 2.822% Preferred Stock for the year ended December 31, 2015. During 2016, the Company repurchased 100% of the outstanding shares of its 2.822% preferred stock.

The reconciliation of NRG's basic earnings/(loss) per share to diluted earnings/(loss) per share is shown in the following table:

	Year Ended December 31,		
	2017	2016	2015
(In millions, except per share amounts)			
Basic and diluted loss per share attributable to NRG common stockholders			
Net loss attributable to NRG Energy, Inc.	\$ (2,153)	\$ (774)	\$ (6,382)
Dividends for preferred shares	—	5	20
Gain on redemption of 2.822% redeemable perpetual preferred shares	—	(78)	—
Loss Available to Common Stockholders	\$ (2,153)	\$ (701)	\$ (6,402)
Weighted average number of common shares outstanding	317	316	329
Loss per weighted average common share — basic and diluted	\$ (6.79)	\$ (2.22)	\$ (19.46)

The following table summarizes NRG's outstanding equity instruments that are anti-dilutive and were not included in the computation of the Company's diluted loss per share:

	Year Ended December 31,		
	2017	2016	2015
(In millions of shares)			
Equity compensation	5	5	6
Embedded derivative of 2.822% redeemable perpetual preferred stock	—	—	16
Total	5	5	22

Note 18 — Segment Reporting

The Company's segment structure reflects how management currently makes financial decisions and allocates resources. The Company's businesses are segregated as follows: Generation, which includes generation, international and BETM; Retail, which includes Mass customers and Business Solutions, which includes C&I customers and other distributed and reliability products; Renewables, which includes solar and wind assets, excluding those in NRG Yield; NRG Yield; and corporate activities. Intersegment sales are accounted for at market.

NRG Yield includes certain of the Company's contracted generation assets. During 2017, NRG Yield acquired several projects totaling 555 MW for cash consideration of approximately \$245 million from NRG. These acquisitions were treated as a transfer of entities under common control and accordingly, the financial information for years ended December 31, 2017, 2016, and 2015 have been recast to reflect these changes.

On June 14, 2017, as described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, NRG deconsolidated GenOn for financial reporting purposes. The financial information for years ended December 31, 2017, 2016, and 2015 have been recast to present GenOn as discontinued operations within the corporate segment.

NRG's chief operating decision maker, its chief executive officer, evaluates the performance of its segments based on operational measures including adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, free cash flow and capital for allocation, as well as net income/(loss) and net income/(loss) attributable to NRG Energy, Inc.

During the years ended December 31, 2017, 2016 and 2015, the Company had no customer which comprised more than 10% of the Company's consolidated revenues.

	For the Year Ended December 31, 2017							Total
	Generation ^(a)	Retail ^(a)	Renewables ^(a)	NRG Yield ^(a)	Corporate ^(a)	Eliminations		
	(In millions)							
Operating revenues^(a)	\$ 3,773	\$ 6,380	\$ 424	\$ 1,009	\$ 14	\$ (971)	\$ 10,629	
Operating expenses	3,300	5,372	211	348	220	(964)	8,487	
Depreciation and amortization	377	117	196	334	32	—	1,056	
Impairment losses	1,504	7	154	44	—	—	1,709	
Development costs	13	2	45	—	7	—	67	
Total operating cost and expenses	5,194	5,498	606	726	259	(964)	11,319	
Other income - affiliate	—	—	—	—	87	—	87	
Gain/(loss) on sale of assets	20	—	(5)	—	1	—	16	
Operating (loss)/income	(1,401)	882	(187)	283	(157)	(7)	(587)	
Equity in (losses)/earnings of unconsolidated affiliates	(14)	—	—	71	6	(32)	31	
Impairment losses on investments	(74)	—	—	—	(5)	—	(79)	
Other income, net	22	1	—	4	11	—	38	
Loss on debt extinguishment	—	—	(1)	(3)	(49)	—	(53)	
Interest expense	(29)	(6)	(98)	(306)	(451)	—	(890)	
(Loss)/income from continuing operations before income taxes	(1,496)	877	(286)	49	(645)	(39)	(1,540)	
Income tax expense/(benefit)	2	(9)	(20)	72	(37)	—	8	
Net (loss)/income from continuing operations	\$ (1,498)	\$ 886	\$ (266)	\$ (23)	\$ (608)	\$ (39)	\$ (1,548)	
Loss from discontinued operations, net of income tax	—	—	—	—	(789)	—	\$ (789)	
Net (Loss)/Income	(1,498)	886	(266)	(23)	(1,397)	(39)	(2,337)	
Less: Net income/(loss) attributable to noncontrolling interests and redeemable noncontrolling interests	—	2	(103)	(87)	(4)	8	(184)	
Net (loss)/income attributable to NRG Energy, Inc.	\$ (1,498)	\$ 884	\$ (163)	\$ 64	\$ (1,393)	\$ (47)	\$ (2,153)	
Balance sheet								
Equity investments in affiliates	\$ 179	\$ —	\$ 4	\$ 852	\$ 3	\$ —	\$ 1,038	

Capital expenditures ^(b)	481	82	521	31	12	—	1,127
Goodwill	165	374	—	—	—	—	539
Total assets	\$ 7,209	\$ 2,630	\$ 5,129	\$ 8,283	\$ 8,919	\$ (8,852)	\$ 23,318

(a) Inter-segment sales and net derivative gains and losses included in operating revenues

\$ 910	\$ 5	\$ 31	\$ —	\$ 25	\$ —	\$ 971
--------	------	-------	------	-------	------	--------

(b) Includes accruals.

For the Year Ended December 31, 2016

	Generation ^(a)	Retail ^(a)	Renewables ^(a)	NRG Yield ^(a)	Corporate ^(a)	Eliminations	Total
(In millions)							
Operating revenues^(a)	\$ 3,833	\$ 6,335	\$ 406	\$ 1,035	\$ 77	\$ (1,174)	\$ 10,512
Operating expenses	3,545	5,164	217	325	323	(1,178)	8,396
Depreciation and amortization	516	111	185	303	57	—	1,172
Impairment losses	430	1	54	185	32	—	702
Development costs	15	4	40	—	30	—	89
Total operating cost and expenses	4,506	5,280	496	813	442	(1,178)	10,359
Other income - affiliate	—	—	—	—	193	—	193
Loss on sale of assets	—	(1)	—	—	(79)	—	(80)
Operating (loss)/income	(673)	1,054	(90)	222	(251)	4	266
Equity in (losses)/earnings of unconsolidated affiliates	(5)	—	(58)	60	13	17	27
Impairment losses on investments	(142)	—	(105)	—	(21)	—	(268)
Other income, net	21	(6)	1	3	19	(4)	34
Loss on debt extinguishment	—	—	—	—	(142)	—	(142)
Interest expense	(26)	6	(98)	(284)	(495)	2	(895)
(Loss)/income from continuing operations before income taxes	(825)	1,054	(350)	1	(877)	19	(978)
Income tax (benefit)/expense	(1)	1	(20)	(1)	26	—	5
Net (loss)/income from continuing operations	(824)	1,053	(330)	2	(903)	19	(983)
Income from discontinued operations, net of income tax	—	—	—	—	92	—	92
Net (Loss)/Income	(824)	1,053	(330)	2	(811)	19	(891)
Less: Net (loss)/income attributable to noncontrolling interests and redeemable noncontrolling interests	—	(2)	(13)	(54)	18	(66)	(117)
Net (loss)/income attributable to NRG Energy, Inc.	\$ (824)	\$ 1,055	\$ (317)	\$ 56	\$ (829)	\$ 85	\$ (774)

Balance sheet

Equity investments in affiliates	\$ 204	\$ —	\$ 26	\$ 886	\$ 4	\$ —	\$ 1,120
Capital expenditures ^(b)	522	12	330	23	110	—	997
Goodwill	276	374	12	—	—	—	662
Total assets	\$ 13,514	\$ 2,332	\$ 4,921	\$ 8,962	\$ 11,891	\$ (10,938)	\$ 30,682

(a) Inter-segment sales and net derivative gains and losses included in operating revenues

\$ 1,033 \$ 4 \$ 24 \$ 8 \$ 105 \$ — \$ 1,174

(b) Includes accruals.

For the Year Ended December 31, 2015

	Generation ^(a)	Retail ^(a)	Renewables ^(a)	NRG Yield ^(a)	Corporate ^(a)	Eliminations	Total
	(In millions)						
Operating revenues^(a)	\$ 5,179	\$ 6,913	\$ 383	\$ 968	\$ 38	\$ (1,153)	\$ 12,328
Operating expenses	4,198	6,138	187	338	502	(1,135)	10,228
Depreciation and amortization	693	132	176	303	47	—	1,351
Impairment losses	4,655	36	13	1	133	22	4,860
Development costs	26	4	61	—	63	—	154
Total operating costs and expenses	9,572	6,310	437	642	745	(1,113)	16,593
Other income - affiliate	—	—	—	—	193	—	193
Gain on postretirement benefits curtailment	21	—	—	—	—	—	21
Operating (loss)/income	(4,372)	603	(54)	326	(514)	(40)	(4,051)
Equity in earnings/(losses) of unconsolidated affiliates	10	—	(7)	31	—	2	36
Impairment losses on investments	(14)	—	—	—	(42)	—	(56)
Other income, net	18	(4)	3	3	13	(7)	26
Loss on sale of equity method investment	—	—	—	—	(14)	—	(14)
Loss on debt extinguishment	—	—	—	(9)	19	—	10
Interest expense	(25)	2	(79)	(267)	(574)	6	(937)
(Loss)/income from continuing operations before income taxes	(4,383)	601	(137)	84	(1,112)	(39)	(4,986)
Income tax expense/(benefit)	—	1	(18)	12	1,350	—	1,345
Net (loss)/income from continuing operations	\$ (4,383)	600	(119)	72	(2,462)	(39)	(6,331)
Loss from discontinued operations, net of income tax	—	—	—	—	(105)	—	(105)
Net (Loss)/Income	(4,383)	600	(119)	72	(2,567)	(39)	(6,436)
Less: Net income/(loss) attributable to noncontrolling interests and redeemable noncontrolling interests	—	—	6	19	(37)	(42)	(54)
Net (loss)/income attributable to NRG Energy, Inc.	\$ (4,383)	\$ 600	\$ (125)	\$ 53	\$ (2,530)	\$ 3	\$ (6,382)

(a) Inter-segment sales and net derivative gains and losses included in operating revenues

\$ 896	\$ 6	\$ 31	\$ 29	\$ 191	\$ —	\$ 1,153
--------	------	-------	-------	--------	------	----------

Note 19 — Income Taxes

The income tax provision from continuing operations consisted of the following amounts:

	Year Ended December 31,		
	2017	2016	2015
(In millions, except percentages)			
Current			
State	\$ 19	\$ 6	\$ 9
Total — current	19	6	9
Deferred			
U.S. Federal	(6)	3	1,020
State	(7)	(6)	315
Foreign	2	2	1
Total — deferred	(11)	(1)	1,336
Total income tax expense	\$ 8	\$ 5	\$ 1,345
Effective tax rate	(0.5)%	(0.5)%	(27.0)%

The following represents the domestic and foreign components of loss before income tax expense:

	Year Ended December 31,		
	2017	2016	2015
(In millions)			
U.S.	\$ (1,557)	\$ (989)	\$ (4,997)
Foreign	17	11	11
Total	\$ (1,540)	\$ (978)	\$ (4,986)

A reconciliation of the U.S. federal statutory rate of 35% to NRG's effective rate is as follows:

	Year Ended December 31,		
	2017	2016	2015
(In millions, except percentages)			
Loss before income taxes	\$ (1,540)	\$ (978)	\$ (4,986)
Tax at 35%	(539)	(342)	(1,745)
State taxes	19	—	(215)
Foreign operations	2	10	1
Federal and state tax credits, excluding PTCs	—	—	(5)
Tax Act - corporate income tax rate change	733	—	—
Valuation allowance due to corporate income tax rate change	(660)	—	—
Valuation allowance - current period activities	482	398	3,023
Impact of non-taxable equity earnings	(5)	22	(10)
Book goodwill impairment	30	—	340
Net interest accrued on uncertain tax positions	—	1	(3)
Production tax credits	(20)	(26)	(33)
Recognition of uncertain tax benefits	(5)	2	(15)
Tax expense attributable to consolidated partnerships	4	(1)	12
State rate change including true-up to current period activity	18	(59)	(7)
AMT refundable credit	(64)	—	—
Other	13	—	2
Income tax expense	\$ 8	\$ 5	\$ 1,345
Effective income tax rate	(0.5)%	(0.5)%	(27.0)%

For the year ended December 31, 2017, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to tax expense recorded from the revaluation of the existing net deferred tax asset and state taxes, partially offset by the change in valuation allowance, establishing the AMT credit receivable and the generation of PTC's from various wind facilities. The tax expense recorded for revaluation of the net deferred tax asset is required to reflect the reduction in the corporate income tax rate from 35% to 21% in accordance with the Tax Cuts and Jobs Act of 2017, or the Tax Act.

For the year ended December 31, 2016, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to the change in valuation allowance, the impact of non-taxable equity earnings and current state tax expense, partially offset by the generation of PTCs from various wind facilities.

For the year ended December 31, 2015, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to recording of a valuation allowance on the federal and certain state net deferred tax assets that may not be realizable under a "more likely than not" measurement. In addition, a portion of the book goodwill impairment is classified as a permanent reversal impacting the effective tax rate.

The temporary differences, which gave rise to the Company's deferred tax assets and liabilities consisted of the following:

	As of December 31,	
	2017	2016
	(In millions)	
Deferred tax liabilities:		
Emissions allowances	\$ 15	\$ 31
Derivatives, net	15	—
Cumulative translation adjustments	—	11
Investment in projects	231	378
Discount/premium on notes	2	5
Deferred financing costs	2	2
Discontinued operations	—	6
Total deferred tax liabilities	265	433
Deferred tax assets:		
Deferred compensation, accrued vacation and other reserves	141	256
Difference between book and tax basis of property	596	530
Goodwill	38	83
Differences between book and tax basis of contracts	68	60
Pension and other postretirement benefits	74	122
Equity compensation	10	11
Bad debt reserve	14	12
U.S. capital loss carryforwards	1	1
U.S. Federal net operating loss carryforwards	596	728
Foreign net operating loss carryforwards	66	63
State net operating loss carryforwards	140	106
Foreign capital loss carryforwards	1	1
Federal and state tax credit carryforwards	376	446
Federal benefit on state uncertain tax positions	7	12
Intangibles amortization (excluding goodwill)	101	115
Derivatives, net	—	106
Inventory obsolescence	12	5
Other	—	7
Discontinued operations	—	2,093
Total deferred tax assets	2,241	4,757
Valuation allowance	(1,863)	(2,032)
Discontinued operations	—	(2,087)
Total deferred tax assets, net of valuation allowance	378	638
Net deferred tax asset	\$ 113	\$ 205

The following table summarizes NRG's net deferred tax position:

	As of December 31,	
	2017	2016
	(In millions)	
Net deferred tax asset — noncurrent	\$ 134	\$ 225
Net deferred tax liability — noncurrent	(21)	(20)
Net deferred tax asset	\$ 113	\$ 205

The primary driver for the decrease in the net deferred tax asset from \$205 million to \$113 million is the revaluation of the ending balance utilizing a 21% corporate income tax rate instead of a 35% corporate income tax rate pursuant to the Tax Act as of December 22, 2017. NRG Energy, Inc.'s revaluation is completely offset by its valuation allowance. Since NRG Yield, Inc. does not have a valuation allowance against its net deferred tax asset, its ending balance remains at December 31, 2017. Additionally, due to GenOn's petition for bankruptcy on June 14, 2017, its inventory of deferreds is reclassified to discontinued operations for the year ended December 31, 2016 and is completely deconsolidated for the year ended December 31, 2017.

Deferred tax assets and valuation allowance

Net deferred tax balance — As of December 31, 2017 and 2016, NRG recorded a net deferred tax asset of \$1.9 billion and \$2.2 billion, respectively. The Company believes the federal and certain state net deferred tax assets may not be realizable under a “more likely than not” measurement and as such, a valuation allowance has been recorded to reduce the asset accordingly. The Company assesses cumulative and forecasted pretax book earnings and the future reversal of existing taxable temporary differences, including the potential impacts of the recently enacted Tax Act. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, which addresses how a company may recognize provisional amounts for the effect of the changes related to the Tax Act. Consistent with that guidance, the Company recognized provisional amounts based upon our interpretation of the tax laws and estimates which require significant judgments.

Based on the Company's assessment of positive and negative evidence, including available tax planning strategies, NRG believes that it is more likely than not that a benefit will not be realized on \$1.8 billion and \$2.0 billion of tax assets as of December 31, 2017, and 2016, respectively, thus a valuation allowance has been recorded. The net deferred tax asset of \$113 million is predominantly due to the inclusion of NRG Yield Inc.'s net deferred tax asset consisting primarily of net operating losses.

NOL carryforwards — At December 31, 2017, the Company had tax effected cumulative domestic NOLs consisting of carryforwards for federal income tax purposes of \$596 million and state of \$140 million. The Company estimates it will need to generate future taxable income to fully realize the net federal deferred tax asset before expiration commencing in 2026. In addition, NRG has cumulative foreign NOL carryforwards of \$66 million with no expiration date.

Valuation allowance — As of December 31, 2017, the Company's tax effected valuation allowance was \$1.8 billion, consisting of domestic federal net deferred tax assets of approximately \$1.5 billion, domestic state net deferred tax assets of \$267 million, foreign net operating loss carryforwards of \$66 million and foreign capital loss carryforwards of approximately \$1 million. Based upon the assessment of cumulative and forecasted pretax book earnings, and the future reversal of existing taxable temporary differences, it was determined that a valuation allowance was required to be recorded during the year.

Taxes Receivable and Payable

As of December 31, 2017, NRG recorded a current tax payable of \$7 million that represents a tax liability due for state income taxes. NRG has a tax receivable of \$1 million, comprised of refunds due from state income tax estimated payments and return filings for 2017 and 2016, respectively.

Uncertain tax benefits

NRG has identified uncertain tax benefits whose after-tax value is \$30 million for which, as of December 31, 2017 and 2016, NRG has recorded a non-current tax liability of \$33 million and \$37 million, respectively. The Company recognizes interest and penalties related to uncertain tax benefits in income tax expense. During the year ended December 31, 2017, the Company recognized an expense of \$1 million in interest. As of December 31, 2017 and 2016, NRG had cumulative interest and penalties related to these uncertain tax benefits of \$3 million and \$4 million, respectively.

Tax jurisdictions — NRG is subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state and foreign jurisdictions including operations located in Australia.

The Company is no longer subject to U.S. federal income tax examinations for years prior to 2015. With few exceptions, state and local income tax examinations are no longer open for years before 2010.

The following table reconciles the total amounts of uncertain tax benefits:

	As of December 31,	
	2017	2016
	(In millions)	
Balance as of January 1	\$ 34	\$ 32
Increase due to current year positions	4	8
Decrease due to prior year positions	(8)	—
Decrease due to settlements and payments	—	(6)
Uncertain tax benefits as of December 31	\$ 30	\$ 34

Note 20 — Stock-Based Compensation

NRG Energy, Inc. Long-Term Incentive Plan

On April 27, 2017, the NRG LTIP was amended to increase the number of shares available for issuance by 3,000,000. As of December 31, 2017 and 2016, a total of 25,000,000 and 22,000,000 shares of NRG common stock were authorized for issuance under the NRG LTIP, respectively. There were 8,724,595 and 7,487,058 shares of common stock remaining available for grants under the NRG LTIP as of December 31, 2017 and 2016, respectively. The NRG LTIP is subject to adjustments in the event of reorganization, recapitalization, stock split, reverse stock split, stock dividend, and a combination of shares, merger or similar change in NRG's structure or outstanding shares of common stock.

Upon adoption of the amended NRG LTIP effective April 27, 2017, no shares of NRG common stock remain available for future issuance under the NRG GenOn LTIP as of December 31, 2017. There were 5,558,390 shares of NRG common stock authorized for issuance under the NRG GenOn LTIP as of December 31, 2016. As of December 31, 2017 and 2016, there were 1,369,880 and 960,904 shares of common stock remaining available for grants under the NRG GenOn LTIP, respectively.

Non-Qualified Stock Options

NQSOs granted under the NRG LTIP and the NRG GenOn LTIP typically have three-year graded vesting schedules beginning on the grant date and become exercisable at the end of the requisite service period. NRG recognizes compensation costs for NQSOs over the requisite service period for the entire award. The maximum contractual term is 10 years for NRG's outstanding NQSOs. No NQSOs were granted in 2017, 2016 or 2015.

The following table summarizes the Company's NQSO activity and changes during the year:

	Shares ^(a)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
			(In years)	(In millions)
Outstanding at December 31, 2016	1,522,919	\$ 25.03	3	\$ —
Forfeited	(50,001)	29.35		
Exercised	(187,060)	20.71		
Outstanding at December 31, 2017	1,285,858	25.49	3	6
Exercisable at December 31, 2017	1,285,858	25.49	3	6

(a) As of December 31, 2017, 51,207 NQSOs granted to employees of GenOn remain outstanding and exercisable.

The following table summarizes the total intrinsic value of options exercised and the cash received from the exercises of options:

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Total intrinsic value of options exercised	\$ 1	\$ —	\$ 2
Cash received from options exercised	4	—	9

There were no options exercised during the year ended December 31, 2016.

Restricted Stock Units

As of December 31, 2017, RSUs granted under the Company's LTIPs typically have three-year graded vesting schedules beginning on the grant date. Fair value of the RSUs is based on the closing price of NRG common stock on the date of grant. The following table summarizes the Company's non-vested RSU awards and changes during the year:

	Units ^(a)	Weighted Average Grant-Date Fair Value per Unit
Non-vested at December 31, 2016	1,980,141	\$ 19.29
Granted	1,247,075	12.44
Forfeited	(176,132)	14.98
Vested	(673,271)	23.65
Non-vested at December 31, 2017	2,377,813	14.63

(a) As of December 31, 2017, 20,822 RSUs granted to GenOn employees remain outstanding.

The total fair value of RSUs vested during the years ended December 31, 2017, 2016, and 2015, was \$19 million, \$11 million and \$10 million, respectively. The weighted average grant date fair value of RSUs granted during the years ended December 31, 2017, 2016, and 2015 was \$12.44, \$11.54, and \$27.31, respectively.

Deferred Stock Units

DSUs represent the right of a participant to be paid one share of NRG common stock at the end of a deferral period established under the terms of the award. DSUs granted under the Company's LTIPs are fully vested at the date of issuance. Fair value of the DSUs, which is based on the closing price of NRG common stock on the date of grant, is recorded as compensation expense in the period of grant.

The following table summarizes the Company's outstanding DSU awards and changes during the year:

	Units ^(a)	Weighted Average Grant-Date Fair Value per Unit
Outstanding at December 31, 2016	453,674	\$ 21.54
Granted	120,251	16.76
Converted to Common Stock	(146,777)	17.62
Outstanding at December 31, 2017	427,148	21.54

(a) There were no DSUs granted to GenOn employees and outstanding as of December 31, 2017.

The aggregate intrinsic values for DSUs outstanding as of December 31, 2017, 2016, and 2015 were approximately \$12 million, \$6 million, and \$5 million, respectively. The aggregate intrinsic values for DSUs converted to common stock for the years ended December 31, 2017, 2016, and 2015 were \$4 million, \$1 million, and less than a million, respectively. The weighted average grant date fair value of DSUs granted during the years ended December 31, 2017, 2016, and 2015 was \$16.76, \$16.85 and \$25.14, respectively.

Performance Stock Units

PSUs entitle the recipient to stock upon vesting. The amount of the award is subject to the Company's achievement of certain performance measures over the vesting period. As of December 31, 2017, non-vested PSUs consist of Market Stock Units, or MSUs, and Relative Performance Stock Units, or RPSUs.

Relative Performance Stock Units — RPSUs are restricted grants where the quantity of shares increases and decreases alongside the Company's Total Shareholder Return, or TSR, relative to the TSR of the Company's current proxy peer group and the total returns of select indexes, or Peer Group. Each RPSU represents the potential to receive NRG common stock after the completion of the performance period, typically three years of service from the date of grant. The number of shares of NRG common stock to be paid (if any) as of the vesting date for each RPSU will depend on the Company's percentile rank within the Peer Group. The number of shares of common stock to be paid as of the vesting date for each RPSU is linearly interpolated for TSR performance between the following points: (i) 0% if ranked below the 25th percentile; (ii) 25% if ranked at the 25th percentile; (iii) 100% if ranked at the 55th percentile (or the 65th percentile if the Company's absolute TSR is less than negative 15%); and (iv) 200% if ranked at the 75th percentile or above. The value of the common stock on the date of grant is based on the closing price of NRG common stock on the date of grant.

Market Stock Units — MSUs are restricted grants where the quantity of shares increases and decreases alongside the Company's TSR. Each MSU represents the potential to receive NRG common stock after the completion of the performance period, typically three years of service from the date of grant. The number of shares of common stock to be paid as of the vesting date for each MSU is : (i) zero shares, if the TSR has decreased by more than 25% over the performance period, (ii) three-quarters of one share, if the TSR has decreased by 25% over the performance period; (iii) interpolated between three-quarters of one share and one share, if the TSR has decreased less than 25% over the performance period; (iv) one share, if there is no change in TSR over the performance period; (v) interpolated between one share and two shares, if TSR increases less than 100% during the performance period; and (vi) two shares, if the TSR increases 100% over the performance period. The value of the common stock on the date of grant is based on the closing price of NRG common stock on the date of grant. The Company last granted MSUs during the year ended December 31, 2016.

The following table summarizes the Company's non-vested PSU awards and changes during the year:

	Units ^(a)	Weighted Average Grant-Date Fair Value per Unit
Non-vested at December 31, 2016	1,282,588	\$ 21.47
Granted	738,830	15.91
Forfeited	(162,597)	31.85
Non-vested at December 31, 2017	1,858,821	18.27

(a) There were no PSUs granted to GenOn employees and outstanding as of December 31, 2017.

The weighted average grant date fair value of PSUs granted during the years ended December 31, 2017, 2016 and 2015, was \$15.91, \$14.73 and \$26.68, respectively.

The fair value of PSUs is estimated on the date of grant using a Monte Carlo simulation model and expensed over the service period, which equals the vesting period. Significant assumptions used in the fair value model with respect to the Company's PSUs are summarized below:

	2017	2016
	RPSUs	MSUs
Expected volatility	43.96%	34.33%
Expected term (in years)	3	3
Risk free rate	1.5%	1.31%

For the years ended December 31, 2017 and 2016, expected volatility is calculated based on NRG's historical stock price volatility data over the period commensurate with the expected term of the PSU, which equals the vesting period.

Supplemental Information

The following table summarizes NRG's total compensation expense recognized for the years presented as well as total non-vested compensation costs not yet recognized and the period over which this expense is expected to be recognized as of December 31, 2017, for each of the types of awards issued under the LTIPs. Minimum tax withholdings of \$5 million, \$5 million, and \$21 million for the years ended December 31, 2017, 2016, and 2015, respectively, are reflected as a reduction to additional paid-in capital on the Company's consolidated balance sheet and are reflected as operating activities on the Company's consolidated statement of cash flows.

Award	Compensation Expense			Non-vested Compensation Cost	
	Year Ended December 31,			Unrecognized Total Cost	Weighted Average Recognition Period Remaining (In years)
	2017	2016	2015	As of December 31,	
	2017	2016	2015	2017	2017
	(In millions, except weighted average data)				
NQSOs ^(a)	\$ —	\$ —	\$ —	\$ —	—
RSUs	17	13	22	13	1.37
DSUs	2	2	2	—	—
MSUs	6	3	16	4	0.82
RPSUs	4	—	—	6	1.99
PRSU ^(b)	15	5	—	14	1.51
Total ^(c)	\$ 44	\$ 23	\$ 40	\$ 37	
Tax detriment recognized	\$ (5)	\$ (4)	\$ (12)		

(a) All NQSOs granted under the Company's LTIP were fully vested as of December 31, 2017, 2016, and 2015.

(b) Phantom Restricted Stock Units, PRSUs, are liability-classified time-based awards that typically vest ratably over a three-year period. The amount to be paid upon vesting is based on NRG's closing stock price for the period.

(c) Does not include GenOn compensation expense incurred prior to the deconsolidation of GenOn on June 14, 2017, of approximately \$1 million for each of the years ended December 31, 2017, 2016, and 2015, which is recorded in loss from discontinued operations in the Company's consolidated statement of operations.

Note 21 — Related Party Transactions

The following table summarizes NRG's material related party transactions with third party affiliates that are included in the Company's operating revenues, operating costs and other income and expense:

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
<i>Revenues from Related Parties Included in Operating Revenues</i>			
Gladstone	\$ 3	\$ 2	\$ 4
GenConn	5	5	4
Total	\$ 8	\$ 7	\$ 8

Gladstone — NRG provides services to Gladstone, an equity method investment, under an operations and maintenance agreement. Fees for services under this contract primarily include recovery of NRG's costs of operating the plant as approved in the annual budget, as well as a base monthly fee.

GenConn — NRG provides services to GenConn under operations and maintenance agreements with GenConn Devon and GenConn Middletown that began in June 2010 and June 2011, respectively.

Services Agreement and Transition Services Agreement with GenOn

The Company provides GenOn with various management, personnel and other services, which include human resources, regulatory and public affairs, accounting, tax, legal, information systems, treasury, risk management, commercial operations, and asset management, as set forth in the services agreement with GenOn, or the Services Agreement. The initial term of the Services Agreement was through December 31, 2013, with an automatic renewal absent a request for termination. The fee charged was determined based on a fixed amount as described in the Services Agreement and was calculated based on historical GenOn expenses prior to the NRG Merger. The annual fees under the Services Agreement were approximately \$193 million and management has concluded that this method of charging overhead costs is reasonable. As described in Note 3, *Discontinued Operations, Acquisitions and Dispositions*, in connection with the Restructuring Support Agreement, NRG agreed to provide shared services to GenOn under the Services Agreement for an adjusted annualized fee of \$84 million. Beginning on June 14, 2017, and through December 2017, NRG recorded amounts earned for shared services of approximately \$5 million per month.

In December 2017, in conjunction with the confirmation of the GenOn Entities' plan of reorganization, the Services Agreement was terminated and replaced by the transition services agreement. Under the transition services agreement, NRG will continue to provide the shared services and other separation services at an annualized rate of \$84 million, subject to certain credits and adjustments, until June 30, 2018, which may be extended by GenOn through September 30, 2018. NRG may provide additional separation services that are necessary for or reasonably related to the operation of GenOn's business after such date, subject to NRG's prior written consent, not to be unreasonably withheld. For the year ended December 31, 2017, NRG recorded other income - affiliate related to these services of \$87 million prior to the Chapter 11 Filing and \$42 million against selling, general and administrative expenses post-Chapter 11 Filing. For the year ended December 31, 2016, NRG recorded other income - affiliate related to these services of \$193 million.

Also in December 2017, NRG provided GenOn with a \$3.5 million credit for services provided under the transition services agreement and began recording amounts earned of approximately \$7 million per month. NRG has also agreed to provide GenOn with a \$28 million credit against amounts owed to NRG under the transition services agreement. The credit is intended to reimburse GenOn for its payment of financing costs. Any unused amount can be paid in cash at GenOn's request, subject to the terms and conditions of the transition services agreement.

See Note 3, *Discontinued Operations, Acquisitions and Dispositions*, for further discussion regarding the December 2017 agreed upon changes to the Restructuring Support Agreement and transition services agreement, based on which NRG recorded a reserve of \$12 million against affiliate receivable balances as of December 31, 2017.

Credit Agreement with GenOn

NRG and GenOn are party to a secured intercompany revolving credit agreement. The intercompany revolving credit agreement provided for a \$500 million revolving credit facility, all of which was available for revolving loans and letters of credit. At December 31, 2017 and December 31, 2016, \$92 million and \$272 million, respectively, of letters of credit were issued and outstanding under the NRG credit agreement for GenOn. Additionally, as of December 31, 2017, there were \$125 million of loans outstanding under the intercompany secured revolving credit facility. As of December 31, 2016, no loans were outstanding under this intercompany secured revolving credit facility. In addition, the intercompany secured revolving credit facility contains customary covenants and events of default. As of December 31, 2017, GenOn was in default under the secured intercompany revolving credit agreement due to the filing of the Chapter 11 Cases.

As a result of the Chapter 11 Cases, no additional revolving loans or letters of credit are available to GenOn. In addition, NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, which could be utilized for required letters of credit in lieu of the intercompany secured revolving credit facility. The letter of credit facility provided availability of up to \$330 million less amounts borrowed and letters of credit provided are required to be cash collateralized at 103% of the letter of credit amount. On July 27, 2017, this letter of credit facility was terminated as GenOn has obtained a separate letter of credit facility with a third party financial institution. Effective with completion of the reorganization, GenOn must repay NRG for all revolving loans outstanding, with such amount to be netted against the settlement payment owed from NRG to GenOn. Accordingly, the affiliate receivable is recorded net within accrued expenses and other current liabilities - affiliate on the consolidated balance sheet as of December 31, 2017. Interest continues to accrue during the pendency of the Chapter 11 Cases and borrowings remain secured obligations.

Commercial Operations Agreement

NRG Power Marketing LLC has entered into physical and financial intercompany commodity and hedging transactions with GenOn and certain of its subsidiaries. Subject to applicable collateral thresholds, these arrangements may provide for the bilateral exchange of credit support based upon market exposure and potential market movements. The terms and conditions of the agreements are generally consistent with industry practices and other third party arrangements. As of December 31, 2017, derivative assets and liabilities associated with these transactions are recorded within NRG's derivative instruments balances on the consolidated balance sheet, with related revenues and costs within operating revenues and cost of operations, respectively. Additionally, as of December 31, 2017 and December 31, 2016, the Company had \$32 million and \$79 million, respectively, of cash collateral posted in support of energy risk management activities by GenOn.

Note 22 — Commitments and Contingencies

Operating Lease Commitments

Powerton and Joliet Leases

The Company leases 100% interests in the Powerton facility and Unit 7 and Unit 8 of the Joliet facility through 2034 and 2030, respectively, through its indirect subsidiary, Midwest Generation, LLC. The Company accounts for these leases as operating leases and records lease expense on a straight-line basis over the lease term. In connection with the acquisition of EME, the Company recorded the out-of-market value as a liability in out-of-market contracts of \$159 million. The liability will be amortized through rent expense on a straight-line basis over the term of the lease. The Company expects to record lease expense, net of amortization of the out-of-market liability, of approximately \$14 million per year through the term of the lease.

Future minimum lease commitments under the Powerton and Joliet operating leases for the years ending after December 31, 2017 are as follows:

Period	(In millions)
2018	\$ 1
2019	1
2020	1
2021	3
2022	6
Thereafter	228
Total	\$ 240

Other Operating Leases

NRG leases certain Company facilities and equipment under operating leases, some of which include escalation clauses, expiring on various dates through 2041. NRG also has certain tolling arrangements to purchase power, which qualify as operating leases. Certain operating lease agreements include provisions such as scheduled rent increases, leasehold incentives, and rent concessions over their lease term. The Company recognizes the effects of these scheduled rent increases, leasehold incentives, and rent concessions on a straight-line basis over the lease term unless another systematic and rational allocation basis is more representative of the time pattern in which the leased property is physically employed. Lease expense under operating leases was \$81 million, \$96 million, and \$97 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Future minimum lease commitments under operating leases for the years ending after December 31, 2017 are as follows:

Period	(In millions)
2018	\$ 78
2019	80
2020	75
2021	65
2022	64
Thereafter	479
Total ^(a)	\$ 841

(a) Amounts in the table exclude future sublease income of \$49 million associated with long-term leases for office locations.

Coal, Gas and Transportation Commitments

NRG has entered into long-term contractual arrangements to procure fuel and transportation services for the Company's generation assets and for the years ended December 31, 2017, 2016, and 2015, the Company purchased \$1.2 billion, \$1.2 billion, and \$1.8 billion, respectively, under such arrangements.

As of December 31, 2017, the Company's commitments under such outstanding agreements are as follows:

Period	(In millions)
2018	\$ 527
2019	188
2020	150
2021	112
2022	103
Thereafter	296
Total	\$ 1,376

Purchased Power Commitments

NRG has purchased power contracts of various quantities and durations that are not classified as derivative assets and liabilities and do not qualify as operating leases. These contracts are not included in the consolidated balance sheet as of December 31, 2017. Minimum purchase commitment obligations are as follows as of December 31, 2017:

Period	(In millions)
2018	\$ 21
2019	14
2020	12
2021	11
2022	10
Thereafter	—
Total (a)	\$ 68

(a) As of December 31, 2017, the maximum remaining term under any individual purchased power contract is five years.

First Lien Structure

NRG has granted first liens to certain counterparties on a substantial portion of the Company's assets, excluding assets acquired in the GenOn and EME (including Midwest Generation) acquisitions, assets held by NRG Yield, Inc. and NRG's assets that have project-level financing, to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or MWh equivalents. The Company's lien counterparties may have a claim on NRG's assets to the extent market prices exceed the hedged price. As of December 31, 2017, hedges under the first lien were in-the-money for NRG on a counterparty aggregate basis.

Lignite Contract with Texas Westmoreland Coal Co.

The Company's Limestone facility utilizes a blend of coal including lignite obtained from the Jewett mine, a surface mine adjacent to the Limestone facility, under a long-term contract with Texas Westmoreland Coal Co., or TWCC. The contract is a cost-plus arrangement with certain performance incentives and penalties. On August 18, 2016, NRG gave notice to TWCC terminating the active mining of lignite under the contract, effective on December 31, 2016.

Under the contract, TWCC continues to be responsible for reclamation activities. NRG is responsible for reclamation costs and has recorded an adequate ARO liability. The Railroad Commission of Texas has imposed a bond obligation of \$95.5 million on TWCC for the reclamation of the mine. Pursuant to the contract with TWCC, NRG supports this obligation through surety bonds. Additionally, NRG is obligated to provide additional performance assurance if required by the Railroad Commission of Texas.

Nuclear Insurance

STP maintains required insurance coverage for liability claims arising from nuclear incidents pursuant to the Price-Anderson Act. Effective January 1, 2017, the current liability limit per incident is \$13.44 billion, subject to change to account for the effects of inflation and the number of licensed reactors. An inflation adjustment must be made at least once every five years with the next due no later than September 10, 2018. Under the Price-Anderson Act, owners of nuclear power plants in the U.S. are required to purchase primary insurance limits of \$450 million for each operating site. In addition, the Price-Anderson Act requires an additional layer of protection through mandatory participation in a retrospective rating plan for power reactors resulting in an additional \$13 billion in funds available for public liability claims. The current maximum assessment per incident, per reactor, is approximately \$127 million, taking into account a 5% adjustment for administrative fees, payable at approximately \$19 million per year, per reactor. NRG would be responsible for 44% of the maximum assessment, or \$8 million per year, per reactor, and a maximum of \$112 million per incident. In addition, the U.S. Congress retains the ability to impose additional financial requirements on the nuclear industry to pay liability claims that exceed \$13 billion for a single incident. The liabilities of the co-owners of STP with respect to the retrospective premium assessments for nuclear liability insurance are joint and several.

STP purchases insurance for property damage and site decontamination cleanup costs from Nuclear Electric Insurance Limited, or NEIL, an industry mutual insurance company, of which STP is a member. STP has purchased \$2.75 billion in limits for nuclear events and \$1.5 billion in limits for non-nuclear events, the maximum available from NEIL. The upper \$1.25 billion in limits (excess of the first \$1.5 billion in limits) is a single limit blanket policy shared with two Diablo Canyon nuclear reactors, which have no affiliation with the Company. This shared limit is not subject to automatic reinstatement in the event of a loss. The NEIL policy covers both nuclear and non-nuclear property damage events, and a NEIL companion policy provides Accidental Outage coverage for the co-owners of STP's lost revenue following a property damage event, at a weekly indemnity limit of \$2.52 million per unit up to a maximum of \$274.4 million nuclear and \$183.5 million non-nuclear, and is subject to an eight-week waiting period. NRG also purchases an Accidental Outage policy from NEIL, which provides protection for lost revenue due to an insurable event. This coverage allows for reimbursement up to \$1.98 million per week per unit up to a maximum of \$215.6 million nuclear and \$144 million non-nuclear, and is subject to an eight-week waiting period. Under the terms of the NEIL policies, member companies may be assessed up to ten times their annual premium if the NEIL Board of Directors determines their surplus has been depleted due to the payment of property losses at any of the licensed reactors in a single policy year. NEIL requires that its members maintain an investment grade credit rating or insure their annual retrospective obligation by providing a financial guarantee, letter of credit, deposit premium, or an insurance policy. NRG has purchased an insurance policy from NEIL to guarantee the Company's obligation; however this insurance will only respond to retrospective premium adjustments assessed within twenty-four months after the policy term, whereas NEIL's Board of Directors can make such an adjustment up to 6 years after the policy expires.

Contingencies

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

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

Midwest Generation Asbestos Liabilities — The Company, through its subsidiary, Midwest Generation, may be subject to potential asbestos liabilities as a result of its acquisition of EME. The Company is currently analyzing the scope of potential liability as it may relate to Midwest Generation. The Company believes that it has established an adequate reserve for these cases.

Energy Plus Holdings — On August 7, 2012, Energy Plus Holdings received a subpoena from the NYAG which generally sought information and business records related to Energy Plus Holdings' sales, marketing and business practices. Energy Plus Holdings provided documents and information to the NYAG. On June 22, 2015, the NYAG issued another subpoena seeking additional information. Energy Plus Holdings provided responsive documents to this second subpoena. On August 28, 2017, the parties entered into an Assurance of Discontinuance resolving this matter.

Midwest Generation New Source Review Litigation — In August 2009, the EPA and the Illinois Attorney General, or the Government Plaintiffs, filed a complaint, or the Governments' Complaint, in the U.S. District Court for the Northern District of Illinois alleging violations of CAA PSD requirements by Midwest Generation arising from maintenance, repair or replacement projects at six Illinois coal-fired electric generating stations performed by Midwest Generation or ComEd, a prior owner of the stations, including alleged failures to obtain PSD construction permits and to comply with BACT requirements. The Government Plaintiffs also alleged violations of opacity and PM standards at the Midwest Generation plants. Finally, the Government Plaintiffs alleged that Midwest Generation violated certain operating permit requirements under Title V of the CAA allegedly arising from such claimed PSD, opacity and PM emission violations. Several environmental groups intervened as plaintiffs in this litigation and filed a complaint, or the Intervenor's Complaint, which alleged opacity, PM and related Title V violations. Midwest Generation filed a motion to dismiss nine of the ten PSD counts in the Governments' Complaint, and to dismiss the tenth PSD count to the extent the Governments' Complaint sought civil penalties for that count. The trial court granted the motion in March 2010.

In June 2010, the Government Plaintiffs and Intervenor each filed an amended complaint. The Governments' Amended Complaint again alleged that Midwest Generation violated PSD (based upon the same projects as alleged in their original complaint, but adding allegations that the Company was liable as the "successor" to ComEd), Title V and opacity and PM standards. It named EME and ComEd as additional defendants and alleged PSD violations (again, premised on the same projects) against them. The Intervenor's Amended Complaint named only Midwest Generation as a defendant and alleged Title V and opacity/PM violations, as well as one of the ten PSD violations alleged in the Governments' Amended Complaint. Midwest Generation again moved to dismiss all but one of the Government Plaintiffs' PSD claims and the related Title V claims. Midwest Generation also filed a motion to dismiss the PSD claim in the Intervenor's Amended Complaint and the related Title V claims. In March 2011, the trial court granted Midwest Generation's partial motion to dismiss the Government Plaintiffs' PSD claims. The trial court denied Midwest Generation's motion to dismiss the PSD claim asserted in the Intervenor's Amended Complaint, but noted that the plaintiffs would be required to convince the court that the statute of limitations should be equitably tolled. The trial court did not address other counts in the amended complaints that allege violations of opacity and PM emission limitations under the Illinois State Implementation Plan and related Title V claims. The trial court also granted the motions to dismiss the PSD claims asserted against EME and ComEd.

Following the trial court ruling, the Government Plaintiffs appealed the trial court's dismissals of their PSD claims, including the dismissal of nine of the ten PSD claims against Midwest Generation and of the PSD claims against the other defendants. Those PSD claim dismissals were affirmed by the U.S. Court of Appeals for the Seventh Circuit in July 2013. In addition, in 2012, all but one of the environmental groups that had intervened in the case dismissed their claims without prejudice. As a result, only one environmental group remains a plaintiff intervenor in the case. In February 2018, the parties agreed in principal to settle the matter. After the settlement agreement is signed by all parties (which the Company expects to occur in March 2018) and approved by the court, Midwest Generation will be required to (x) pay \$500,000 to each of the State of Illinois and the Federal Government and (y) make and maintain certain operational improvements.

Telephone Consumer Protection Act Purported Class Actions — Three purported class action lawsuits have been filed against NRG Residential Solar Solutions, LLC —one in California and two in New Jersey. The plaintiffs generally allege misrepresentation by the call agents and violations of the TCPA, claiming that the defendants engaged in a telemarketing campaign placing unsolicited calls to individuals on the "Do Not Call List." The plaintiffs seek statutory damages of up to \$1,500 per plaintiff, actual damages and equitable relief. On June 22, 2017, plaintiffs in the California case filed a motion for leave to file a second amended complaint to substitute new plaintiffs. Defendants filed an opposition to this motion on June 26, 2017. The court granted plaintiffs' motion to substitute new plaintiffs and on August 1, 2017, defendants filed an answer to the second amended complaint. On August 31, 2017, the court in the California case agreed that the litigation should be stayed pending final court approval of the New Jersey settlement. On July 12, 2017, the parties in the New Jersey action reached an agreement in principle to resolve the class allegations which was confirmed by a term sheet signed by the parties on July 28, 2017. On September 27, 2017, plaintiffs in the New Jersey case filed their motion for preliminary approval of the class settlement which was approved by the court on November 17, 2017. On February 20, 2018 at the close of the objection deadline, two objections were filed to the Dobkin class settlement.

California Department of Water Resources and San Diego Gas & Electric Company v. Sunrise Power Company LLC — On January 29, 2016, CDWR and SDG&E filed a lawsuit against Sunrise Power Company, along with NRG and Chevron Power Corporation. In June 2001, CDWR and Sunrise entered into a 10-year PPA under which Sunrise would construct and operate a generating facility and provide power to CDWR. At the time the PPA was entered into, Sunrise had a transportation services agreement, or TSA, to purchase natural gas from Kern River through April 30, 2018. In August 2003, CDWR entered into an agreement with Sunrise and Kern River in which CDWR accepted assignment of the TSA through the term of the PPA. After the PPA expired, Kern River demanded that any reassignment be to a party which met certain creditworthiness standards which Sunrise did not. As such, the plaintiffs brought this lawsuit against the defendants alleging breach of contract, breach of covenant of good faith and fair dealing and improper distributions. Plaintiffs generally claim damages of \$1.2 million per month for the remaining 70 months of the TSA. On April 20, 2016, the defendants filed objections in response to the plaintiffs' complaint. The objections were granted on June 14, 2016; however, the plaintiffs were allowed to file amended complaints on July 1, 2016. On July 27, 2016, defendants filed objections to the amended complaints. On November 18, 2016, the court sustained the objections and allowed plaintiffs another opportunity to file a second amended lawsuit which they did on January 13, 2017. On April 21, 2017, the court issued an order sustaining the objections without leave to amend. On July 14, 2017, CDWR filed a notice of appeal. On January 10, 2018, CDWR filed its appellate brief.

Braun v. NRG Yield, Inc. — On April 19, 2016, plaintiffs filed a putative class action lawsuit against NRG Yield, Inc., the current and former members of its board of directors individually, and other parties in California Superior Court in Kern County, CA. Plaintiffs allege various violations of the Securities Act due to the defendants' alleged failure to disclose material facts related to low wind production prior to the NRG Yield, Inc.'s June 22, 2015 Class C common stock offering. Plaintiffs seek compensatory damages, rescission, attorney's fees and costs. The Defendants filed objections and a motion challenging jurisdiction on October 18, 2016. On December 1, 2017, the parties agreed to a stipulation which provides the plaintiffs' opposition is due on March 6, 2018 and defendants' reply is due on May 4, 2018.

Ahmed v. NRG Energy, Inc. and the NRG Yield Board of Directors — On September 15, 2016, plaintiffs filed a putative class action lawsuit against NRG Energy, Inc., the directors of NRG Yield, Inc., and other parties in the Delaware Chancery Court. The complaint alleges that the defendants breached their respective fiduciary duties with regard to the recapitalization of NRG Yield, Inc. common stock in 2015. The plaintiffs generally seek economic damages, attorney's fees and injunctive relief. The defendants filed a motion to dismiss the lawsuit on December 21, 2016. Plaintiffs filed their objection to the motion to dismiss on February 15, 2017. The defendants' reply was filed on March 24, 2017. The court heard oral argument on defendants' motion to dismiss on June 20, 2017. On September 7, 2017, the court requested additional briefing which the parties provided on September 21, 2017. On December 11, 2017, the court dismissed the lawsuit with prejudice, thereby ending the case.

Griffoul v. NRG Residential Solar Solutions — On February 28, 2017, plaintiffs, consisting of New Jersey residential solar customers, filed a purported class action lawsuit in New Jersey state court. Plaintiffs allege violations of the New Jersey Consumer Fraud Action and Truth-in-Consumer Contracts, Warranty and Notice Act with regard to certain provisions of their residential solar contracts. The plaintiffs seek damages and injunctive relief as to the proper allocation of the solar renewable energy credits. On June 6, 2017, the defendants filed a motion to compel arbitration or dismiss the lawsuit. Plaintiffs filed their opposition on June 29, 2017. On July 14, 2017, the court denied NRG's motion to compel arbitration or dismiss the case. On July 25, 2017, NRG filed a motion for reconsideration of the appeal, which the court denied. On August 22, 2017, NRG filed a notice of appeal. The appeal is fully briefed and scheduled for argument on April 24, 2018.

Rice v. NRG — On April 14, 2017, plaintiffs filed a purported class action lawsuit in the U.S. District Court for the Western District of Pennsylvania against NRG, First Energy Corporation and Matt Canastrale Contracting, Inc. Plaintiffs generally claim personal injury, trespass, nuisance and property damage related to the disposal of coal ash from GenOn's Elrama Power Plant and First Energy's Mitchell and Hatfield Power Plants. Plaintiffs generally seek monetary damages, medical monitoring and remediation of their property. Plaintiffs filed an amended complaint on August 14, 2017. On October 20, 2017, NRG filed its answer and affirmative defenses.

Washington-St. Tammany and Claiborne Electric Cooperative v. LaGen — On June 28, 2017, plaintiffs Washington-St. Tammany Electric Cooperative, Inc. and Claiborne Electric Cooperative, Inc. filed a lawsuit against Louisiana Generating, L.L.C., or LaGen, in the United States District Court for the Middle District of Louisiana. The plaintiffs claim breach of contract against LaGen for allegedly improperly charging the plaintiffs for costs related to the installation and maintenance of certain pollution control technology. Plaintiffs seek damages for the alleged improper charges and a declaration as to which charges are proper under the contract. On September 14, 2017, the court issued a scheduling order setting this case for trial on October 21, 2019. LaGen filed a motion for a more definite statement on September 18, 2017 which the court denied on November 2, 2017. LaGen filed its answer and affirmative defenses on November 17, 2017.

GenOn Chapter 11 Cases — On the Petition Date, the GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Under the Restructuring Support Agreement to which the GenOn Entities, NRG and certain of GenOn's and GenOn Americas Generation's senior unsecured noteholders are parties, each of them supported the Bankruptcy Court's approval of the plan of reorganization. GenOn has a customary "fiduciary out" under the Restructuring Support Agreement. If the plan of reorganization is not consummated, NRG may not be entitled to the benefits of the Settlement Agreement provided under the Restructuring Support Agreement and it will remain subject to any claims of GenOn and the noteholders, including claims relating to or arising out of any shared services and any other relationships or transactions between the companies. See Note 3, *Discontinued Operations, Dispositions and Acquisitions*, for additional information related to the Chapter 11 Cases.

GenOn Noteholders' Lawsuit — On December 13, 2016, certain indenture trustees for an ad hoc group of holders, or the Noteholders, of the GenOn Energy, Inc. 7.875% Senior Notes due 2017, 9.500% Notes due 2018, and 9.875% Notes due 2020, and the GenOn Americas Generation, LLC 8.50% Senior Notes due 2021 and 9.125% Senior Notes due 2031, along with certain of the Noteholders, filed a complaint in the Superior Court of the State of Delaware against NRG and GenOn alleging certain claims related to the Services Agreement between NRG and GenOn. Plaintiffs generally seek return of all monies paid under the Services Agreement and any other damages that the court deems appropriate. On February 3, 2017, the court entered an order approving a Standstill Agreement whereby the parties agreed to suspend all deadlines in the case until March 1, 2017. The Standstill Agreement terminated on March 1, 2017. On April 30, 2017, the Noteholders filed an amended complaint that asserts (i) additional fraudulent transfer claims in relation to GenOn's sale of the Marsh Landing project to NRG Yield LLC, (ii) alleged breaches of fiduciary duty by certain current and former officers and directors of GenOn in relation to the Services Agreement and the alleged usurpation of corporate opportunities concerning the Mandalay and Canal projects and (iii) claims against NRG for allegedly aiding and abetting such claimed breaches of fiduciary duties. In addition to NRG and GenOn, the amended complaint names NRG Yield LLC and certain current and former officers and directors of GenOn as defendants. The plaintiffs, among other things, generally seek return of all monies paid under the services agreement and any other damages that the court deems appropriate. On December 14, 2017, a settlement agreement was executed between GenOn and NRG which should ultimately resolve this lawsuit.

Morgantown v. GenOn Mid-Atlantic — On June 8, 2017, Morgantown and Dickerson Owner Lessors filed a lawsuit against GenOn Mid-Atlantic, LLC, NRG North America LLC, GenOn Americas Generation, LLC, NRG Americas, Inc., GenOn Energy Holdings, Inc., GenOn Energy, Inc., and NRG Energy, Inc. in New York State Supreme Court. The plaintiffs allege that they were overcharged by defendants for certain services outlined in a Services Agreement and that defendants caused a Qualified Credit Support portion of a Participation Agreement, or QCS Agreement, to be violated by causing the transfer of certain money outside the allowable confines set forth in the QCS Agreement. In addition, plaintiffs claim that the transfers were unfairly executed and done so in an effort to defraud plaintiffs and hinder their ability to continue to do business. As such, plaintiffs seek, among other things, the return of certain transferred funds and service charges paid and to bar defendants from executing additional transfers on plaintiffs' behalf. On November 7, 2017, the Bankruptcy Court issued an order estimating the claims to be valued at \$0. On December 14, 2017, a settlement agreement was executed between GenOn and NRG which should ultimately resolve this lawsuit.

BTEC v. NRG Texas Power — On July 18, 2017, BTEC New Albany LLC, or BTEC, filed a lawsuit against NRG Texas Power LLC, or NRG Texas Power, in the Harris County District Court in Texas. On January 15, 2013, the parties entered into a Membership Interest and Purchase Agreement, or MIPA, whereby BTEC agreed to dismantle, transport and rebuild an electric power generation facility at the former P.H. Robinson Electric Generating Station in Bacliff, Texas. The MIPA required BTEC to meet a Guaranteed Commercial Completion Date of May 31, 2016. But even a year later, BTEC had not satisfied all of the contractually-required acceptance criteria. As a result and given that the MIPA expiration date passed on May 31, 2017, NRG elected to terminate the contract in June 2017. BTEC claims that NRG Texas Power breached the MIPA by improperly terminating it, and seeks a declaratory judgment as to the rights and obligations of the parties. In addition, BTEC seeks damages, interest and attorney's fees. On August 14, 2017, NRG Texas Power served its answer to the lawsuit. On September 7, 2017, NRG Texas Power filed a counterclaim seeking damages in excess of \$48 million.

GenOn Related Contingencies

Actions Pursued by MC Asset Recovery — With Mirant Corporation's emergence from bankruptcy protection in 2006, certain actions filed by GenOn Energy Holdings and some of its subsidiaries against third parties were transferred to MC Asset Recovery, a wholly owned subsidiary of GenOn Energy Holdings. MC Asset Recovery is governed by a manager who is independent of NRG and GenOn. MC Asset Recovery is a disregarded entity for income tax purposes. Under the remaining action transferred to MC Asset Recovery, MC Asset Recovery seeks to recover damages from Commerzbank AG and various other banks, or the Commerzbank Defendants, for alleged fraudulent transfers that occurred prior to Mirant's bankruptcy proceedings. In December 2010, the U.S. District Court for the Northern District of Texas dismissed MC Asset Recovery's complaint against the Commerzbank Defendants. In January 2011, MC Asset Recovery appealed the District Court's dismissal of its complaint against the Commerzbank Defendants to the U.S. Court of Appeals for the Fifth Circuit, or the Fifth Circuit. In March 2012, the Fifth Circuit reversed the District Court's dismissal and reinstated MC Asset Recovery's amended complaint against the Commerzbank Defendants. On December 10, 2015, the District Court granted summary judgment in favor of the Commerzbank Defendants. On December 29, 2015, MC Asset Recovery filed a notice to appeal this judgment with the Fifth Circuit. On June 1, 2017, the Fifth Circuit affirmed the District Court's judgment. On June 12, 2017, MC Asset Recovery petitioned the Fifth Circuit for rehearing. The petition for rehearing was denied and a court order and judgment affirming the District Court's judgments was entered on July 17, 2017. The bankruptcy court is scheduled to hear a Motion for a Final Decree in the Mirant bankruptcy on April 11, 2018.

Natural Gas Litigation — GenOn is party to several lawsuits, certain of which are class action lawsuits, in state and federal courts in Kansas, Missouri, Nevada and Wisconsin. These lawsuits were filed in the aftermath of the California energy crisis in 2000 and 2001 and the resulting FERC investigations and relate to alleged conduct to increase natural gas prices in violation of state antitrust law and similar laws. The lawsuits seek treble or punitive damages, restitution and/or expenses. The lawsuits also name as parties a number of energy companies unaffiliated with NRG. In July 2011, the U.S. District Court for the District of Nevada, which was handling four of the five cases, granted the defendants' motion for summary judgment and dismissed all claims against GenOn in those cases. The plaintiffs appealed to the U.S. Court of Appeals for the Ninth Circuit, or the Ninth Circuit, which reversed the decision of the District Court. GenOn along with the other defendants in the lawsuit filed a petition for a writ of certiorari to the U.S. Supreme Court challenging the Ninth Circuit's decision and the U.S. Supreme Court granted the petition. On April 21, 2015, the U.S. Supreme Court affirmed the Ninth Circuit's holding that plaintiffs' state antitrust law claims are not field-preempted by the federal Natural Gas Act and the Supremacy Clause of the U.S. Constitution. The U.S. Supreme Court left open whether the claims were preempted on the basis of conflict preemption. The U.S. Supreme Court directed that the case be remanded to the U.S. District Court for the District of Nevada for further proceedings. On March 7, 2016, class plaintiffs filed their motions for class certification. Defendants filed their briefs in opposition to class plaintiffs' motions for class certification on June 24, 2016. On March 30, 2017, the court denied the plaintiffs' motions for class certification. On April 13, 2017, the plaintiffs petitioned the Ninth Circuit for interlocutory review of the court's order denying class certification. On June 13, 2017, the Ninth Circuit granted plaintiffs' petition for interlocutory review. On November 22, 2017, plaintiffs filed their appellate brief. On January 22, 2018, the defendants filed their opposition brief.

In May 2016 in one of the Kansas cases, the U.S. District Court for the District of Nevada granted the defendants' motion for summary judgment. Subsequently in December 2016, the plaintiffs filed a notice of appeal with the Ninth Circuit. The appeal has been fully briefed by the parties and was argued on February 16, 2018. GenOn has agreed to indemnify CenterPoint against certain losses relating to these lawsuits.

In September 2012, the State of Nevada Supreme Court, which was handling the remaining case, affirmed dismissal by the Eighth Judicial District Court for Clark County, Nevada of all plaintiffs' claims against GenOn. In February 2013, the plaintiffs in the Nevada case filed a petition for a writ of certiorari to the U.S. Supreme Court. In June 2013, the U.S. Supreme Court denied the petition for a writ of certiorari, thereby ending one of the five lawsuits.

Potomac River Environmental Investigation — In March 2013, NRG Potomac River LLC, a subsidiary of GenOn, received notice that the District of Columbia Department of Environment (now renamed the Department of Energy and Environment, or DOEE) was investigating potential discharges to the Potomac River originating from the Potomac River Generating facility site, a site where the generation facility is no longer in operation. In connection with that investigation, DOEE served a civil subpoena on NRG Potomac River LLC requesting information related to the site and potential discharges occurring from the site. NRG Potomac River LLC provided various responsive materials. In January 2016, DOEE advised NRG Potomac River LLC that DOEE believed various environmental violations had occurred as a result of discharges DOEE believes occurred to the Potomac River from the Potomac River Generating facility site and as a result of associated failures to accurately or sufficiently report such discharges. DOEE has indicated it believes that penalties are appropriate in light of the violations. NRG Potomac River LLC is currently reviewing the information provided by DOEE.

Natixis v. GenOn Mid-Atlantic — On February 16, 2018, Natixis Funding Corp. and Natixis, New York Branch filed a complaint in the Supreme Court of the State of New York against GenOn Mid-Atlantic, the owner lessors under GenOn Mid-Atlantic's operating leases of the Dickerson and Morgantown coal generation units, and the lease indenture trustee under those leases. The plaintiffs' allegations against GenOn Mid-Atlantic relate to a payment agreement between GenOn Mid-Atlantic and Natixis Funding Corp. to procure credit support for the payment of certain lease payments owed pursuant to the GenOn Mid-Atlantic operating leases for Morgantown and Dickerson. Plaintiffs seek approximately \$34 million in damages arising from GenOn Mid-Atlantic's purported breach of certain warranties in the payment agreement.

Note 23 — Regulatory Matters

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

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

National

Zero-Emission Credits for Nuclear Plants in Illinois — In 2016, Illinois enacted a Zero Emission Credit, or ZEC, program for selected nuclear units in Illinois. In total, the program directs over \$2.5 billion over ten years to nuclear plants in Illinois that would otherwise retire. Pursuant to the legislation, the Illinois Power Agency, or IPA, conducts a competitive solicitation to procure ZECs, although both the Governor of Illinois and Exelon have already announced that the ZECs will be awarded to two Exelon-owned nuclear power plants in Illinois. These ZECs are out-of-market subsidies that threaten to artificially suppress market prices and interfere with the wholesale power market. On February 14, 2017, NRG, along with other companies, filed a complaint in the U.S. District Court for the Northern District of Illinois alleging that the state program is preempted by federal law and in violation of the dormant commerce clause. Another plaintiff group filed a similar complaint on the same day. Subsequently, on March 31, 2017, NRG, along with other companies, filed a motion for preliminary injunction. On April 10, 2017, Exelon, as an intervenor defendant, and State defendants filed motions to dismiss. On July 14, 2017, Defendants' motions to dismiss were granted. On July 17, 2017, NRG, along with other companies, filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit. Briefing is complete. Oral argument was held on January 3, 2018, with supplemental briefs filed on January 26, 2018. On February 21, 2018, the Seventh Circuit invited the U.S. to file an amicus brief in the proceeding.

Zero-Emission Credits for Nuclear Plants in New York — On August 1, 2016, the NYSPSC issued its Clean Energy Standard, or CES, which provided for ZECs which would provide more than \$7.6 billion over 12 years in out-of-market subsidy payments to certain selected nuclear generating units in the state. These ZECs are out-of-market subsidies that threaten to artificially suppress market prices and interfere with the wholesale power market. On October 19, 2016, NRG, along with other companies, filed a complaint in the U.S. District Court for the Southern District of New York, challenging the validity of the NYSPSC action and the ZEC program. On March 29, 2017, the U.S. District Court heard oral arguments on a motion to dismiss filed by defendants. On July 25, 2017, the defendants' motions to dismiss were granted. On August 24, 2017, NRG, along with other plaintiff companies, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit. Briefing is complete. Oral argument has been noticed for March 12, 2018.

Department of Energy's Proposed Grid Resiliency Pricing Rule — On September 29, 2017, the Department of Energy issued a proposed rulemaking titled the "Grid Resiliency Pricing Rule." The rulemaking directs FERC to take action to reform the ISO/RTO markets to value certain reliability and resiliency attributes of electric generation resources. On October 2, 2017, FERC issued a notice inviting comments. On October 4, 2017, FERC staff issued a series of questions requesting commenters to address. On October 23, 2017, NRG filed comments encouraging FERC to act expeditiously to modernize energy and capacity markets in a manner compatible with robust competitive markets. On January 8, 2018, FERC terminated the proposed rulemaking and opened a new rulemaking asking each ISO/RTO to address specific questions focused on grid resilience.

East/West

Montgomery County Station Power Tax — On December 20, 2013, NRG received a letter from Montgomery County, Maryland requesting payment of an energy tax for the consumption of station power at the Dickerson Facility over the previous three years. Montgomery County seeks payment in the amount of \$22 million, which includes tax, interest and penalties. NRG disputed the applicability of the tax. On December 11, 2015, the Maryland Tax Court reversed Montgomery County's assessment. Montgomery County filed an appeal, and on February 2, 2017, the Montgomery County Circuit Court affirmed the decision of the tax court. On February 17, 2017, Montgomery County filed an appeal to the Court of Special Appeals of Maryland. On February 1, 2018, the court heard oral arguments.

California Station Power — As the result of unfavorable final and non-appealable litigation, the Company has accrued a liability associated with consumption of station power at three of the Company's power plants in California, after August 30, 2010. In December 2017, subsidiaries of the Company entered into settlements with SCE for the liabilities associated with the Company's El Segundo and Long Beach facilities. The Company has established an appropriate reserve pending potential regulatory action by SDG&E regarding Encina.

Puente Power Project — On October 5, 2017, the California Energy Commission, or CEC, the agency responsible for permitting the Puente Power Project, issued a statement on behalf of the committee of two Commissioners overseeing the permitting process stating their intention to issue a proposed decision that would deny a permit for the Puente Power Project. On October 16, 2017, NRG filed a motion to suspend the permitting proceeding for at least six months, which was granted on November 3, 2017. During the six month suspension period, which could conceivably be extended, NRG will evaluate the progress of a procurement process initiated by SCE to replace the Puente Power Project.

Note 24 — Environmental Matters

NRG is subject to a wide range of environmental laws in the development, construction, ownership and operation of projects. These laws generally require that governmental permits and approvals be obtained before construction and during operation of power plants. NRG is also subject to laws regarding the protection of wildlife, including migratory birds, eagles and threatened and endangered species. The electric generation industry has been facing requirements regarding GHGs, combustion byproducts, water discharge and use, and threatened and endangered species that have been put in place in recent years. However, under the current U.S. presidential administration, some of these rules are being reconsidered and reviewed. In general, future laws are expected to require the addition of emissions controls or other environmental controls or to impose certain restrictions on the operations of the Company's facilities, which could have a material effect on the Company's consolidated financial position, results of operations, or cash flows. Federal and state environmental laws generally have become more stringent over time, although this trend could slow or pause in the near term with respect to federal laws under the current U.S. presidential administration.

The EPA finalized CSAPR in 2011, which was intended to replace CAIR in January 2012, to address certain states' obligations to reduce emissions so that downwind states can achieve federal air quality standards. In December 2011, the D.C. Circuit stayed the implementation of CSAPR and then vacated CSAPR in August 2012 but kept CAIR in place until the EPA could replace it. In April 2014, the U.S. Supreme Court reversed and remanded the D.C. Circuit's decision. In October 2014, the D.C. Circuit lifted the stay of CSAPR. In response, the EPA in November 2014 amended the CSAPR compliance dates. Accordingly, CSAPR replaced CAIR on January 1, 2015. On July 28, 2015, the D.C. Circuit held that the EPA had exceeded its authority by requiring certain reductions that were not necessary for downwind states to achieve federal standards. Although the D.C. Circuit kept the rule in place, the court ordered the EPA to revise the Phase 2 (or 2017) (i) SO₂ budgets for four states including Texas and (ii) ozone-season NO_x budgets for 11 states including Maryland, New Jersey, New York, Ohio, Pennsylvania and Texas. On October 26, 2016, the EPA finalized the CSAPR Update Rule, which reduces future NO_x allocations and discounts the current banked allowances to account for the more stringent 2008 Ozone NAAQS and to address the D.C. Circuit's July 2015 decision. This rule has been challenged in the D.C. Circuit. The Company believes its investment in pollution controls and cleaner technologies leave the fleet well-positioned for compliance.

In February 2012, the EPA promulgated standards (the MATS rule) to control emissions of HAPs from coal and oil-fired electric generating units. The rule established limits for mercury, non-mercury metals, certain organics and acid gases, which had to be met beginning in April 2015 (with some units getting a 1-year extension). In June 2015, the U.S. Supreme Court issued a decision in the case of *Michigan v. EPA*, and held that the EPA unreasonably refused to consider costs when it determined that it was "appropriate and necessary" to regulate HAPs emitted by electric generating units. The U.S. Supreme Court did not vacate the MATS rule but rather remanded it to the D.C. Circuit for further proceedings. In December 2015, the D.C. Circuit remanded the MATS rule to the EPA without vacatur. On April 25, 2016, the EPA released a supplemental finding that the benefits of this regulation outweigh the costs to address the U.S. Supreme Court's ruling that the EPA had not properly considered costs. This finding has been challenged in the D.C. Circuit. On April 18, 2017, the EPA asked the D.C. Circuit to postpone oral argument that had been scheduled for May 18, 2017 because the EPA is closely reviewing the supplemental finding to determine whether it should reconsider all or part of the rule. On April 27, 2017, the D.C. Circuit granted EPA's request to postpone the oral argument and hold the case in abeyance. While NRG cannot predict the final outcome of this rulemaking, NRG believes that because it has already invested in pollution controls and cleaner technologies, the fleet is well-positioned to comply with the MATS rule.

Water

In August 2014, the EPA finalized the regulation regarding the use of water for once through cooling at existing facilities to address impingement and entrainment concerns. NRG anticipates that more stringent requirements will be incorporated into some of its water discharge permits over the next several years as NPDES permits are renewed.

Effluent Limitations Guidelines — In November 2015, the EPA revised the Effluent Limitations Guidelines for Steam Electric Generating Facilities, which would have imposed more stringent requirements (as individual permits were renewed) for wastewater streams from flue gas desulfurization, or FGD, fly ash, bottom ash, and flue gas mercury control. In April 2017, the EPA granted two petitions to reconsider the rule and also administratively stayed some of the deadlines. On September 18, 2017, the EPA promulgated a final rule that (i) postpones the compliance dates to preserve the status quo for FGD wastewater and bottom ash transport water by two years to November 2020 until the EPA completes its next rulemaking and (ii) withdrew the April 2017 administrative stay. The legal challenges have been suspended while the EPA reconsiders and likely modifies the rule. Accordingly, the Company has largely eliminated its estimate of the environmental capital expenditures that would have been required to comply with permits incorporating the revised guidelines. The Company will revisit these estimates after the rule is revised.

Byproducts, Wastes, Hazardous Materials and Contamination

In April 2015, the EPA finalized the rule regulating byproducts of coal combustion (e.g., ash and gypsum) as solid wastes under the RCRA. On September 13, 2017, the EPA granted the petition for reconsideration that the Utility Solid Waste Activities Group filed in May 2017. The Company has evaluated the impact of the new rule on the Company's consolidated financial position, results of operations, or cash flows and has accrued its environmental and asset retirement obligations under the rule based on current estimates as of December 31, 2017.

East/West Region

New Source Review — The EPA and various states have been investigating compliance of electric generating facilities with the pre-construction permitting requirements of the CAA known as "new source review," or NSR. In 2007, Midwest Generation received an NOV from the EPA alleging that past work at Crawford, Fisk, Joliet, Powerton, Waukegan and Will County generating stations violated NSR and other regulations. These alleged violations are the subject of litigation described in Item 15 — Note 22, *Commitments and Contingencies*. Additionally, in April 2013, the Connecticut Department of Energy and Environmental Protection issued four NOVs alleging that past work at oil-fired combustion turbines at the Torrington Terminal, Franklin, Branford and Middletown generating stations violated regulations regarding NSR.

Burton Island Old Ash Landfill — In January 2006, NRG's Indian River Power LLC was notified that it may be a potentially responsible party with respect to Burton Island Old Ash Landfill, a historic captive landfill located at the Indian River facility. On October 1, 2007, NRG signed an agreement with DNREC to investigate the site through the Voluntary Clean-up Program, or the VCP. On February 4, 2008, DNREC issued findings that no further action was required in relation to surface water and that a previously planned shoreline stabilization project would satisfactorily address shoreline erosion. The landfill itself required a Remedial Investigation and Feasibility Study to determine the type and scope of any additional required work. DNREC approved the Feasibility Study in December 2012. In January 2013, DNREC proposed a remediation plan based on the Feasibility Study. The remediation plan was approved in October 2013. In December 2015, DNREC approved the Company's remediation design, the Company's Closure Report and the Company's Long Term Stewardship Plan. In the second quarter of 2017, the Company completed the remediation requirements in the remediation plan. The cost of completing the work required by the remediation plan was within amounts budgeted in early 2016 and remediation was completed in 2017. The estimated cost to comply with the Long-Term Stewardship Plan was added to the liability in December 2016.

In addition to the VCP, on May 29, 2008, DNREC requested that NRG's Indian River Power LLC participate in the development and performance of a Natural Resource Damage Assessment at the Burton Island Old Ash Landfill. NRG is currently working with DNREC and other trustees to close out the assessment process.

For further discussion of these matters, refer to Note 22, *Commitments and Contingencies*.

Note 25 — Cash Flow Information

Detail of supplemental disclosures of cash flow and non-cash investing and financing information was:

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Interest paid, net of amount capitalized	\$ 868	\$ 890	\$ 924
Income taxes paid ^(a)	9	14	12
Non-cash investing and financing activities:			
Additions/(decrease) to fixed assets for accrued capital expenditures	70	35	(44)

(a) In 2017, income taxes paid of \$11 million are offset by \$2 million in income tax refunds. In 2015, income taxes paid of \$13 million are offset by \$1 million in income tax refunds.

Note 26 — Guarantees

NRG and its subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of the Company's business activities. Examples of these contracts include asset purchases and sale agreements, commodity sale and purchase agreements, retail contracts, joint venture agreements, EPC agreements, operation and maintenance agreements, service agreements, settlement agreements, and other types of contractual agreements with vendors and other third parties, as well as affiliates. These contracts generally indemnify the counterparty for tax, environmental liability, litigation and other matters, as well as breaches of representations, warranties and covenants set forth in these agreements. The Company is obligated with respect to customer deposits associated with the Company's retail businesses. In some cases, NRG's maximum potential liability cannot be estimated, since the underlying agreements contain no limits on potential liability.

The following table summarizes the maximum potential exposures that can be estimated for NRG's guarantees, indemnities, and other contingent liabilities by maturity:

Guarantees	By Remaining Maturity at December 31,					2016 Total
	2017					
	Under 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total	
	(In millions)					
Letters of credit and surety bonds ^(a)	\$ 1,467	\$ 66	\$ 7	\$ 93	\$ 1,633	\$ 1,837
Asset sales guarantee obligations	—	—	257	55	312	677
Other guarantees	—	32	—	613	645	253
Total guarantees	\$ 1,467	\$ 98	\$ 264	\$ 761	\$ 2,590	\$ 2,767

(a) Excludes \$92 million and \$272 million of letters of credit issued under the intercompany revolving credit agreement between NRG and GenOn as of December 31, 2017 and 2016, respectively.

Letters of credit and surety bonds — As of December 31, 2017, NRG and its consolidated subsidiaries were contingently obligated for a total of \$1.6 billion under letters of credit and surety bonds. Most of these letters of credit and surety bonds are issued in support of the Company's obligations to perform under commodity agreements and obligations associated with future closure and maintenance of ash sites, as well as for financing or other arrangements. A majority of these letters of credit and surety bonds expire within one year of issuance, and it is typical for the Company to renew them on similar terms.

The material indemnities, within the scope of ASC 460, are as follows:

Asset sales — The purchase and sale agreements which govern NRG's asset or share investments and divestitures customarily contain guarantees and indemnifications of the transaction to third parties. The contracts indemnify the parties for liabilities incurred as a result of a breach of a representation or warranty by the indemnifying party, or as a result of a change in tax laws. These obligations generally have a discrete term and are intended to protect the parties against risks that are difficult to predict or estimate at the time of the transaction. In several cases, the contract limits the liability of the indemnifier. NRG has no reason to believe that the Company currently has any material liability relating to such routine indemnification obligations.

Other guarantees — NRG has issued other guarantees of obligations including payments under certain agreements with respect to certain of its unconsolidated subsidiaries, payment or performance by fuel providers and payment or reimbursement of credit support and deposits. The Company does not believe that it will be required to perform under these guarantees.

Other indemnities — Other indemnifications NRG has provided cover operational, tax, litigation and breaches of representations, warranties and covenants. NRG has also indemnified, on a routine basis in the ordinary course of business, consultants or other vendors who have provided services to the Company. NRG's maximum potential exposure under these indemnifications can range from a specified dollar amount to an indeterminate amount, depending on the nature of the transaction. Total maximum potential exposure under these indemnifications is not estimable due to uncertainty as to whether claims will be made or how they will be resolved. NRG does not have any reason to believe that the Company will be required to make any material payments under these indemnity provisions.

Because many of the guarantees and indemnities NRG issues to third parties and affiliates do not limit the amount or duration of its obligations to perform under them, there exists a risk that the Company may have obligations in excess of the amounts described above. For those guarantees and indemnities that do not limit the Company's liability exposure, it may not be able to estimate what the Company's liability would be, until a claim is made for payment or performance, due to the contingent nature of these contracts.

Note 27 — Jointly Owned Plants

Certain NRG subsidiaries own undivided interests in jointly-owned plants, as described below. These plants are maintained and operated pursuant to their joint ownership participation and operating agreements. NRG is responsible for its subsidiaries' share of operating costs and direct expenses and includes its proportionate share of the facilities and related revenues and direct expenses in these jointly-owned plants in the corresponding balance sheet and income statement captions of the Company's consolidated financial statements.

The following table summarizes NRG's proportionate ownership interest in the Company's jointly-owned facilities:

<u>As of December 31, 2017</u>	<u>Ownership Interest</u>	<u>Property, Plant & Equipment</u>	<u>Accumulated Depreciation</u>	<u>Construction in Progress</u>
		(In millions unless otherwise stated)		
South Texas Project Units 1 and 2, Bay City, TX	44.00%	\$ 395	\$ (207)	\$ 7
Big Cajun II Unit 3, New Roads, LA	58.00%	202	(132)	—
Cedar Bayou Unit 4, Baytown, TX	50.00%	215	(75)	7
Keystone, Shelocta, PA	3.70%	12	—	1
Conemaugh, New Florence, PA	3.72%	14	—	1

Note 28 — Unaudited Quarterly Financial Data

Refer to Note 3, *Discontinued Operations, Acquisitions and Dispositions*, and Note 10, *Asset Impairments*, for a description of the effect of unusual or infrequently occurring events during the quarterly periods. Summarized unaudited quarterly financial data is as follows:

	Quarter Ended							
	2017							
	December 31		September 30		June 30		March 31	
	(In millions, except per share data)							
Operating revenues	\$	2,497	\$	3,049	\$	2,701	\$	2,382
Operating (loss)/ income		(1,345)		376		343		39
Net (loss)/income from continuing operations		(1,667)		190		99		(170)
Income/(loss) from discontinued operations		13		(27)		(741)		(34)
Net (loss)/income		(1,655)		163		(642)		(203)
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests		(120)		(8)		(16)		(40)
Net (loss)/income attributable to NRG Energy, Inc.		(1,535)		171		(626)		(163)
(Loss)/income available to Common Stockholders	\$	(1,535)	\$	171	\$	(626)	\$	(163)
Weighted average number of common shares outstanding — basic		317		317		316		316
Income/(loss) from discontinued operations per weighted average common share — basic	\$	0.04	\$	(0.09)	\$	(2.34)	\$	(0.11)
Net (loss)/income per weighted average common share — basic	\$	(4.84)	\$	0.54	\$	(1.98)	\$	(0.52)
Weighted average number of common shares outstanding — diluted		317		322		316		316
Income/(loss) from discontinued operations per weighted average common share — diluted	\$	0.04	\$	(0.08)	\$	(2.34)	\$	(0.11)
Net (loss)/income per weighted average common share — diluted	\$	(4.84)	\$	0.53	\$	(1.98)	\$	(0.52)
	Quarter Ended							
	2016							
	December 31		September 30		June 30		March 31	
	(In millions, except per share data)							
Operating revenues	\$	2,184	\$	3,421	\$	2,248	\$	2,659
Operating (loss)/ income		(658)	—	429	—	164		331
Net (loss)/income from continuing operations		(891)		128		(163)		(57)
(Loss)/income from discontinued operations		(164)		265		(113)		104
Net (loss)/income		(1,055)		393		(276)		47
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests		(68)	—	(9)		(5)		(35)
Net (loss)/income attributable to NRG Energy, Inc.		(987)		402		(271)		82
(Loss)/income available to Common Stockholders	\$	(987)	\$	402	\$	(193)	\$	77
Weighted average number of common shares outstanding — basic		316		316	—	315		315
(Loss)/income from discontinued operations per weighted average common share — basic	\$	(0.52)	\$	0.84	\$	(0.36)	\$	0.33
Net (loss)/income per weighted average common share — basic	\$	(3.12)	\$	1.27	\$	(0.61)	\$	0.24
Weighted average number of common shares outstanding — diluted		316		317		315		315
(Loss)/income from discontinued operations per weighted average common share — diluted	\$	(0.52)	\$	0.84	\$	(0.36)	\$	0.33
Net (loss)/income per weighted average common share — diluted	\$	(3.12)	—	1.27	—	(0.61)	—	0.24

Note 29 — Condensed Consolidating Financial Information

As of December 31, 2017, the Company had outstanding \$4.8 billion of Senior Notes due 2022 - 2028, as shown in Note 12, *Debt and Capital Leases*. These Senior Notes are guaranteed by certain of NRG's current and future 100% owned domestic subsidiaries, or guarantor subsidiaries. These guarantees are both joint and several. The non-guarantor subsidiaries include all of NRG's foreign subsidiaries and certain domestic subsidiaries, including GenOn and its subsidiaries and NRG Yield, Inc. and its subsidiaries.

Unless otherwise noted below, each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of December 31, 2017:

Ace Energy, Inc.	New Genco GP, LLC	NRG Norwalk Harbor Operations Inc.
Allied Home Warranty GP LLC	Norwalk Power LLC	NRG Operating Services, Inc.
Allied Warranty LLC	NRG Advisory Services LLC	NRG Oswego Harbor Power Operations Inc.
Arthur Kill Power LLC	NRG Affiliate Services Inc.	NRG PacGen Inc.
Astoria Gas Turbine Power LLC	NRG Arthur Kill Operations Inc.	NRG Portable Power LLC
Bayou Cove Peaking Power, LLC	NRG Astoria Gas Turbine Operations Inc.	NRG Power Marketing LLC
BidURenergy, Inc.	NRG Bayou Cove LLC	NRG Reliability Solutions LLC
Cabrillo Power I LLC	NRG Business Services LLC	NRG Renter's Protection LLC
Cabrillo Power II LLC	NRG Cabrillo Power Operations Inc.	NRG Retail LLC
Carbon Management Solutions LLC	NRG California Peaker Operations LLC	NRG Retail Northeast LLC
Cirro Group, Inc.	NRG Cedar Bayou Development Company, LLC	NRG Rockford Acquisition LLC
Cirro Energy Services, Inc.	NRG Connected Home LLC	NRG Saguario Operations Inc.
Conemaugh Power LLC	NRG Connecticut Affiliate Services Inc.	NRG Security LLC
Connecticut Jet Power LLC	NRG Construction LLC	NRG Services Corporation
Cottonwood Development LLC	NRG Curtailment Solutions, Inc	NRG SimplySmart Solutions LLC
Cottonwood Energy Company LP	NRG Development Company Inc.	NRG South Central Affiliate Services Inc.
Cottonwood Generating Partners I LLC	NRG Devon Operations Inc.	NRG South Central Generating LLC
Cottonwood Generating Partners II LLC	NRG Dispatch Services LLC	NRG South Central Operations Inc.
Cottonwood Generating Partners III LLC	NRG Distributed Energy Resources Holdings LLC	NRG South Texas LP
Cottonwood Technology Partners LP	NRG Distributed Generation PR LLC	NRG SPV #1 LLC
Devon Power LLC	NRG Dunkirk Operations Inc.	NRG Texas C&I Supply LLC
Dunkirk Power LLC	NRG El Segundo Operations Inc.	NRG Texas Gregory LLC
Eastern Sierra Energy Company LLC	NRG Energy Efficiency-L LLC	NRG Texas Holding Inc.
El Segundo Power, LLC	NRG Energy Labor Services LLC	NRG Texas LLC
El Segundo Power II LLC	NRG ECOKAP Holdings LLC	NRG Texas Power LLC
Energy Alternatives Wholesale, LLC	NRG Energy Services Group LLC	NRG Warranty Services LLC
Energy Choice Solutions LLC	NRG Energy Services International Inc.	NRG West Coast LLC
Energy Plus Holdings LLC	NRG Energy Services LLC	NRG Western Affiliate Services Inc.
Energy Plus Natural Gas LLC	NRG Generation Holdings, Inc.	O'Brien Cogeneration, Inc. II
Energy Protection Insurance Company	NRG Greenco LLC	ONSITE Energy, Inc.
Everything Energy LLC	NRG Home & Business Solutions LLC	Oswego Harbor Power LLC
Forward Home Security, LLC	NRG Home Services LLC	Reliant Energy Northeast LLC
GCP Funding Company, LLC	NRG Home Solutions LLC	Reliant Energy Power Supply, LLC
Green Mountain Energy Company	NRG Home Solutions Product LLC	Reliant Energy Retail Holdings, LLC
Gregory Partners, LLC	NRG Homer City Services LLC	Reliant Energy Retail Services, LLC
Gregory Power Partners LLC	NRG Huntley Operations Inc.	RERH Holdings, LLC
Huntley Power LLC	NRG HQ DG LLC	Saguaro Power LLC
Independence Energy Alliance LLC	NRG Identity Protect LLC	Somerset Operations Inc.
Independence Energy Group LLC	NRG Iliion Limited Partnership	Somerset Power LLC
Independence Energy Natural Gas LLC	NRG Iliion LP LLC	Texas Genco GP, LLC
Indian River Operations Inc.	NRG International LLC	Texas Genco Holdings, Inc.
Indian River Power LLC	NRG Maintenance Services LLC	Texas Genco LP, LLC
Keystone Power LLC	NRG Mextrans Inc.	Texas Genco Services, LP
Langford Wind Power, LLC	NRG MidAtlantic Affiliate Services Inc.	US Retailers LLC
Louisiana Generating LLC	NRG Middletown Operations Inc.	Vienna Operations Inc.
Meriden Gas Turbines LLC	NRG Montville Operations Inc.	Vienna Power LLC
Middletown Power LLC	NRG New Roads Holdings LLC	WCP (Generation) Holdings LLC
Montville Power LLC	NRG North Central Operations Inc.	West Coast Power LLC
NEO Corporation	NRG Northeast Affiliate Services Inc.	

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

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

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

In addition, the condensed parent company financial statements are provided in accordance with Rule 12-04, Schedule I of Regulation S-X, as the restricted net assets of NRG Energy, Inc.'s subsidiaries exceed 25 percent of the consolidated net assets of NRG Energy, Inc. These statements should be read in conjunction with the consolidated statements and notes thereto of NRG Energy, Inc. For a discussion of NRG Energy, Inc.'s long-term debt, see Note 12, *Debt and Capital Leases* to the consolidated financial statements. For a discussion of NRG Energy, Inc.'s contingencies, see Note 22, *Commitments and Contingencies* to the consolidated financial statements. For a discussion of NRG Energy, Inc.'s guarantees, see Note 26, *Guarantees* to the consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended December 31, 2017

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
	(In millions)				
Operating Revenues					
Total operating revenues	\$ 7,182	\$ 3,699	\$ —	\$ (252)	\$ 10,629
Operating Costs and Expenses					
Cost of operations	5,373	2,353	59	(249)	7,536
Depreciation and amortization	405	619	32	—	1,056
Impairment losses	1,463	246	—	—	1,709
Selling, general and administrative	371	146	393	(3)	907
Reorganization costs	6	—	38	—	44
Development costs	—	49	18	—	67
Total operating costs and expenses	7,618	3,413	540	(252)	11,319
Other income - affiliate	—	—	87	—	87
Gain on sale of assets	4	12	—	—	16
Operating (Loss)/Income	(432)	298	(453)	—	(587)
Other (Expense)/Income					
Equity in (losses)/earnings of consolidated subsidiaries	(1,162)	(113)	26	1,249	—
Equity in earnings/(losses) of unconsolidated affiliates	—	95	(4)	(60)	31
Impairment losses on investments	—	(75)	(4)	—	(79)
Other income, net	9	17	12	—	38
Net loss on debt extinguishment	—	(4)	(49)	—	(53)
Interest expense	(14)	(424)	(452)	—	(890)
Total other expense	(1,167)	(504)	(471)	1,189	(953)
Loss from Continuing Operations Before Income Taxes	(1,599)	(206)	(924)	1,189	(1,540)
Income tax (benefit)/expense	(598)	(10)	616	—	8
Loss from Continuing Operations	(1,001)	(196)	(1,540)	1,189	(1,548)
Loss from Discontinued Operations, net of income tax	—	(160)	(629)	—	(789)
Net Loss	(1,001)	(356)	(2,169)	1,189	(2,337)
Less: Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	—	(108)	(16)	(60)	(184)
Net Loss Attributable to NRG Energy, Inc.	\$ (1,001)	\$ (248)	\$ (2,153)	\$ 1,249	\$ (2,153)

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

NRG ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

For the Year Ended December 31, 2017

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
(In millions)					
Net Loss	\$ (1,001)	\$ (356)	\$ (2,169)	\$ 1,189	\$ (2,337)
Other Comprehensive (Loss)/Income, net of tax					
Unrealized gain on derivatives, net	1	13	25	(26)	13
Foreign currency translation adjustments, net	6	7	—	(1)	12
Available-for-sale securities, net	—	—	(8)	—	(8)
Defined benefit plan, net	(24)	29	41	—	46
Other comprehensive (loss)/income	(17)	49	58	(27)	63
Comprehensive Loss	(1,018)	(307)	(2,111)	1,162	(2,274)
Less: Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	—	(103)	(16)	(60)	(179)
Comprehensive Loss Attributable to NRG Energy, Inc.	<u>\$ (1,018)</u>	<u>\$ (204)</u>	<u>\$ (2,095)</u>	<u>\$ 1,222</u>	<u>\$ (2,095)</u>

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2017

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc.	Eliminations ^(a)	Consolidated Balance
(In millions)					
ASSETS					
Current Assets					
Cash and cash equivalents	\$ —	\$ 348	\$ 643	\$ —	\$ 991
Funds deposited by counterparties	37	—	—	—	37
Restricted cash	4	504	—	—	508
Accounts receivable - trade	769	306	4	—	1,079
Inventory	339	193	—	—	532
Derivative instruments	625	80	9	(88)	626
Cash collateral posted in support of energy risk management activities	170	1	—	—	171
Accounts receivable - affiliate	712	210	(129)	(698)	95
Current assets held-for-sale	8	107	—	—	115
Prepayments and other current assets	116	118	27	—	261
Total current assets	2,780	1,867	554	(786)	4,415
Net Property, Plant and Equipment	2,527	11,169	—	238	—
Other Assets					
Investment in subsidiaries	(106)	28	—	7,581	(7,503)
Equity investments in affiliates	—	1,036	2	—	1,038
Notes receivable, less current portion	—	2	36	(36)	2
Goodwill	360	179	—	—	539
Intangible assets, net	458	1,291	—	(3)	1,746
Nuclear decommissioning trust fund	692	—	—	—	692
Deferred income taxes	377	(7)	(236)	—	134
Derivative instruments	121	40	31	(20)	172
Non-current assets held-for-sale	—	43	—	—	43
Other non-current assets	51	458	120	—	629
Total other assets	1,953	3,070	7,534	(7,562)	4,995
Total Assets	\$ 7,260	\$ 16,106	\$ 8,326	\$ (8,374)	\$ 23,318
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	\$ —	\$ 667	\$ 57	\$ (36)	\$ 688
Accounts payable	546	280	55	—	881
Accounts payable - affiliate	752	(202)	181	(698)	33
Derivative instruments	535	108	—	(88)	555
Cash collateral received in support of energy risk management activities	37	—	—	—	37
Accrued interest expense	3	56	97	—	156
Current liabilities - held-for-sale	—	72	—	—	72
Other accrued expenses and other current liabilities	288	118	328	—	734
Other accrued expenses and other current liabilities - affiliate	—	—	161	—	161
Total current liabilities	2,161	1,099	879	(822)	3,317
Other Liabilities					
Long-term debt and capital leases	244	8,733	6,739	—	15,716
Nuclear decommissioning reserve	269	—	—	—	269
Nuclear decommissioning trust liability	415	—	—	—	415
Postretirement and other benefit obligations	118	1	339	—	458
Deferred income taxes	112	64	(155)	—	21
Derivative instruments	110	107	—	(20)	197
Out-of-market contracts, net	66	141	—	—	207
Non-current liabilities held-for-sale	—	8	—	—	8
Other non-current liabilities	295	317	52	—	664
Total non-current liabilities	1,629	9,371	6,975	(20)	17,955
Total Liabilities	3,790	10,470	7,854	(842)	21,272

Redeemable noncontrolling interest in subsidiaries	—	78	—	—	78
Stockholders' Equity	<u>3,470</u>	<u>5,558</u>	<u>472</u>	<u>(7,532)</u>	<u>1,968</u>
Total Liabilities and Stockholders' Equity	<u>\$ 7,260</u>	<u>\$ 16,106</u>	<u>\$ 8,326</u>	<u>\$ (8,374)</u>	<u>\$ 23,318</u>

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2017

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
Cash Flows from Operating Activities					
Net loss	\$ (1,001)	\$ (356)	\$ (2,169)	\$ 1,189	\$ (2,337)
Loss from discontinued operations	—	(160)	(629)	—	(789)
Net loss from continuing operations	(1,001)	(196)	(1,540)	1,189	(1,548)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Equity in earnings and distributions from unconsolidated affiliates	—	5	4	46	55
Depreciation and amortization	405	619	32	—	1,056
Provision for bad debts	54	2	12	—	68
Amortization of nuclear fuel	51	—	—	—	51
Amortization of financing costs and debt discount/premiums	—	42	18	—	60
Adjustment for debt extinguishment	—	4	49	—	53
Amortization of intangibles and out-of-market contracts	27	81	—	—	108
Amortization of unearned equity compensation	—	—	35	—	35
Net gain on sale of assets and equity method investments	(18)	(16)	—	—	(34)
Impairment losses	1,463	321	4	—	1,788
Changes in derivative instruments	(100)	(69)	24	(26)	(171)
Changes in deferred income taxes and liability for uncertain tax benefits	(300)	69	322	—	91
Changes in collateral deposits in support of energy risk management activities	(98)	18	—	—	(80)
Proceeds from sale of emission allowances	25	—	—	—	25
Changes in nuclear decommissioning trust liability	11	—	—	—	11
Cash (used)/provided by changes in other working capital	(363)	(164)	1,593	(1,209)	(143)
Cash provided by continuing operations	156	716	553	—	1,425
Cash used by discontinued operations	—	(38)	—	—	(38)
Net Cash Provided by Operating Activities	156	678	553	—	1,387
Cash Flows from Investing Activities					
Dividends from NRG Yield, Inc.	—	—	94	(94)	—
Acquisition of Drop Down Assets, net of cash acquired	—	(249)	—	249	—
Intercompany dividends	—	—	129	(129)	—
Acquisition of businesses, net of cash acquired	(14)	(27)	—	—	(41)
Capital expenditures	(183)	(906)	(22)	—	(1,111)
Net cash proceeds from notes receivable	—	17	—	—	17
Proceeds from renewable energy grants	8	—	—	—	8
Proceeds from sale of emission allowances	66	—	—	—	66
Investments in nuclear decommissioning trust fund securities	(512)	—	—	—	(512)
Proceeds from sales of nuclear decommissioning trust fund securities	501	—	—	—	501
Proceeds from sale of assets, net	33	54	—	—	87
Investments in unconsolidated affiliates	—	(40)	—	—	(40)
Other	18	(6)	—	—	12
Cash (used)/provided by continuing operations	(83)	(1,157)	201	26	(1,013)
Cash used by discontinued operations	—	(53)	—	—	(53)
Net Cash (Used)/Provided by Investing Activities	(83)	(1,210)	201	26	(1,066)
Cash Flows from Financing Activities					
Dividends from NRG Yield, Inc.	—	(94)	—	94	—
Payments from/(for) intercompany loans	(45)	13	32	—	—
Acquisition of Drop Down Assets, net of cash acquired	—	—	249	(249)	—
Intercompany dividends	—	(129)	—	129	—
Payment of dividends to common and preferred stockholders	—	—	(38)	—	(38)
Net receipts from settlement of acquired derivatives that include financing elements	—	2	—	—	2
Payments for debt extinguishment costs	—	—	(42)	—	(42)
Distributions from, net of contributions to, noncontrolling interest in subsidiaries	—	95	—	—	95
Payments from issuance of common stock	—	—	(2)	—	(2)
Proceeds from issuance of long-term debt	—	1,186	1,084	—	2,270
Payment of debt issuance and hedging costs	—	(47)	(16)	—	(63)

Payments for short and long-term debt	—	(647)	(1,701)	—	(2,348)
Receivable from affiliate	—	(125)	—	—	(125)
Other	—	(10)	—	—	(10)
Cash provided/(used) by continuing operations	(45)	244	(434)	(26)	(261)
Cash used by discontinued operations	—	(224)	—	—	(224)
Net Cash Provided/(Used) by Financing Activities	(45)	20	(434)	(26)	(485)
Effect of exchange rate changes on cash and cash equivalents	—	(1)	—	—	(1)
Change in cash from discontinued operations	—	(315)	—	—	(315)
Net Increase/(Decrease) in Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties	28	(198)	320	—	150
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at Beginning of Period	13	1,050	323	—	1,386
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at End of Period	\$ 41	\$ 852	\$ 643	\$ —	\$ 1,536

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended December 31, 2016

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
	(In millions)				
Operating Revenues					
Total operating revenues	\$ 7,509	\$ 3,222	\$ —	\$ (219)	\$ 10,512
Operating Costs and Expenses					
Cost of operations	5,402	2,080	42	(223)	7,301
Depreciation and amortization	565	581	26	—	1,172
Impairment losses	378	324	—	—	702
Selling, general and administrative	415	192	488	—	1,095
Development costs	—	59	30	—	89
Total operating costs and expenses	6,760	3,236	586	(223)	10,359
Other income - affiliate	—	—	193	—	193
Loss on sale of assets	(1)	—	(79)	—	(80)
Operating Income/(Loss)	748	(14)	(472)	4	266
Other (Expense)/Income					
Equity in (losses)/earnings of consolidated subsidiaries	(176)	(5)	313	(132)	—
Equity in earnings/(losses) of unconsolidated affiliates	5	36	(4)	(10)	27
Impairment losses on investments	—	(252)	(16)	—	(268)
Other income, net	4	23	9	(2)	34
Net loss on debt extinguishment	—	(4)	(138)	—	(142)
Interest expense	(15)	(396)	(484)	—	(895)
Total other expense	(182)	(598)	(320)	(144)	(1,244)
Income/(Loss) from Continuing Operations Before Income Taxes	566	(612)	(792)	(140)	(978)
Income tax (benefit)/expense	(1)	7	(63)	62	5
Income/(Loss) from Continuing Operations	567	(619)	(729)	(202)	(983)
Income from Discontinued Operations, net of income tax	—	81	11	—	92
Net Income/(Loss)	567	(538)	(718)	(202)	(891)
Less: Net (loss)/income attributable to noncontrolling interests and redeemable noncontrolling interests	—	(103)	56	(70)	(117)
Net Income/(Loss) Attributable to NRG Energy, Inc.	\$ 567	\$ (435)	\$ (774)	\$ (132)	\$ (774)

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

NRG ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

For the Year Ended December 31, 2016

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
(In millions)					
Net Income/(Loss)	\$ 567	\$ (538)	\$ (718)	\$ (202)	\$ (891)
Other Comprehensive Income, net of tax					
Unrealized gain on derivatives, net	—	32	89	(86)	35
Foreign currency translation adjustments, net	(1)	(1)	(1)	2	(1)
Available-for-sale securities, net	—	—	1	—	1
Defined benefit plan, net	34	(13)	(51)	33	3
Other comprehensive income	33	18	38	(51)	38
Comprehensive Income/(Loss)	600	(520)	(680)	(253)	(853)
Less: Comprehensive (loss)/income attributable to noncontrolling interests and redeemable noncontrolling interests	—	(103)	—	(70)	(117)
Comprehensive Income/(Loss) Attributable to NRG Energy, Inc.	600	(417)	—	(183)	(736)
Dividends for preferred shares	—	—	5	—	5
Gain on redemption of preferred shares	—	—	(78)	—	(78)
Comprehensive Income/(Loss) Available for Common Stockholders	\$ 600	\$ (417)	\$ (663)	\$ (183)	\$ (663)

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2016

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc.	Eliminations (a)	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	\$ —	\$ 615	\$ 323	\$ —	\$ 938
Funds deposited by counterparties	2	—	—	—	2
Restricted cash	11	435	—	—	446
Accounts receivable - trade	734	321	3	—	1,058
Inventory	482	239	—	—	721
Derivative instruments	962	196	1	(92)	1,067
Cash collateral posted in support of energy risk management activities	116	34	—	—	150
Accounts receivable - affiliate	307	(254)	200	(139)	114
Current assets held-for-sale	—	9	—	—	9
Prepayments and other current assets	76	152	62	—	290
Current assets - discontinued operations	—	1,919	—	—	1,919
Total current assets	2,690	3,666	589	(231)	6,714
Net Property, Plant and Equipment	4,219	10,926	251	(27)	15,369
Other Assets					
Investment in subsidiaries	1,090	145	10,128	(11,363)	—
Equity investments in affiliates	(13)	1,103	30	—	1,120
Notes receivable, less current portion	—	16	(76)	76	16
Goodwill	359	303	—	—	662
Intangible assets, net	592	1,384	—	(3)	1,973
Nuclear decommissioning trust fund	610	—	—	—	610
Derivative instruments	144	44	36	(43)	181
Deferred income taxes	3	—	222	—	225
Non-current assets held for sale	—	10	—	—	10
Other non-current assets	67	446	328	—	841
Non-current assets - discontinued operations	—	2,961	—	—	2,961
Total other assets	2,852	6,412	10,668	(11,333)	8,599
Total Assets	\$ 9,761	\$ 21,004	\$ 11,508	\$ (11,591)	\$ 30,682
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	\$ —	\$ 498	\$ (58)	\$ 76	\$ 516
Accounts payable	501	247	34	—	782
Accounts payable - affiliate	753	(443)	(200)	(79)	31
Derivative instruments	947	237	—	(92)	1,092
Cash collateral received in support of energy risk management activities	81	—	—	—	81
Accrued interest expense	3	54	123	—	180
Other accrued expenses and other current liabilities	313	155	342	—	810
Current liabilities - discontinued operations	—	1,210	—	—	1,210
Total current liabilities	2,598	1,958	241	(95)	4,702
Other Liabilities					
Long-term debt and capital leases	244	8,252	7,461	—	15,957
Nuclear decommissioning reserve	287	—	—	—	287
Nuclear decommissioning trust liability	339	—	—	—	339
Postretirement and other benefit obligations	113	122	275	—	510
Deferred income taxes	186	125	(291)	—	20
Derivative instruments	157	170	—	(43)	284
Out-of-market contracts, net	80	150	—	—	230
Non-current liabilities held-for-sale	—	11	—	—	11
Other non-current liabilities	283	309	74	—	666
Other non-current liabilities - discontinued operations	—	3,184	—	—	3,184

Total non-current liabilities	1,689	12,323	7,519	(43)	21,488
Total Liabilities	4,287	14,281	7,760	(138)	26,190
Redeemable noncontrolling interest in subsidiaries	—	46	—	—	46
Stockholders' Equity	5,474	6,677	3,748	(11,453)	4,446
Total Liabilities and Stockholders' Equity	\$ 9,761	\$ 21,004	\$ 11,508	\$ (11,591)	\$ 30,682

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2016

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
(In millions)					
Cash Flows from Operating Activities					
Net income/(loss)	\$ 567	\$ (538)	\$ (718)	\$ (202)	\$ (891)
Income from discontinued operations	—	81	11	—	92
Net income/(loss) from continuing operations	567	(619)	(729)	(202)	(983)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:					
Equity in earnings and distribution of unconsolidated affiliates	(5)	52	5	2	54
Depreciation and amortization	565	581	26	—	1,172
Provision for bad debts	41	7	—	—	48
Amortization of nuclear fuel	49	—	—	—	49
Amortization of financing costs and debt discount/premiums	—	34	21	—	55
Adjustment for debt extinguishment	—	4	138	—	142
Amortization of intangibles and out-of-market contracts	39	128	—	—	167
Amortization of unearned equity compensation	—	—	10	—	10
Net loss on sale of assets and equity method investments, net	—	—	70	—	70
Impairment losses	378	578	16	—	972
Changes in derivative instruments	(77)	145	(36)	—	32
Changes in deferred income taxes and liability for uncertain tax benefits	(1)	18	(60)	—	(43)
Changes in collateral deposits in support of energy risk management activities	437	(39)	—	—	398
Proceeds from sale of emission allowances	34	—	—	—	34
Changes in nuclear decommissioning trust liability	41	—	—	—	41
Cash (used)/provided by changes in other working capital	(1,815)	417	1,187	200	(11)
Cash provided by continuing operations	253	1,306	648	—	2,207
Cash used by discontinued operations	—	(119)	—	—	(119)
Net Cash Provided by Operating Activities	253	1,187	648	—	2,088
Cash Flows from Investing Activities					
Dividends from NRG Yield, Inc.	—	—	81	(81)	—
Intercompany dividends	—	—	12	(12)	—
Acquisition of Drop Down Assets, net of cash acquired	—	(77)	—	77	—
Acquisition of businesses, net of cash acquired	—	(209)	—	—	(209)
Capital expenditures	(180)	(748)	(48)	—	(976)
Net cash proceeds from notes receivable	—	17	—	—	17
Proceeds from renewable energy grants	—	36	—	—	36
Purchases of emission allowances, net of proceeds	(1)	—	—	—	(1)
Investments in nuclear decommissioning trust fund securities	(551)	—	—	—	(551)
Proceeds from sales of nuclear decommissioning trust fund securities	510	—	—	—	510
Proceeds from sale of assets, net	—	56	17	—	73
Investments in unconsolidated affiliates	3	(26)	—	—	(23)
Other	27	—	8	—	35
Cash (used)/provided by continuing operations	(192)	(951)	70	(16)	(1,089)
Cash provided by discontinued operations	—	297	—	—	297
Net Cash (Used)/Provided by Investing Activities	(192)	(654)	70	(16)	(792)
Cash Flows from Financing Activities					
Dividends from NRG Yield, Inc.	—	(81)	—	81	—
Intercompany dividends	(52)	40	—	12	—
Payments (for)/from intercompany loans	(52)	(49)	101	—	—
Acquisition of Drop Down Assets, net of cash acquired	—	—	77	(77)	—
Payment of dividends to common and preferred stockholders	—	—	(76)	—	(76)
Net receipts from settlement of acquired derivatives that include financing elements	—	6	—	—	6
Payment for preferred shares	—	—	(226)	—	(226)
Payments for debt extinguishment costs	—	—	(121)	—	(121)
Distributions from, net of contributions to, noncontrolling interest in subsidiaries	—	(156)	—	—	(156)

Proceeds from issuance of common stock	—	—	1	—	1
Proceeds from issuance of long-term debt	—	1,387	4,140	—	5,527
Payment of debt issuance and hedging costs	—	(29)	(60)	—	(89)
Payments for short and long-term debt	(1)	(983)	(4,924)	—	(5,908)
Other	(3)	(10)	—	—	(13)
Cash (used)/provided by continuing operations	(108)	125	(1,088)	16	(1,055)
Cash provided by discontinued operations	—	140	—	—	140
Net Cash (Used)/Provided by Financing Activities	(108)	265	(1,088)	16	(915)
Effect of exchange rate changes on cash and cash equivalents	—	1	—	—	1
Change in cash from discontinued operations	—	318	—	—	318
Net (Decrease)/Increase in Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties	(47)	481	(370)	—	64
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at Beginning of Period	60	569	693	—	1,322
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at End of Period	\$ 13	\$ 1,050	\$ 323	\$ —	\$ 1,386

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended December 31, 2015

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc.	Eliminations ^(a)	Consolidated Balance
	(In millions)				
Operating Revenues					
Total operating revenues	\$ 9,881	\$ 2,541	\$ —	\$ (94)	\$ 12,328
Operating Costs and Expenses					
Cost of operations	7,610	1,470	14	(94)	9,000
Depreciation and amortization	751	580	20	—	1,351
Impairment losses	4,494	366	—	—	4,860
Selling, general and administrative	468	204	556	—	1,228
Development costs	—	61	93	—	154
Total operating costs and expenses	13,323	2,681	683	(94)	16,593
Other income - affiliate	—	—	193	—	193
Gain on postretirement benefits curtailment	—	21	—	—	21
Operating Loss	(3,442)	(119)	(490)	—	(4,051)
Other (Expense)/Income					
Equity in losses of consolidated subsidiaries	(109)	(1)	(2,800)	2,910	—
Equity in earnings of unconsolidated affiliates	8	37	—	(9)	36
Impairment losses on investments	—	(25)	(31)	—	(56)
Other income, net	4	21	1	—	26
Loss on sale of equity-method investment	—	—	(14)	—	(14)
Net (loss)/gain on debt extinguishment	—	(9)	19	—	10
Interest expense	(14)	(366)	(557)	—	(937)
Total other expense	(111)	(343)	(3,382)	2,901	(935)
Loss from Continuing Operations Before Income Taxes	(3,553)	(462)	(3,872)	2,901	(4,986)
Income tax (benefit)/expense	(1,104)	(93)	2,489	53	1,345
Loss from Continuing Operations	(2,449)	(369)	(6,361)	2,848	(6,331)
Loss/(income) from Discontinued Operations, net of income tax	—	(115)	10	—	(105)
Net Loss	(2,449)	(484)	(6,351)	2,848	(6,436)
Less: Net (loss)/income attributable to noncontrolling interests and redeemable noncontrolling interests	—	(23)	31	(62)	(54)
Net Loss Attributable to NRG Energy, Inc.	\$ (2,449)	\$ (461)	\$ (6,382)	\$ 2,910	\$ (6,382)

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

NRG ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME

For the Year Ended December 31, 2015

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
	(In millions)				
Net Loss	\$ (2,449)	\$ (484)	\$ (6,351)	\$ 2,848	\$ (6,436)
Other Comprehensive (Loss)/Income, net of tax					
Unrealized (loss)/gain on derivatives, net	(8)	(16)	48	(39)	(15)
Foreign currency translation adjustments, net	—	(7)	(4)	—	(11)
Available-for-sale securities, net	—	(1)	18	—	17
Defined benefit plan, net	(22)	(15)	(42)	89	10
Other comprehensive (loss)/income	(30)	(39)	20	50	1
Comprehensive Loss	(2,479)	(523)	(6,331)	2,898	(6,435)
Less: Comprehensive (loss)/income attributable to noncontrolling interest	—	(42)	31	(62)	(73)
Comprehensive Loss Attributable to NRG Energy, Inc.	(2,479)	(481)	(6,362)	2,960	(6,362)
Dividends for preferred shares	—	—	20	—	20
Comprehensive Loss Available for Common Stockholders	<u>\$ (2,479)</u>	<u>\$ (481)</u>	<u>\$ (6,382)</u>	<u>\$ 2,960</u>	<u>\$ (6,382)</u>

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

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2015

	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations ^(a)	Consolidated Balance
(In millions)					
Cash Flows from Operating Activities					
Net loss	\$ (2,449)	\$ (484)	\$ (6,351)	\$ 2,848	\$ (6,436)
(Loss)/income from discontinued operations	—	(115)	10	—	(105)
Net loss from continuing operations	(2,449)	(369)	(6,361)	2,848	(6,331)
Adjustments to reconcile net loss to net cash (used)/provided by operating activities:					
Equity in earnings and distribution of unconsolidated affiliates	(5)	54	—	(12)	37
Depreciation and amortization	751	580	20	—	1,351
Provision for bad debts	58	3	3	—	64
Amortization of nuclear fuel	45	—	—	—	45
Amortization of financing costs and debt discount/premiums	—	21	26	—	47
Adjustment for debt extinguishment	—	9	(19)	—	(10)
Amortization of intangibles and out-of-market contracts	52	99	—	—	151
Amortization of unearned equity compensation	—	(2)	41	—	39
Net loss on sale of assets and equity method investments	—	—	14	—	14
Gain on post retirement benefits curtailment	—	(21)	—	—	(21)
Impairment losses	4,494	391	31	—	4,916
Changes in derivative instruments	264	(29)	—	—	235
Changes in deferred income taxes and liability for uncertain tax benefits	(1,092)	(237)	2,655	—	1,326
Changes in collateral deposits in support of energy risk management activities	(323)	(11)	—	—	(334)
Proceeds from sale of emission allowances	(24)	—	—	—	(24)
Changes in nuclear decommissioning trust liability	(2)	—	—	—	(2)
Cash (used)/provided by changes in other working capital	(8,656)	(907)	12,183	(2,836)	(216)
Cash (used)/provided by continuing operations	(6,887)	(419)	8,593	—	1,287
Cash provided by discontinued operations	—	62	—	—	62
Net Cash (Used)/Provided by Operating Activities	(6,887)	(357)	8,593	—	1,349
Cash Flows from Investing Activities					
Dividends from NRG Yield, Inc.	—	—	70	(70)	—
Intercompany dividends	—	—	33	(33)	—
Acquisition of Drop Down Assets, net of cash acquired	—	(698)	—	698	—
Acquisition of business, net of cash acquired	—	(31)	—	—	(31)
Capital expenditures	(316)	(654)	(59)	—	(1,029)
Net cash proceeds from notes receivable	—	18	—	—	18
Proceeds from renewable energy grants	—	82	—	—	82
Proceeds from emission allowances, net of purchases	41	—	—	—	41
Investments in nuclear decommissioning trust fund securities	(629)	—	—	—	(629)
Proceeds from sales of nuclear decommissioning trust fund securities	631	—	—	—	631
Proceeds from sale of assets, net	—	1	26	—	27
Investments in unconsolidated affiliates	1	(357)	(39)	—	(395)
Other	—	16	—	—	16
Cash (used)/provided by continuing operations	(272)	(1,623)	31	595	(1,269)
Cash used by discontinued operations	—	(259)	—	—	(259)
Net Cash (Used)/Provided by Investing Activities	(272)	(1,882)	31	595	(1,528)
Cash Flows from Financing Activities					
Dividends from NRG Yield, Inc.	—	(70)	—	70	—
Intercompany dividends	—	(33)	—	33	—
Payments from/(for) intercompany loans	7,183	1,258	(8,441)	—	—
Acquisition of Drop Down Assets, net of cash acquired	—	—	698	(698)	—
Payment of dividends to common and preferred stockholders	—	—	(201)	—	(201)
Net receipts from settlement of acquired derivatives that include financing elements	—	14	—	—	14
Payment for treasury stock	—	—	(437)	—	(437)
Distributions from, net of contributions to, noncontrolling interest in subsidiaries	—	47	—	—	47

Proceeds from sale of noncontrolling interests in subsidiaries	—	600	—	—	600
Proceeds from issuance of common stock	—	—	1	—	1
Proceeds from issuance of long-term debt	—	953	51	—	1,004
Payment of debt issuance and hedging costs	—	(21)	—	—	(21)
Payments for short and long-term debt	—	(1,116)	(246)	—	(1,362)
Other	—	(22)	—	—	(22)
Cash provided/(used) by continuing operations	7,183	1,610	(8,575)	(595)	(377)
Cash used by discontinued operations	—	(55)	—	—	(55)
Net Cash Provided/(Used) by Financing Activities	7,183	1,555	(8,575)	(595)	(432)
Effect of exchange rate changes on cash and cash equivalents	—	10	—	—	10
Change in cash from discontinued operations	—	(252)	—	—	(252)
Net Increase/(Decrease) in Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties	24	(422)	49	—	(349)
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at Beginning of Period	36	991	644	—	1,671
Cash and Cash Equivalents, Restricted Cash, and Funds Deposited by Counterparties at End of Period	\$ 60	\$ 569	\$ 693	\$ —	\$ 1,322

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

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2017, 2016, and 2015

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
	(In millions)				
Allowance for doubtful accounts, deducted from accounts receivable					
Year Ended December 31, 2017	\$ 29	\$ 56	\$ —	\$ (57) ^(a)	\$ 28
Year Ended December 31, 2016	21	47	—	(39) ^(a)	29
Year Ended December 31, 2015	21	62	—	(62) ^(a)	21
Income tax valuation allowance, deducted from deferred tax assets^(b)					
Year Ended December 31, 2017	\$ 4,116	\$ (151)	\$ (15)	\$ (2,087) ^(c)	\$ 1,863
Year Ended December 31, 2016	3,575	306	235	—	4,116
Year Ended December 31, 2015	265	3,039	271	—	3,575

(a) Represents principally net amounts charged as uncollectible.

(b) Includes income tax valuation allowance deducted from deferred tax assets recorded as discontinued operations, which amounted to \$2,087 million and \$2,194 million as of December 31, 2016 and 2015, respectively.

(c) Represents deconsolidation of GenOn due to its petition for bankruptcy on June 14, 2017.

EXHIBIT INDEX

Number	Description	Method of Filing
2.1	<u>Third Amended Joint Plan of Reorganization of NRG Energy, Inc., NRG Power Marketing, Inc., NRG Capital LLC, NRG Finance Company I LLC, and NRGenerating Holdings (No. 23) B.V.</u>	Incorporated herein by reference to Exhibit 99.1 to the Registrant's current report on Form 8-K filed on November 19, 2003.
2.2	<u>First Amended Joint Plan of Reorganization of NRG Northeast Generating LLC (and certain of its subsidiaries), NRG South Central Generating (and certain of its subsidiaries) and Berrians I Gas Turbine Power LLC.</u>	Incorporated herein by reference to Exhibit 99.2 to the Registrant's current report on Form 8-K filed on November 19, 2003.
2.3	<u>Acquisition Agreement, dated as of September 30, 2005, by and among NRG Energy, Inc., Texas Genco LLC and the Direct and Indirect Owners of Texas Genco LLC.</u>	Incorporated herein by reference to Exhibit 2.1 to the Registrant's current report on Form 8-K filed on October 3, 2005.
2.4	<u>Purchase and Sale Agreement by and between Denali Merger Sub Inc. and NRG Energy, Inc. dated as of August 13, 2010.</u>	Incorporated herein by reference to Exhibit 99.2 to the Registrant's current report on Form 8-K filed on August 13, 2010.
2.5	<u>Agreement and Plan of Merger, dated as of July 20, 2012, by and among NRG Energy, Inc., Plus Merger Corporation and GenOn Energy, Inc.</u>	Incorporated herein by reference to Exhibit 2.1 to the Registrant's current report on Form 8-K filed on July 23, 2012.
2.6	<u>Plan Sponsor Agreement, dated October 18, 2013, by and among NRG Energy, Inc., NRG Energy Holdings, Inc., Edison Mission Energy, certain of Edison Mission Energy's debtor subsidiaries, the Official Committee of Unsecured Creditors of Edison Mission Energy and its affiliated debtors, the PoJo Parties (as defined therein) and the proponent noteholders thereto.</u>	Incorporated herein by reference to Exhibit 2.1 to Amendment No. 1 to the Registrant's current report on Form 8-K filed on October 21, 2013.
2.7	<u>Asset Purchase Agreement, dated October 18, 2013, by and among NRG Energy, Inc., Edison Mission Energy and NRG Energy Holdings Inc.</u>	Incorporated herein by reference to Exhibit 2.2 to Amendment No. 1 to the Registrant's current report on Form 8-K filed on October 21, 2013.
2.8	<u>Third Amended Joint Plan of Reorganization of GenOn Energy, Inc. and its Debtor Affiliates.</u>	Incorporated herein by reference to Exhibit 2.1 to the Registrant's current report on Form 8-K filed on December 18, 2017.
2.9†^	<u>Purchase and Sale Agreement, dated as of February 6, 2018, by and among NRG Energy, Inc. and NRG Repowering Holdings LLC, and GIP III Zephyr Acquisition Partners, L.P.</u>	Filed herewith.
2.10^	<u>Purchase and Sale Agreement, dated as of February 6, 2018, by and between NRG Energy, Inc., NRG South Central Generating LLC, and Cleco Energy LLC.</u>	Filed herewith.
3.1	<u>Amended and Restated Certificate of Incorporation.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q filed on May 3, 2012.
3.2	<u>Certificate of Amendment to Amended and Restated Certificate of Incorporation.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's current report on Form 8-K filed on December 14, 2012.
3.3	<u>Fourth Amended and Restated By-Laws.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's current report on Form 8-K filed on February 13, 2017.
3.4	<u>Certificate of Designations relating to the Series I Exchangeable Limited Liability Company Preferred Interests of NRG Common Stock Finance I LLC, as filed with the Secretary of State of Delaware on August 4, 2006.</u>	Incorporated herein by reference to Exhibit 10.7 to the Registrant's current report on Form 8-K filed on August 10, 2006.
3.5	<u>Certificate of Amendment to Certificate of Designations relating to the Series I Exchangeable Limited Liability Company Preferred Interests of NRG Common Stock Finance I LLC, as filed with the Secretary of State of Delaware on February 27, 2008.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
3.6	<u>Second Certificate of Amendment to Certificate of Designations relating to the Series I Exchangeable Limited Liability Company Preferred Interests of NRG Common Stock Finance I LLC, as filed with the Secretary of State of Delaware on August 8, 2008.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q filed on October 30, 2008.
3.7	<u>Certificate of Designations of 2.822% Convertible Perpetual Preferred Stock, as filed with the Secretary of State of the State of Delaware on December 30, 2014.</u>	Incorporated herein by reference to Exhibit 3.1 to the Registrant's current report on Form 8-K filed on December 30, 2014.
4.1	<u>Supplemental Indenture, dated as of December 30, 2005, among NRG Energy, Inc., the subsidiary guarantors named on Schedule A thereto and Law Debenture Trust Company of New York, as trustee.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on January 4, 2006.

- 4.2 [Amended and Restated Common Agreement among XL Capital Assurance Inc., Goldman Sachs Mitsui Marine Derivative Products, L.P., Law Debenture Trust Company of New York, as Trustee, The Bank of New York, as Collateral Agent, NRG Peaker Finance Company LLC and each Project Company Party thereto, dated as of January 6, 2004, together with Annex A to the Common Agreement.](#) Incorporated herein by reference to Exhibit 4.9 to the Registrant's annual report on Form 10-K filed on March 16, 2004.
- 4.3 [Amended and Restated Security Deposit Agreement among NRG Peaker Finance Company, LLC and each Project Company party thereto, and the Bank of New York, as Collateral Agent and Depositary Agent, dated as of January 6, 2004.](#) Incorporated herein by reference to Exhibit 4.10 to the Registrant's annual report on Form 10-K filed on March 16, 2004.
- 4.4 [NRG Parent Agreement by NRG Energy, Inc. in favor of the Bank of New York, as Collateral Agent, dated as of January 6, 2004.](#) Incorporated herein by reference to Exhibit 4.11 to the Registrant's annual report on Form 10-K filed on March 16, 2004.
- 4.5 [Indenture dated June 18, 2002, between NRG Peaker Finance Company LLC, as Issuer, Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Rockford LLC, NRG Rockford II LLC and Sterlington Power LLC, as Guarantors, XL Capital Assurance Inc., as Insurer, and Law Debenture Trust Company, as Successor Trustee to the Bank of New York.](#) Incorporated herein by reference to Exhibit 4.23 to the Registrant's annual report on Form 10-K filed on March 31, 2003.
- 4.6 [Specimen of Certificate representing common stock of NRG Energy, Inc.](#) Incorporated herein by reference to Exhibit 4.3 to the Registrant's quarterly report on Form 10-Q filed on August 4, 2006.
- 4.7 [Indenture, dated February 2, 2006, among NRG Energy, Inc. and Law Debenture Trust Company of New York.](#) Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on February 6, 2006.
- 4.8 [Thirty-Sixth Supplemental Indenture, dated August 20, 2010, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.](#) Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on August 20, 2010.
- 4.9 [Form of 8.25% Senior Note due 2020.](#) Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on August 20, 2010.
- 4.10 [Registration Rights Agreement, dated August 20, 2010, among NRG Energy, Inc., the guarantors named therein and Citigroup Global Markets Inc., Banc of America Securities LLC and Deutsche Bank Securities Inc., as representatives of the several initial purchasers.](#) Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on August 20, 2010.
- 4.11 [Forty-First Supplemental Indenture, dated as of December 15, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.](#) Incorporated herein by reference to Exhibit 4.5 to the Registrant's current report on Form 8-K filed on December 16, 2010.
- 4.12 [Forty-Second Supplemental Indenture, dated January 26, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.](#) Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on January 28, 2011.
- 4.13 [Form of 7.625% Senior Note due 2018.](#) Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on January 28, 2011.
- 4.14 [Registration Rights Agreement, dated January 26, 2011, among NRG Energy, Inc., the guarantors named therein and J.P. Morgan Securities LLC, as initial purchaser.](#) Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on January 28, 2011.
- 4.15 [Forty-Eighth Supplemental Indenture, dated May 20, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.](#) Incorporated herein by reference to Exhibit 4.4 to the Registrant's current report on Form 8-K filed on May 25, 2011.
- 4.16 [Forty-Ninth Supplemental Indenture, dated May 20, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.](#) Incorporated herein by reference to Exhibit 4.5 to the Registrant's current report on Form 8-K filed on May 25, 2011.
- 4.17 [Fifty-First Supplemental Indenture, dated May 24, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.](#) Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on May 25, 2011.

4.18	<u>Form of 7.875% Senior Note due 2021.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's current report on Form 8-K filed on May 25, 2011.
4.19	<u>Registration Rights Agreement, dated May 24, 2011, among NRG Energy, Inc., the guarantors named therein and Morgan Stanley & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and RBS Securities Inc., as representatives of the initial purchasers.</u>	Incorporated herein by reference to Exhibit 4.5 to the Registrant's current report on Form 8-K filed on May 25, 2011.
4.20	<u>Fifty-Fourth Supplemental Indenture, dated November 8, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on November 8, 2011.
4.21	<u>Fifty-Fifth Supplemental Indenture, dated November 8, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's current report on Form 8-K filed on November 8, 2011.
4.22	<u>Fifty-Seventh Supplemental Indenture, dated November 8, 2011, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.</u>	Incorporated herein by reference to Exhibit 4.6 to the Registrant's current report on Form 8-K filed on November 8, 2011.
4.23	<u>Sixtieth Supplemental Indenture, dated April 5, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on April 6, 2012.
4.24	<u>Sixty-First Supplemental Indenture, dated April 5, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's current report on Form 8-K filed on April 6, 2012.
4.25	<u>Sixty-Third Supplemental Indenture, dated April 5, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.</u>	Incorporated herein by reference to Exhibit 4.6 to the Registrant's current report on Form 8-K filed on April 6, 2012.
4.26	<u>Sixty-Sixth Supplemental Indenture, dated May 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on May 11, 2012.
4.27	<u>Sixty-Seventh Supplemental Indenture, dated May 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's current report on Form 8-K filed on May 11, 2012.
4.28	<u>Sixty-Ninth Supplemental Indenture, dated May 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.</u>	Incorporated herein by reference to Exhibit 4.6 to the Registrant's current report on Form 8-K filed on May 11, 2012.
4.29	<u>Seventieth Supplemental Indenture, dated September 24, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 6.625% Senior Notes due 2023.</u>	Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on September 24, 2012.
4.30	<u>Form of 6.625% Senior Note due 2023.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on September 24, 2012.
4.31	<u>Seventy-Second Supplemental Indenture, dated October 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on October 12, 2012.

- 4.32 [Seventy-Third Supplemental Indenture, dated October 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.](#) Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on October 12, 2012.
- 4.33 [Seventy-Fifth Supplemental Indenture, dated October 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.](#) Incorporated herein by reference to Exhibit 4.5 to the Registrant's current report on Form 8-K filed on October 12, 2012.
- 4.34 [Seventy-Sixth Supplemental Indenture, dated October 9, 2012, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 6.625% Senior Notes due 2023.](#) Incorporated herein by reference to Exhibit 4.6 to the Registrant's current report on Form 8-K filed on October 12, 2012.
- 4.35 [Senior Indenture, dated December 22, 2004, between Reliant Energy, Inc. and Wilmington Trust Company.](#) Incorporated herein by reference to Exhibit 4.1 to GenOn Energy, Inc.'s current report on Form 8-K filed on December 27, 2004.
- 4.36 [Fourth Supplemental Indenture, dated June 13, 2007, among Reliant Energy, Inc., the Guarantors listed therein and Wilmington Trust Company as Trustee, re: GenOn Energy, Inc.'s 7.625% Senior Notes due 2014.](#) Incorporated herein by reference to Exhibit 4.1 to GenOn Energy Inc.'s current report on Form 8-K filed on June 15, 2007.
- 4.37 [Fifth Supplemental Indenture, dated June 13, 2007, among Reliant Energy, Inc., the Guarantors listed therein and Wilmington Trust Company as Trustee, re: GenOn Energy, Inc.'s 7.875% Senior Notes due 2017.](#) Incorporated herein by reference to Exhibit 4.2 to GenOn Energy Inc.'s current report on Form 8-K filed June 15, 2007.
- 4.38 [Indenture, dated May 1, 2001, between Mirant Americas Generation, Inc. and Bankers Trust Company as Trustee.](#) Incorporated herein by reference to Exhibit 4.1 to Mirant Americas Generation, Inc.'s Registration Statement on Form S-4 filed on June 18, 2001.
- 4.39 [Third Supplemental Indenture, dated May 1, 2001, between Mirant Americas Generation, Inc. and Bankers Trust Company as Trustee, re: GenOn Americas Generation, LLC's 9.125% Senior Notes due 2031.](#) Incorporated herein by reference to Exhibit 4.4 to Mirant Americas Generation, Inc.'s Registration Statement on Form S-4 filed on June 18, 2001.
- 4.40 [Fifth Supplemental Indenture, dated October 9, 2001, between Mirant Americas Generation, Inc. and Bankers Trust Company as Trustee, re: GenOn Americas Generation, LLC's 8.5% Senior Notes due 2021.](#) Incorporated herein by reference to Exhibit 4.6 to Mirant Americas Generation, Inc.'s Registration Statement on Form S-4/A filed on May 7, 2002.
- 4.41 [Sixth Supplemental Indenture, dated November 1, 2001, between Mirant Americas Generation LLC and Bankers Trust Company, re: Indenture, dated May 1, 2001.](#) Incorporated herein by reference to Exhibit 4.6 to Mirant Corporation's annual report on Form 10-K filed on February 27, 2009.
- 4.42 [Seventh Supplemental Indenture, dated January 3, 2006, between Mirant Americas Generation LLC and Wells Fargo Bank National Association \(as successor to Bankers Trust Company\), re: Indenture, dated May 1, 2001.](#) Incorporated herein by reference to Exhibit 4.1 to Mirant Americas Generation, LLC's quarterly report on Form 10-Q filed on May 14, 2007.
- 4.43 [Senior Notes Indenture, dated October 4, 2010, by GenOn Escrow Corp. and Wilmington Trust Company as trustee, re: GenOn Energy, Inc.'s 9.5% Senior Notes due 2018 and 9.875% Senior Notes due 2020.](#) Incorporated by reference to Exhibit 4.4 to Mirant Corporation's quarterly report on Form 10-Q filed on November 5, 2010.
- 4.44 [Supplemental Indenture, dated December 3, 2010, by and among GenOn Energy, Inc., GenOn Escrow Corp. and Wilmington Trust Company as trustee, re: GenOn Energy, Inc.'s 9.5% Senior Notes due 2018 and 9.875% Senior Notes due 2020.](#) Incorporated by reference to Exhibit 4.2 to GenOn Energy Inc.'s current report on Form 8-K filed on December 7, 2010.
- 4.45 [Seventy-Eighth Supplemental Indenture, dated as of January 3, 2013, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020.](#) Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on January 9, 2013.
- 4.46 [Seventy-Ninth Supplemental Indenture, dated as of January 3, 2013, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 7.625% Senior Notes due 2018.](#) Incorporated herein by reference to Exhibit 4.3 to the Registrant's current report on Form 8-K filed on January 9, 2013.
- 4.47 [Eighty-First Supplemental Indenture, dated as of January 3, 2013, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 7.875% Senior Notes due 2021.](#) Incorporated herein by reference to Exhibit 4.5 to the Registrant's current report on Form 8-K filed on January 9, 2013.
- 4.48 [Eighty-Second Supplemental Indenture, dated as of January 3, 2013, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 6.625% Senior Notes due 2023.](#) Incorporated herein by reference to Exhibit 4.6 to the Registrant's current report on Form 8-K filed on January 9, 2013.

4.66	<u>One Hundred-Eighth Supplemental Indenture, dated as of November 13, 2013, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 8.5% Senior Notes due 2019, 8.25% Senior Notes due 2020, 7.625% Senior Notes due 2018, 7.625% Senior Notes due 2019, 7.875% Senior Notes due 2021 and 6.625% Senior Notes due 2023.</u>	Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on November 13, 2013.
4.67	<u>One Hundred-Ninth Supplemental Indenture, dated as of January 27, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy's 6.25% Senior Notes due 2022.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 27, 2014.
4.68	<u>Form of 6.25% Senior Note due 2022.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 27, 2014.
4.69	<u>Registration Rights Agreement, dated January 27, 2014, among NRG Energy, Inc., the guarantors named therein and Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC, Credit Agricole Securities (USA) Inc., Natixis Securities Americas LLC and RBC Capital Markets, LLC, as initial purchasers.</u>	Incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on January 27, 2014.
4.70	<u>One Hundred-Tenth Supplemental Indenture, dated as of March 24, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 8.5% Senior Notes due 2019, 8.25% Senior Notes due 2020, 7.625% Senior Notes due 2018, 7.625% Senior Notes due 2019, 7.875% Senior Notes due 2021, 6.625% Senior Notes due 2023 and 6.25% Senior Notes due 2022.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 28, 2014.
4.71	<u>Indenture, dated as of April 21, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 6.25% Senior Notes due 2024.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 21, 2014.
4.72	<u>Form of 6.25% Senior Note due 2024.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 21, 2014.
4.73	<u>Registration Rights Agreement, dated April 21, 2014, among NRG Energy, Inc., the guarantors named therein and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA), Inc., J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., SMBC Nikko Securities America, Inc. and RBS Securities Inc.</u>	Incorporated herein by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 21, 2014.
4.74	<u>One Hundred-Eleventh Supplemental Indenture, dated as of April 28, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 8.5% Senior Notes due 2019, 8.25% Senior Notes due 2020, 7.625% Senior Notes due 2018, 7.625% Senior Notes due 2019, 7.875% Senior Notes due 2021, 6.625% Senior Notes due 2023 and 6.25% Senior Notes due 2022.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 2, 2014.
4.75	<u>First Supplemental Indenture, dated as of May 2, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 6.25% Senior Notes due 2024.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 2, 2014.
4.76	<u>One Hundred-Twelfth Supplemental Indenture, dated as of October 3, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 3, 2014.
4.77	<u>Second Supplemental Indenture, dated as of October 3, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 6.25% Senior Notes due 2024.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 3, 2014.
4.78	<u>One Hundred-Thirteenth Supplemental Indenture, dated as of November 12, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020, 7.625% Senior Notes due 2018, 7.875% Senior Notes due 2021, 6.625% Senior Notes due 2023 and 6.25% Senior Notes due 2022.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 14, 2014.
4.79	<u>Third Supplemental Indenture, dated as of November 12, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 14, 2014.

4.80	<u>One Hundred-Fourteenth Supplemental Indenture, dated as of November 24, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York, as trustee, re: NRG Energy, Inc.'s 8.25% Senior Notes due 2020, 7.625% Senior Notes due 2018, 7.875% Senior Notes due 2021, 6.625% Senior Notes due 2023 and 6.25% Senior Notes due 2022.</u>	Incorporated herein by reference to Exhibit 4.1 to the Registrant's current report on Form 8-K filed on November 25, 2014.
4.81	<u>Fourth Supplemental Indenture, dated as of November 24, 2014, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York, as trustee, re: NRG Energy, Inc.'s 6.25% Senior Notes due 2024.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's current report on Form 8-K filed on November 25, 2014.
4.82	<u>One Hundred-Fifteenth Supplemental Indenture, dated as of April 8, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on April 9, 2015.
4.83	<u>Fifth Supplemental Indenture, dated as of April 8, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's current report on Form 8-K filed on April 9, 2015.
4.84	<u>One Hundred-Sixteenth Supplemental Indenture, dated as of April 29, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on April 30, 2015.
4.85	<u>Sixth Supplemental Indenture, dated as of April 29, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's current report on Form 8-K filed on April 30, 2015.
4.86	<u>One Hundred-Seventeenth Supplemental Indenture, dated as of May 22, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on May 22, 2015.
4.87	<u>Seventh Supplemental Indenture, dated as of May 22, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's current report on Form 8-K filed on May 22, 2015.
4.88	<u>One Hundred-Eighteenth Supplemental Indenture, dated as of October 28, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on November 2, 2015.
4.89	<u>Eighth Supplemental Indenture, dated as of October 28, 2015, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Company's current report on Form 8-K filed on November 2, 2015.
4.90	<u>Indenture, dated May 23, 2016, between NRG Energy, Inc. and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on May 23, 2016.
4.91	<u>Supplemental Indenture, dated May 23, 2016, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on May 23, 2016.
4.92	<u>Form of 7.250% Senior Note due 2026.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on May 23, 2016.
4.93	<u>Registration Rights Agreement, dated May 23, 2016, among NRG Energy, Inc., the guarantors named therein and Deutsche Bank Securities Inc., as representative to the initial purchasers listed in Schedule I thereto.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K, filed on May 23, 2016.
4.94	<u>One Hundred-Nineteenth Supplemental Indenture, dated as of July 19, 2016, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on July 25, 2016.
4.95	<u>Ninth Supplemental Indenture, dated as of July 19, 2016, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on July 25, 2016.
4.96	<u>Second Supplemental Indenture, dated as of July 19, 2016, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on July 25, 2016.

4.97	<u>Third Supplemental Indenture, dated August 2, 2016, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on August 3, 2016.
4.98	<u>Form of 6.625% Senior Note due 2027.</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on August 3, 2016.
4.99	<u>Registration Rights Agreement, dated August 2, 2016, among NRG Energy, Inc., the guarantors named therein and Morgan Stanley & Co. LLC, as representative to the initial purchasers listed in Schedule I thereto.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K, filed on August 3, 2016.
4.100	<u>Supplemental Indenture, dated December 7, 2017, among NRG Energy, Inc., the guarantors named therein and Delaware Trust Company, as trustee.</u>	Incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on December 8, 2017.
4.101	<u>Form of 5.75% Senior Notes due 2028</u>	Incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on December 8, 2017.
4.102	<u>Registration Rights Agreement, dated December 7, 2017, among NRG Energy, Inc., the guarantors named therein and Citigroup Global Markets, Inc., as representative to the initial purchasers listed in Schedule I thereto.</u>	Incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K, filed on December 8, 2017.
10.1	<u>Note Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc. and each of the purchasers named therein.</u>	Incorporated herein by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1, as amended, Registration No. 333-33397.
10.2	<u>Master Shelf and Revolving Credit Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc., The Prudential Insurance Registrants of America and each Prudential Affiliate, which becomes party thereto.</u>	Incorporated herein by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1, as amended, Registration No. 333-33397.
10.3*	<u>Form of NRG Energy Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Officers and Key Management.</u>	Incorporated herein by reference to Exhibit 10.14 to the Registrant's annual report on Form 10-K filed on March 30, 2005.
10.4*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Directors.</u>	Incorporated herein by reference to Exhibit 10.15 to the Registrant's annual report on Form 10-K filed on March 30, 2005.
10.5*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Non-Qualified Stock Option Agreement.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q filed on November 9, 2004.
10.6*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Restricted Stock Unit Agreement for Officers.</u>	Filed herewith.
10.7*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Restricted Stock Unit Agreement for Non-Officers.</u>	Filed herewith
10.8*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Performance Stock Unit Agreement.</u>	Incorporated herein by reference to Exhibit 10.7 to the Registrant's annual report on Form 10-K filed on February 23, 2010.
10.9*	<u>Second Amended and Restated Annual Incentive Plan for Designated Corporate Officers.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on May 7, 2015.
10.10	<u>Railroad Car Full Service Master Leasing Agreement, dated as of February 18, 2005, between General Electric Railcar Services Corporation and NRG Power Marketing Inc.</u>	Incorporated herein by reference to Exhibit 10.28 to the Registrant's annual report on Form 10-K filed on March 30, 2005.
10.11	<u>Purchase Agreement (West Coast Power) dated as of December 27, 2005, by and among NRG Energy, Inc., NRG West Coast LLC (Buyer), DPC II Inc. (Seller) and Dynegy, Inc.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on December 28, 2005.
10.12	<u>Purchase Agreement (Rocky Road Power), dated as of December 27, 2005, by and among Termo Santander Holding, L.L.C.(Buyer), Dynegy, Inc., NRG Rocky Road LLC (Seller) and NRG Energy, Inc.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's current report on Form 8-K filed on December 28, 2005.
10.13	<u>Stock Purchase Agreement, dated as of August 10, 2005, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on August 11, 2005.
10.14	<u>Agreement with respect to the Stock Purchase Agreement, dated December 19, 2008, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC.</u>	Incorporated herein by reference to Exhibit 10.13 to the Registrant's annual report on Form 10-K filed on February 12, 2009.

10.15	<u>Investor Rights Agreement, dated as of February 2, 2006, by and among NRG Energy, Inc. and Certain Stockholders of NRG Energy, Inc. set forth therein.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on February 8, 2006.
10.16†	<u>Terms and Conditions of Sale, dated as of October 5, 2005, between Texas Genco II LP and Freight Car America, Inc., (including the Proposal Letter and Amendment thereto).</u>	Incorporated herein by reference to Exhibit 10.32 to the Registrant's annual report on Form 10-K filed on March 7, 2006.
10.17*	<u>Amended and Restated Employment Agreement, dated December 4, 2008, between NRG Energy, Inc. and David Crane.</u>	Incorporated herein by reference to Exhibit 10.16 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.18*	<u>Amendment 2014-1 to the Amended and Restated Employment Agreement between NRG Energy, Inc. and David Crane, dated December 4, 2014.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on December 10, 2014.
10.19*	<u>General Release, dated January 4, 2016, between NRG Energy, Inc. and David Crane.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's current report on Form 8-K/A filed on January 8, 2016.
10.20	<u>Limited Liability Company Agreement of NRG Common Stock Finance I LLC.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on August 10, 2006.
10.21	<u>Note Purchase Agreement, dated August 4, 2006, between NRG Common Stock Finance I LLC, Credit Suisse International and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.3 to the Registrant's current report on Form 8-K filed on August 10, 2006.
10.22	<u>Amendment Agreement, dated February 27, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.5 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
10.23	<u>Amendment Agreement, dated December 19, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.23 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.24	<u>Amendment Agreement, dated December 19, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance II LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.26 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.25	<u>Agreement with respect to Note Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, NRG Energy, Inc., Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.24 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.26	<u>Agreement with respect to Note Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance II LLC, NRG Energy, Inc., Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.27 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.27	<u>Preferred Interest Purchase Agreement, dated August 4, 2006, between NRG Common Stock Finance I LLC, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC, as agent.</u>	Incorporated herein by reference to Exhibit 10.5 to the Registrant's current report on Form 8-K filed on August 10, 2006.
10.28	<u>Preferred Interest Amendment Agreement, dated February 27, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse Capital LLC, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.6 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
10.29	<u>Preferred Interest Amendment Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.31 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.30	<u>Preferred Interest Amendment Agreement, dated December 19, 2008, by and among NRG Common Stock Finance II LLC, Credit Suisse Capital LLC, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.34 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.31	<u>Agreement with respect to Preferred Interest Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, NRG Energy, Inc., Credit Suisse Capital LLC, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.32 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.32	<u>Agreement with respect to Preferred Interest Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance II LLC, NRG Energy, Inc., Credit Suisse Capital LLC, and Credit Suisse Securities (USA) LLC.</u>	Incorporated herein by reference to Exhibit 10.35 to the Registrant's annual report on Form 10-K filed on February 12, 2009.
10.33†	<u>Amended and Restated Contribution Agreement (NRG), dated March 25, 2008, by and among Texas Genco Holdings, Inc., NRG South Texas LP and NRG Nuclear Development Company LLC and Certain Subsidiaries Thereof.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.

10.34†	Contribution Agreement (Toshiba), dated February 29, 2008, by and between Toshiba Corporation and NRG Nuclear Development Company LLC.	Incorporated herein by reference to Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
10.35†	Multi-Unit Agreement, dated February 29, 2008, by and among Toshiba Corporation, NRG Nuclear Development Company LLC and NRG Energy, Inc.	Incorporated herein by reference to Exhibit 10.3 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
10.36†	Amended and Restated Operating Agreement of Nuclear Innovation North America LLC, dated May 1, 2008.	Incorporated herein by reference to Exhibit 10.4 to the Registrant's quarterly report on Form 10-Q filed on May 1, 2008.
10.37†	LLC Membership Interest Purchase Agreement between Reliant Energy, Inc. and NRG Retail LLC, dated as of February 28, 2009.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q filed on April 30, 2009.
10.38	Project Agreement, Settlement Agreement and Mutual Release, dated March 1, 2010, by and among by and among Nuclear Innovation North America LLC, the City of San Antonio acting by and through the City Public Service Board of San Antonio, a Texas municipal utility, NINA Texas 3 LLC and NINA Texas 4 LLC, and solely for purposes of certain sections of the Settlement Agreement, by NRG Energy, Inc and NRG South Texas LP.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on March 2, 2010.
10.39†	STP 3 & 4 Owners Agreement, dated March 1, 2010, by and among Nuclear Innovation North America LLC, the City of San Antonio, NINA Texas 3 LLC and NINA Texas 4 LLC.	Incorporated herein by reference to Exhibit 10.2 to the Registrant's current report on Form 8-K filed on March 2, 2010.
10.40*	Amended and Restated Executive Change-in-Control and General Severance Plan.	Filed herewith.
10.41†	Investment and Option Agreement by and among NINA Investments Holdings LLC, Nuclear Innovation North America LLC and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010.	Incorporated herein by reference to Exhibit 10.3 to the Registrant's quarterly report on Form 10-Q filed on August 2, 2010.
10.42†	Parent Company Agreement by and among NRG Energy, Inc., Nuclear Innovation North America LLC, The Tokyo Electric Power Company and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010.	Incorporated herein by reference to Exhibit 10.4 to the Registrant's quarterly report on Form 10-Q filed on August 2, 2010.
10.43(a)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010, by and among NRG LC Facility Company LLC, NRG Energy, Inc. and Citibank, N.A.	Incorporated herein by reference to Exhibit 10.2(a) the Registrant's current report on Form 8-K filed on July 1, 2010.
10.43(b)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010, by and among NRG LC Facility Company LLC, NRG Energy, Inc. and Deutsche Bank AG, New York Bank.	Incorporated herein by reference to Exhibit 10.2(b) to the Registrant's current report on Form 8-K filed on July 1, 2010.
10.44*	The NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on April 28, 2017.
10.45	Amended and Restated Credit Agreement, dated July 1, 2011, by and among NRG Energy, Inc., the lenders party thereto, the joint lead bookrunners and joint lead arrangers party thereto, Citicorp North America, Inc., Morgan Stanley Senior Funding, Inc. and the documentation agents party thereto.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on July 5, 2011.
10.46*	Form of Market Stock Unit Grant Agreement.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K/A filed on September 12, 2011.
10.47	Registration Rights Agreement, dated September 24, 2012, among NRG Energy, Inc., the guarantors named therein and Deutsche Bank Securities Inc., Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and RBS Securities Inc., as initial purchasers.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on September 24, 2012.
10.48*	NRG 2010 Stock Plan for GenOn Employees.	Incorporated herein by reference to Exhibit 10.49 to the Registrant's annual report on Form 10-K filed on February 27, 2013.
10.49	Revolving Credit Agreement among GenOn Energy, Inc., as Borrower, GenOn Americas, Inc., as Borrower, the several lenders from time to time parties thereto, and NRG Energy, Inc., as Administrative Agent, dated as of December 14, 2012.	Incorporated herein by reference to Exhibit 10.50 to the Registrant's annual report on Form 10-K filed on February 27, 2013.
10.50	First Amendment Agreement, dated as of February 6, 2013, to the Amended and Restated Credit Agreement and the Second Amended and Restated Collateral Trust Agreement.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q filed on May 7, 2013.

10.51	<u>Second Amendment Agreement, dated as of June 4, 2013, to the Amended and Restated Credit Agreement, the Second Amended and Restated Collateral Trust Agreement and the Amended and Restated Guarantee and Collateral Agreement.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on June 10, 2013.
10.52*	<u>NRG Energy, Inc. Long-Term Incentive Plan Market Stock Unit Agreement.</u>	Incorporated herein by reference to Exhibit 10.53 to the Registrant's annual report on Form 10-K filed on February 28, 2014.
10.53*	<u>NRG Energy, Inc. 2010 Stock Plan For GenOn Employees Market Stock Unit Agreement</u>	Incorporated herein by reference to Exhibit 10.54 to the Registrant's annual report on Form 10-K filed on February 28, 2014.
10.54*	<u>Amended and Restated Employee Stock Purchase Plan.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's current report on Form 8-K filed on April 28, 2017.
10.55	<u>Amendment Agreement, dated as of December 23, 2014, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on December 30, 2014.
10.56	<u>Employment Agreement, dated December 21, 2015, by and between NRG Energy, Inc. and Mauricio Gutierrez.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's current report on Form 8-K filed on December 24, 2015.
10.57	<u>Amendment and Restatement Agreement, dated as of June 30, 2016, to the Amended and Restated Credit Agreement, the Second Amended and Restated Collateral Trust Agreement and the Amended and Restated Guarantee and Collateral Agreement.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q filed on August 9, 2016.
10.58	<u>Second Amended and Restated Credit Agreement, dated as of June 30, 2016, by and among NRG Energy, Inc., the lenders party thereto, the joint lead arrangers and joint lead bookrunners party thereto, Citicorp North America, Inc., Commerzbank AG, New York Branch, Keybank Capital Markets Inc. and CIT Bank, N.A.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q filed on August 9, 2016.
10.59	<u>First Amendment Agreement, dated as of January 24, 2017, dated as of January 24, 2017, by and among NRG Energy, Inc., the lenders from time to time parties thereto and Citicorp North America, Inc., as administrative agent and collateral agent.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 24, 2017.
10.60	<u>Cooperation Agreement, dated as of February 13, 2017, by and among NRG Energy, Inc., Elliott Associates, L.P., Elliott International, L.P. and Elliott International Capital Advisors Inc.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on February 13, 2017.
10.61	<u>Cooperation Agreement, dated as of February 13, 2017, by and among NRG Energy, Inc., Bluescape Energy Partners LLC and BEP Special Situations 2 LLC.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on February 13, 2017.
10.62	<u>Consent Agreement, dated as of May 22, 2017, by and among GenOn Energy, Inc., NRG Energy, Inc. and the holders of Notes signatory thereto.</u>	Incorporated herein by reference to Exhibit 10.1 to GenOn Energy, Inc. and GenOn Americas Generation, LLC's Current Report on Form 8-K filed on May 23, 2017.
10.63(a)	<u>Restructuring Support and Lock-Up Agreement, dated as of June 12, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, the subsidiaries signatory thereto, NRG Energy, Inc. and the noteholders signatory thereto.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 14, 2017.
10.63(b)	<u>First Amendment, dated as of October 2, 2017, to the Restructuring Support and Lock-Up Agreement, dated as of June 12, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, NRG Energy, Inc. and the consenting noteholders party thereto.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 6, 2017.
10.64(a)	<u>Backstop Commitment Letter, dated as of June 12, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, the subsidiaries signatory thereto and the noteholders signatory thereto.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 14, 2017.
10.64(b)	<u>Amended and Restated Backstop Commitment Letter, dated as of October 2, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, the guarantors party thereto and backstop parties thereto.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 6, 2017.
10.65	<u>Backstop Fee Letter, dated as of June 12, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, the subsidiaries signatory thereto and the noteholders signatory thereto.</u>	Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on June 14, 2017.
10.66	<u>Consent Agreement, by and among GenOn, GAG and the Consenting Holders, dated as of October 30, 2017.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 31, 2017.

10.67	<u>Settlement Agreement, dated as of December 14, 2017, by and between NRG Energy, Inc. on behalf of itself and the NRG Parties, GenOn Energy, Inc. on behalf of itself and the Debtors.</u>	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.68	<u>Transition Services Agreement, dated as of December 14, 2017, by and between GenOn Energy, Inc. and NRG Energy, Inc.</u>	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.69	<u>Cooperation Agreement, dated as of December 14, 2017, by and between GenOn Energy, Inc. and NRG Energy, Inc.</u>	Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.70	<u>Pension Indemnity Agreement, dated as of December 14, 2017, by and between NRG Energy, Inc. and GenOn Energy, Inc.</u>	Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.71	<u>Employee Matters Agreement, dated as of December 14, 2017, by and between NRG Energy, Inc. and GenOn Energy, Inc.</u>	Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.72	<u>Tax Matters Agreement, initially dated as of December 14, 2017, by and between NRG Energy, Inc. and GenOn Energy, Inc. and by Reorganized GenOn upon the Effective Date.</u>	Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on December 18, 2017.
10.73*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Relative Performance Stock Unit Agreement for Officers.</u>	Filed herewith.
10.74*	<u>Form of NRG Energy, Inc. Long-Term Incentive Plan Relative Performance Stock Unit Agreement for Senior Vice Presidents.</u>	Filed herewith.
10.75†	<u>Consent and Indemnity Agreement, dated as of February 6, 2018, by and among NRG Energy, Inc., NRG Repowering Holdings LLC, NRG Yield, Inc., and GIP III Zephyr Acquisition Partners, L.P., and NRG Yield Operating LLC (solely with respect to Sections E.5, E.6 and G.12).</u>	Incorporated herein by reference to Exhibit 10.34 to NRG Yield, Inc.'s Annual Report on Form 10-K filed on March 1, 2018.
12.1	<u>NRG Energy, Inc. Computation of Ratio of Earnings to Fixed Charges.</u>	Filed herewith.
12.2	<u>NRG Energy, Inc. Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.</u>	Filed herewith.
21.1	<u>Subsidiaries of NRG Energy, Inc.</u>	Filed herewith.
23.1	<u>Consent of KPMG LLP.</u>	Filed herewith.
31.1	<u>Rule 13a-14(a)/15d-14(a) certification of Mauricio Gutierrez.</u>	Filed herewith.
31.2	<u>Rule 13a-14(a)/15d-14(a) certification of Kirkland B. Andrews.</u>	Filed herewith.
31.3	<u>Rule 13a-14(a)/15d-14(a) certification of David Callen.</u>	Filed herewith.
32	<u>Section 1350 Certification.</u>	Furnished herewith.
101 INS	XBRL Instance Document.	Filed herewith.
101 SCH	XBRL Taxonomy Extension Schema.	Filed herewith.
101 CAL	XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith.
101 DEF	XBRL Taxonomy Extension Definition Linkbase.	Filed herewith.
101 LAB	XBRL Taxonomy Extension Label Linkbase.	Filed herewith.
101 PRE	XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith.

* Exhibit relates to compensation arrangements.

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

^ This filing excludes schedules pursuant to Item 601(b)(2) of Regulation S-K, which the registrant agrees to furnish supplementary to the Securities and Exchange Commission upon request by the Commission.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

By: /s/ MAURICIO GUTIERREZ

Mauricio Gutierrez
Chief Executive Officer

Date: March 1, 2018

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints David R. Hill and Brian E. Curci, each or any of them, such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such person and in such person's name, place and stead, in any and all capacities, to sign any and all amendments to this report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as such person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant in the capacities indicated on March 1, 2018.

Signature	Title	Date
/s/ MAURICIO GUTIERREZ Mauricio Gutierrez	President, Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2018
/s/ KIRKLAND B. ANDREWS Kirkland B. Andrews	Chief Financial Officer (Principal Financial Officer)	March 1, 2018
/s/ DAVID CALLEN David Callen	Chief Accounting Officer (Principal Accounting Officer)	March 1, 2018
/s/ LAWRENCE S. COBEN Lawrence S. Coben	Chairman of the Board	March 1, 2018
/s/ E. SPENCER ABRAHAM E. Spencer Abraham	Director	March 1, 2018
/s/ KIRBYJON H. CALDWELL Kirbyjon H. Caldwell	Director	March 1, 2018
/s/ TERRY G. DALLAS Terry G. Dallas	Director	March 1, 2018
/s/ WILLIAM E. HANTKE William E. Hantke	Director	March 1, 2018
/s/ PAUL W. HOBBY Paul W. Hobby	Director	March 1, 2018
/s/ ANNE C. SCHAUMBURG Anne C. Schaumburg	Director	March 1, 2018
/s/ EVAN J. SILVERSTEIN Evan J. Silverstein	Director	March 1, 2018
/s/ BARRY T. SMITHERMAN Barry T. Smitherman	Director	March 1, 2018
/s/ THOMAS H. WEIDEMEYER Thomas H. Weidemeyer	Director	March 1, 2018
/s/ C. JOHN WILDER C. John Wilder	Director	March 1, 2018
/s/ WALTER R. YOUNG Walter R. Young	Director	March 1, 2018

NRG ENERGY, INC. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE ACCORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

PURCHASE AND SALE AGREEMENT

dated as of February 6, 2018

by and among

**NRG ENERGY, INC.,
a Delaware corporation,**

and

**NRG REPOWERING HOLDINGS LLC,
a Delaware limited liability company, collectively with NRG ENERGY, INC., as Seller,**

and

**GIP III ZEPHYR ACQUISITION PARTNERS, L.P.,
a Delaware limited partnership, as Purchaser**

ARTICLE 1		
DEFINITIONS, INTERPRETATION		
Section 1.01	Definitions	2
Section 1.02	Interpretation	18
ARTICLE 2		
SALE OF MEMBERSHIP INTERESTS AND CLOSING		
Section 2.01	Purchase and Sale	19
Section 2.02	Payment of Purchase Price	19
Section 2.03	Closing	19
Section 2.04	Dispute Resolution by Neutral Auditor	20
Section 2.05	Zephyr Business Plan Adjustment Amount	21
Section 2.06	Patriot Adjustment Amount	21
Section 2.07	Withholding	22
ARTICLE 3		
REPRESENTATIONS AND WARRANTIES OF SELLER		
Section 3.01	Existence	23
Section 3.02	Authority	23
Section 3.03	No Consent	23
Section 3.04	No Conflicts	23
Section 3.05	Governmental Approval	23
Section 3.06	Legal Proceedings	24
Section 3.07	Brokers	24
Section 3.08	Compliance with Laws	24
Section 3.09	Lock Box Deposit	24
ARTICLE 4		
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY ENTITIES		
Section 4.01	The Company Entities.	24
Section 4.02	No Undisclosed Liabilities	25
Section 4.03	Taxes	25
Section 4.04	The Material Company Contracts	27
Section 4.05	Real Property	28
Section 4.06	Sufficiency of Assets	29
Section 4.07	Title Policy	29
Section 4.08	Environmental	29
Section 4.09	Permits	30
Section 4.10	Affiliate Transactions	30

Section 4.11	Insurance	30
Section 4.12	Financial Statements	31
Section 4.13	Absence of Certain Changes	31
Section 4.14	Regulatory Status	32
Section 4.15	Support Obligations	32
Section 4.16	Employee and Benefit Matters	32
Section 4.17	Intellectual Property	34
Section 4.18	Anti-Corruption and Economic Sanctions	34
Section 4.19	Pre-Effective Date Reorganization	35
Section 4.20	Safe Harbor Equipment	35
Section 4.21	No Other Warranties	35

ARTICLE 5

REPRESENTATIONS AND WARRANTIES REGARDING THE NYLD ENTITIES

Section 5.01	NYLD and NYLD LLC.	36
Section 5.02	NYLD Subsidiaries	36
Section 5.03	Capitalization	37
Section 5.04	SEC Reports and Financial Statements	38
Section 5.05	No Undisclosed Liabilities	39
Section 5.06	Absence of Certain Changes	40
Section 5.07	Brokers	40
Section 5.08	Sufficiency of Assets	40

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Section 6.01	Existence	40
Section 6.02	Authority	40
Section 6.03	No Consent	41
Section 6.04	No Conflicts	41
Section 6.05	Legal Proceedings	41
Section 6.06	Purchase for Investment	41
Section 6.07	Brokers	41
Section 6.08	Governmental Approvals	41
Section 6.09	Compliance with Laws	42
Section 6.10	Certain Legal Matters	42
Section 6.11	Due Diligence	42
Section 6.12	Financial Capacity	43
Section 6.13	Limitation of Representations and Warranties	43

ARTICLE 7

COVENANTS OF SELLER

Section 7.01	Regulatory and Other Permits	43
Section 7.02	Access to Information; Confidentiality; Financial Statements and Reports	44

Section 7.03	Exhibits and Schedules; Notification of Certain Matters	46
Section 7.04	Conduct of Business	46
Section 7.05	Insurance	50
Section 7.06	Risk of Loss	50
Section 7.07	Lock Box Account	52
Section 7.08	Fulfillment of Conditions, Obligations	52
Section 7.09	Further Assurances	52
Section 7.10	Post-Closing Access; Preservation of Records	53
Section 7.11	Nonsolicitation of Employees	53
Section 7.12	Termination of Affiliate Arrangements	53
Section 7.13	Transfer of NYLD Securities	54
Section 7.14	Conversion to Limited Partnership	54
Section 7.15	Retained Support Obligations	54
Section 7.16	Financing Cooperation	55
Section 7.17	Patriot Sale Transaction; Development	55
Section 7.18	Completion of Buckthorn Solar and Buckthorn Wind	55
Section 7.19	Assignment of Certain Guarantees	56
Section 7.20	Dissolution of Island NRG S.A	56

ARTICLE 8

COVENANTS OF PURCHASER

Section 8.01	Regulatory and Other Permits	56
Section 8.02	Fulfillment of Conditions	58
Section 8.03	Further Assurances	58
Section 8.04	Transferred Support Obligations	58
Section 8.05	Post-Closing Access; Preservation of Records	60
Section 8.06	Employee Matters	60
Section 8.07	Use/Removal of Trademarks	64
Section 8.08	Certain Acquisition Support	64
Section 8.09	Buckthorn Solar PSA	64
Section 8.10	Nonsolicitation of Seller Employees	64
Section 8.11	Repayment of Final Settlement Amount	65
Section 8.12	Development of Patriot Wind	65

ARTICLE 9

CONDITIONS TO OBLIGATIONS OF PURCHASER

Section 9.01	Bring-Down of Seller's Representations and Warranties	65
Section 9.02	Performance of Covenants	65
Section 9.03	Litigation	65
Section 9.04	Assignment and Assumption Agreement for Acquired Interests	66
Section 9.05	Approvals and Consents	66
Section 9.06	Officers' Certificates of Seller	66

Section 9.07	FIRPTA Certificate	66
Section 9.08	Antitrust Authorizations	66
Section 9.09	FPA Matters	66
Section 9.10	Master Services Agreement	66
Section 9.11	Zephyr ROFO Agreement	66
Section 9.12	Transition Services Agreements	66
Section 9.13	Fourth Amended and Restated NYLD LLC LLC Agreement	66
Section 9.14	Third Amended and Restated NRG/NYLD ROFO Agreement	66
Section 9.15	Existing MSA Termination	67
Section 9.16	Material Adverse Effect	67
Section 9.17	NRG SREC Program Management Agreement	67
Section 9.18	Assignment of Exchange Agreement and Registration Rights Agreement	67
Section 9.19	Assignment of Lease Agreements	67
Section 9.20	NYLD Consent to Transactions	67
Section 9.21	NYLD Board and Committee Approvals	67
Section 9.22	Officers' Certificates of NYLD	67
Section 9.23	Conversion to Limited Partnership	67
Section 9.24	CAFD Leakage	67
Section 9.25	Zephyr Voting and Governance Agreement	67
Section 9.26	NRG/NYLD Letter Agreement	68

ARTICLE 10

CONDITIONS TO OBLIGATIONS OF SELLER

Section 10.01	Bring-Down of Purchaser's Representations and Warranties	68
Section 10.02	Performance of Covenants	68
Section 10.03	Litigation	68
Section 10.04	Assignment and Assumption Agreement for Acquired Interests	68
Section 10.05	Deliveries	68
Section 10.06	Antitrust Authorizations	68
Section 10.07	FPA Matters	68
Section 10.08	Third Amended and Restated NRG/NYLD ROFO Agreement	68
Section 10.09	NYLD Board and Committee Approvals	69
Section 10.10	Assignment of Lease Agreements	69

ARTICLE 11

TAX MATTERS

Section 11.01	Certain Taxes	69
Section 11.02	Allocation of Purchase Price	71

ARTICLE 12

SURVIVAL

Section 12.01	Survival of Representations, Warranties, Covenants and Agreements	71
---------------	---	----

ARTICLE 13

INDEMNIFICATION

Section 13.01	Indemnification by Seller	71
Section 13.02	Indemnification by Purchaser	72
Section 13.03	Period for Making Claims	72
Section 13.04	Limitations on Claims	72
Section 13.05	Procedure for Indemnification of Third Party Claims	73
Section 13.06	Rights of Indemnifying Party in the Defense of Third Party Claims	73
Section 13.07	Direct Claims	74
Section 13.08	Exclusive Remedy	74
Section 13.09	Indemnity Treatment	74
Section 13.10	Indemnification Reduction Amounts	75
Section 13.11	No Solicitation	75

ARTICLE 14

TERMINATION

Section 14.01	Termination	75
Section 14.02	Effect of Termination	76

ARTICLE 15

MISCELLANEOUS

Section 15.01	Notices	78
Section 15.02	Entire Agreement	79
Section 15.03	Specific Performance	79
Section 15.04	Expenses	80
Section 15.05	Public Disclosures	80
Section 15.06	Waiver	80
Section 15.07	Amendment	80
Section 15.08	No Third Party Beneficiary	80
Section 15.09	Assignment	80
Section 15.10	Severability	81
Section 15.11	Governing Law	81
Section 15.12	Consent to Jurisdiction	81
Section 15.13	Waiver of Jury Trial	81
Section 15.14	Limitation on Certain Damages	82
Section 15.15	Disclosures	82
Section 15.16	Facsimile Signature; Counterparts	82

Exhibits and Schedules:

Exhibit A	[RESERVED]
Exhibit B	Form of Zephyr Transition Services Agreement
Exhibit C	Form of Master Services Agreement
Exhibit D	Form of Zephyr ROFO Agreement
Exhibit E	Form of Fourth Amended and Restated NYLD LLC LLC Agreement
Exhibit F	Zephyr 2018 Business Plan
Exhibit G	Form of Third Amended and Restated NRG/NYLD ROFO Agreement
Exhibit H	Form of NRG/NYLD Transition Services Agreement
Exhibit I	Form of Assignment and Assumption Agreement (Exchange and Registration Rights Agreements)
Exhibit J	Form of Zephyr Voting and Governance Agreement
Exhibit K	Form of NRG/NYLD Letter Agreement

Seller Disclosure Schedules:

Schedule 1.01(a)	Renew Subsidiaries
Schedule 1.01(b)	RPV 1 Subsidiaries
Schedule 1.01(c)	Capistrano Subsidiaries
Schedule 1.01(d)	Projects
Schedule 1.01(e)	Permitted Exceptions and Permitted Liens
Schedule 1.01(f)	Patriot Target Amount
Schedule 3.03	Seller Consents
Schedule 3.04	Seller Conflicts
Schedule 3.05	Seller Approvals
Schedule 3.06	Legal Proceedings
Schedule 3.07	Brokers
Schedule 4.01(b)	Subsidiary Ownership
Schedule 4.01(d)	Voting Trusts; Liens on Acquired Interests
Schedule 4.03	Taxes
Schedule 4.04(a)	Material Company Contracts
Schedule 4.04(d)	Total Contracted Capacity, Weighted Average Contract Price and Weighted Average Contract Tenor for DG Project Entities
Schedule 4.05(a)	Real Property
Schedule 4.05(b)	Easements
Schedule 4.08(a)	Environmental Law Violations
Schedule 4.10	Affiliate Transactions
Schedule 4.11	Insurance
Schedule 4.12	Financial Statements
Schedule 4.12(c)	Indebtedness of Company Entities
Schedule 4.14(b)	NERC Registrations
Schedule 4.15(a)	Support Obligations (Seller)
Schedule 4.15(b)	Support Obligations (Company Entities)
Schedule 4.16(a)	Business Employees

Schedule 4.16(b)	Activities by Labor Unions
Schedule 4.16(d)	Company Employee Plans
Schedule 4.16(e)	Accelerated Vesting
Schedule 4.19(b)	Pre-Effective Date Reorganization Structure Charts
Schedule 4.20	Safe Harbor Equipment
Schedule 5.01(d)	Voting Trusts
Schedule 5.02(a)	NYLD Subsidiaries
Schedule 5.02(b)	Beneficial Ownership of NYLD Securities
Schedule 5.03(d)	Preemptive Rights
Schedule 5.03(e)	Repurchase, Redemption or Acquisition Obligations
Schedule 5.04(f)	Indebtedness of NYLD Entities
Schedule 5.07	Brokers
Schedule 5.08	Sufficiency of the Assets
Schedule 7.02(c)	2018 Zephyr Business Plan Tracking
Schedule 7.04(b)	Actions
Schedule 7.12	Affiliate Arrangements

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT**, dated as of February 6, 2018 (the “Effective Date”) is made and entered into by and among NRG Energy, Inc., a Delaware corporation (“NRG”), and NRG Repowering Holdings LLC, a Delaware limited liability company and wholly owned subsidiary of NRG (“Repowering,” and, collectively with NRG, “Seller”), and GIP III Zephyr Acquisition Partners, L.P., a Delaware limited partnership (“Purchaser”). Seller and Purchaser are referred to, collectively, as the “Parties” and each, individually, as a “Party”. Capitalized terms used herein shall have the meanings set forth in Section 1.01.

RECITALS

WHEREAS, NRG owns one hundred percent (100%) of the outstanding membership interests of Repowering;

WHEREAS, Repowering owns one hundred percent (100%) of the outstanding membership interests of Zephyr Renewables LLC, a Delaware limited liability company (the “Company”);

WHEREAS, prior to the Closing, the Company will own (a) one hundred percent (100%) of the Class B shares and one hundred percent (100%) of the Class D shares of NYLD (the “NYLD Shares”) and (b) one hundred percent (100%) of the Class B membership units and one hundred percent (100%) of the Class D membership units of NYLD LLC (“NYLD Units”, collectively with the NYLD Shares, the “NYLD Securities”);

WHEREAS, the Company owns (a) one hundred percent (100%) of the membership interests of NRG Renew Operations & Maintenance LLC, a California limited liability company (“RENOM”), (b) one hundred percent (100%) of the membership interests of NRG Renew LLC, a Delaware limited liability company (“Renew”), which in turn owns, directly or indirectly, those entities set forth on the organizational chart attached hereto as Schedule 1.01(a) in the percentages set forth therein (together with Renew, the “Renew Subsidiaries”), (c) one hundred percent (100%) of the Class B membership interests of NRG RPV HoldCo 1 LLC (“RPV 1”), which in turn owns, directly or indirectly, those entities set forth on the organizational chart attached hereto as Schedule 1.01(b) in the percentages set forth therein (together with RPV 1, the “RPV 1 Subsidiaries”), (d) one hundred percent (100%) of the membership interests of NRG Asset Services LLC, a Delaware limited liability company (“Asset Services”), (e) indirectly, via Renew, one hundred percent (100%) of the membership interests of Langford Wind Power, LLC, a Texas limited liability company (“Langford”), and (f) indirectly via Renew, twenty-two percent (22%) of the common stock of Capistrano Wind Holdings, Inc., a Delaware corporation (“Capistrano”), which in turn owns, directly or indirectly, those entities set forth on the organizational chart attached hereto as Schedule 1.01(c) in the percentages set forth therein (together with Capistrano, the “Capistrano Subsidiaries”). The Capistrano Subsidiaries, together with RENOM, the Renew Subsidiaries, the RPV 1 Subsidiaries, Asset Services and Langford, are referred to herein as the “Subsidiaries”;

WHEREAS, (a) certain of the Renew Subsidiaries own wind or solar energy projects which have achieved commercial operation and are capable of generating power (the “Renew Operating Projects”), (b) certain of the Renew Subsidiaries own development stage wind or solar projects which have not yet achieved commercial operation (the “Renew Development Projects”, together with the Renew Operating Projects, the “Renew Projects”), and (c) certain of the RPV 1 Subsidiaries own solar energy projects which have achieved commercial operation and are capable of generating power (the “RPV 1 Projects”, together with the Renew Projects, the “Projects”, all of which are set forth on Schedule 1.01(d) attached hereto);

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, one hundred percent (100%) of the outstanding membership interests of the Company (the "Acquired Interests"), on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of Purchaser to enter into this Agreement, NRG, Purchaser, NYLD and NRG Yield Operating LLC have entered into the Consent and Indemnity Agreement, dated as of the Effective Date (the "Consent and Indemnity Agreement"), pursuant to which NYLD has consented to the transactions contemplated hereby and the parties thereto have agreed to undertake certain obligations as set forth therein;

WHEREAS, prior to the Effective Date, the lenders under the NYLD Subsidiary Credit Agreement have provided their consent to the transfer of the NYLD Securities as contemplated by this Agreement; and

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of Seller to enter into this Agreement, Purchaser Parent has entered into a Purchaser Parent Guaranty, dated as of the Effective Date, in favor of Seller pursuant to which Purchaser Parent has guaranteed certain obligations of Purchaser arising under, or in connection with, this Agreement (the "Purchaser Parent Guaranty").

AGREEMENT

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

ARTICLE 1 DEFINITIONS, INTERPRETATION

Section 1.01 Definitions. As used in this Agreement, the following defined terms have the meanings indicated below:

“2019 Convertible Notes” has the meaning set forth in Section 5.03(b).

“2020 Convertible Notes” has the meaning set forth in Section 5.03(b).

“Acquired Interests” has the meaning set forth in the Recitals.

“Acquisition Proposal” has the meaning set forth in Section 13.11.

“Action” means any action, audit, suit, proceeding (whether at law or in equity), demand, claim, dispute, litigation, mediation, inquiry, prosecution, charge, arbitration or investigation.

“Additional Employee” has the meaning set forth in Section 8.06(a)(i).

“Affiliate” of a specified Person means any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with the Person specified. For the avoidance of doubt, prior to the Closing, each of Seller, the NYLD Entities and the Company Entities are Affiliates.

“Affiliate Contract” means any Contract between any Seller or any of its Affiliates (other than the NYLD Entities or the Company Entities), on the one hand, and the NYLD Entities or the Company Entities, on the other hand.

“Agreement” means this Purchase and Sale Agreement and the exhibits, schedules (including the Disclosure Schedules) or appendices hereto, as any of the same shall be amended, modified or supplemented from time to time.

“Anti-Corruption Laws” has the meaning set forth in Section 4.18(a).

“Apportioned Obligations” has the meaning set forth in Section 11.01(a).

“Asset Services” has the meaning set forth in the Recitals.

“Assignment and Assumption Agreement for Acquired Interests” has the meaning set forth in Section 9.04.

“Balance Sheet Date” has the meaning set forth in Section 4.12(a).

“Base Purchase Price” has the meaning set forth in Section 2.02.

“Buckthorn Solar” means the approximately 200 MW solar power generation project located in Pecos County, Texas owned by Buckthorn Westex, LLC.

“Buckthorn Solar PSA” means that certain Purchase and Sale Agreement, dated as of January 24, 2018, by and between Renew and NRG Yield Operating LLC.

“Buckthorn Wind” means the approximately 100.5 MW wind generation facility located in Erath County, Texas owned by Buckthorn Wind Project, LLC.

“Buckthorn Wind Equity Contribution Agreement” means the Equity Contribution Agreement, dated as of July 7, 2017, among Buckthorn Wind John Laing OpCo LLC, Buckthorn Wind Pledgor LLC, Renew and Buckthorn Wind Class B Holdco LLC, as amended by First Amendment to Equity Contribution Agreement, dated as of January 3, 2018.

“Business Day” means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

“Business Employees” means, collectively, the Offer Employees and the Transferring Employees.

“Business of the Company” means the business and operations of the Company Entities as currently conducted, including the ownership by the Company, as of the Closing Date, of the NYLD Securities.

“Business of NYLD” means the business and operations of the NYLD Entities as currently conducted.

“Cap” has the meaning set forth in Section 13.04(c).

“Capistrano” has the meaning set forth in the Recitals.

“Capistrano Subsidiaries” has the meaning set forth in the Recitals.

“Carlsbad Backstop Equity Commitment Letter” means that certain equity commitment letter, delivered by Global Infrastructure Partners III-A/B, L.P. to Purchaser, dated as of the Effective Date, pursuant to which and subject to the terms and conditions thereof each of the parties thereto (other than Purchaser), has agreed to provide the backstop equity financing set forth therein in connection with Purchaser’s obligations under Section 8.08.

“Carlsbad PSA” means that certain Purchase and Sale Agreement, dated as of the Effective Date, by and between NRG Gas Development Company LLC and NRG Yield Operating LLC.

“Closing” has the meaning set forth in Section 2.03(a).

“Closing Date” is the date on which the Closing occurs.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Collective Bargaining Agreement” means a collective bargaining agreement or other Contract with a labor union or other labor organization.

“Company” has the meaning set forth in the Recitals.

“Company Easements” has the meaning set forth in Section 4.05(b).

“Company Employee Plan” means each Employee Plan in which any Business Employee participates.

“Company Entities” means the Company and the Subsidiaries, and shall exclude the NYLD Entities.

“Condemnation Value” has the meaning set forth in Section 7.06(a).

“Confidentiality Agreement” means that certain Confidentiality Agreement, dated as of June 19, 2017, between Seller and Global Infrastructure Management, LLC.

“Consent and Indemnity Agreement” has the meaning set forth in the Recitals.

“Consents” means consents, approvals, exemptions, waivers, authorizations, filings, registrations and notifications.

“Constitutive Documents” means the certificates of formation and the limited liability company agreements and limited partnership agreements, as amended (if applicable) of the Company Entities.

“Continuing Employee” has the meaning set forth in Section 8.06(a)(v).

“Continuing Support Obligation” has the meaning set forth in Section 8.04(c).

“Contract” means any agreement, contract, subcontract, lease, sublease, purchase order, commitment, note, bond, deed of trust, evidence of Indebtedness, mortgage, indenture, security agreement or other similar instrument, entered into by a Person or by which a Person or any of its assets are bound.

“Control” of a Person means the power, directly or indirectly, to direct or cause the direction of the management or policies of such Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

“Controlled Group Liability” has the meaning set forth in Section 4.16(d).

“Deductible” has the meaning set forth in Section 13.04(a).

“DG Project” means any Project with a nameplate capacity of five (5) MWac or less.

“DG Project Contracts” means any Contracts in effect on the Effective Date (a) to which the only Company Entities that are party to such Contracts are individual DG Project Entities or (b) to which any Company Entity is a party but which relate solely to DG Projects.

“DG Project Entities” means (a) NRG Renew DG Holdings LLC and any Company Entity wholly or partially owned, directly or indirectly, by NRG Renew DG Holdings LLC; (b) RPV1 and any RPV 1 Subsidiary; and (c) any other Company Entity that owns a DG Project and does not have any material liabilities or own any other material assets unrelated to such DG Project.

“DG Tax Equity Fund” means each of NRG DGPV Fund 1 LLC (“USB I”), NRG DGPV Fund 4 LLC (“USB II”), NRG Chestnut Fund LLC (“USB III”), NRG DGPV Fund 2 LLC (“JPM”), NRG & EFS Distributed Solar LLC (“GE”) and NRG Golden Puma Fund LLC (“PNC”).

“Disputed Matter” has the meaning set forth in Section 2.04(a).

“Easements” has the meaning set forth in Section 4.05(b).

“Effective Date” has the meaning set forth in the Preamble.

“Employee Plan” means any “employee benefit plan”, as such term is defined in Section 3(3) of ERISA, that is (or when in effect was) subject to any provision of ERISA, including Title IV of ERISA, and is or was sponsored, maintained or contributed to by (i) Seller, the Company, any Subsidiary or any ERISA Affiliate, or (ii) Purchaser, any Subsidiary of Purchaser or any ERISA Affiliate, as applicable.

“Environmental Laws” means any Law relating to the environment or natural resources, including wildlife, or to handling, storage, transportation, emissions, discharges, releases or threatened emissions, discharges or releases of Hazardous Substances into the indoor or outdoor environment, including ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution,

use, exposure to, treatment or disposal of any Hazardous Substances, including the Clean Air Act, the Federal Water Pollution Control Act (including the Clean Water Act and the Oil Pollution Act), the Safe Drinking Water Act, the Federal Solid Waste Disposal Act (including the Resource Conservation and Recovery Act of 1976), the Comprehensive Environmental Response, Compensation, and Liability Act, the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Emergency Planning and Community Right-to-Know Act, the Occupational Safety and Health Act (to the extent relating to human exposure to Hazardous Substances), the National Environmental Policy Act, the Endangered Species Act, the Bald and Golden Eagle Protection Act, the Migratory Bird Treaty Act, and any other federal, state or local laws, ordinances, rules or regulations now or hereafter existing relating to any of the foregoing.

“Environmental Liabilities” means any and all Losses, liabilities, claims, or damages incurred or imposed relating to Environmental Laws or Hazardous Substances, including (a) pursuant to any order, notice of responsibility, directive, injunction, judgment or similar act (including settlements) by any Governmental Authority to the extent arising out of a violation of Environmental Law or (b) pursuant to any claim or cause of action by a Governmental Authority or other third Person for personal injury, property damage, damage to natural resources or remediation or response costs to the extent arising out of or attributable to any violation of, or any remedial obligation under, any Environmental Law.

“Equity Commitment Letter” has the meaning set forth in Section 6.12.

“Equity Financing” has the meaning set forth in Section 6.12.

“Equity Interests” means, with respect to an entity, capital stock, partnership or membership interests or units (whether general or limited), and any other similar interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, such entity.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any entity, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes such first entity, or that is a member of the same “controlled group” as such first entity pursuant to Section 4001(a)(14) of ERISA.

“Event of Loss” has the meaning set forth in Section 7.06.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agreement” means that certain Amended and Restated Exchange Agreement, dated as of May 14, 2015, by and among NRG, NYLD, NYLD LLC and the other Persons from time to time party thereto.

“Excluded Assets” means all of the equity interests of NRG Energy Center Eagles LLC, NRG Independence Solar LLC, NRG Solar Arrowhead LLC, NRG Solar Ring LLC, NRG Solar SC Stadium LLC, NRG Solar Guam LLC, NRG Solar Dandan LLC, Spanish Town Estate Solar 1 LLC and NRG Solar Sunrise LLC (including its interests in Agua Caliente Borrower I LLC and NRG Solar Ivanpah LLC), including all of the project assets owned by the foregoing entities.

“Excluded Damages” has the meaning set forth in Section 15.14.

“Existing MSA” means that Management Services Agreement dated as of July 22, 2013, by and among NYLD, NYLD LLC, NRG Yield Operating LLC, a Delaware limited liability company, and NRG.

“Existing SREC Agreement” means the SREC Program Management Agreement, effective as of September 16, 2015, by and between NRG Power Marketing LLC and Renew.

“FERC” means the Federal Energy Regulatory Commission, or its successor.

“Final Employee Schedule” has the meaning set forth in Section 8.06(a)(ii).

“Final Patriot Sale Price” means the Preliminary Patriot Sale Price as such amount may be adjusted pursuant to such working capital or other adjustment mechanisms specified in the Patriot PSA.

“Final Patriot Sale Proceeds” means the proceeds from the Patriot Sale Transaction after determination of the Final Patriot Sale Price.

“Final Purchase Price” has the meaning set forth in Section 2.02.

“Final Settlement Agreement” means that certain Final Settlement Agreement, dated as of June 27, 2017, by and among SunPower Corporation, Systems, on the one hand, and Seller and Renew, on the other hand.

“Final Settlement Amount” has the meaning set forth in Section 8.11.

“Financial Statements” has the meaning set forth in Section 4.12(a).

“FPA” means the Federal Power Act, as amended, and the rules and regulations promulgated thereunder.

“Fundamental Representations” means the Purchaser Fundamental Representations and the Seller Fundamental Representations.

“GAAP” has the meaning set forth in Section 1.02(c).

“Good Industry Practice” means those practices, methods, equipment, specifications and standards of safety and performance and the level of supervision and monitoring of the performance as are generally used in the operation and maintenance of renewable, conventional and thermal generation projects, as applicable, which in the exercise of reasonable judgment and in light of the facts known at the time the decision was made are considered good, safe and prudent practice in connection with the operation and maintenance, or the supervision or monitoring of projects of similar type and size in the same region, and as are in accordance in all material respects with the applicable Governmental Approvals, applicable Laws, equipment manufacturers’ standards and recommendations, and generally accepted standards of professional care, skill, diligence and competence applicable to operation and maintenance practices, or the supervision or monitoring thereof, in the renewable, conventional and thermal generation industries, as applicable. Good Industry Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the United States or applicable region thereof.

“Governmental Approval” means any consent, authorization, release, waiver, estoppel certificate, or other approval or agreement by, or registration, notice, declaration or other filing with, any Governmental Authority.

“Governmental Authority” means any federal, state, local or municipal governmental body; any governmental, quasi-governmental, regulatory or administrative agency, commission, body, arbitrator or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy,

regulatory or taxing authority or power or having general oversight over electric reliability or gas, electricity, power or other energy markets, including NERC, and FERC, or any court or governmental tribunal.

“Hazardous Substances” means any substance, material, element, compound or mixture, whether solid, liquid or gaseous: (a) which is defined as “solid waste”, “hazardous waste” or “hazardous substance” or “pollutant” or “contaminant” under any Environmental Law; (b) which is otherwise hazardous and is subject to regulation by any Governmental Authority; (c) petroleum hydrocarbons; (d) polychlorinated biphenyls (PCBs); (e) asbestos-containing materials; (f) radioactive materials; or (g) that would otherwise reasonably be expected to result in liability under Environmental Law.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Indebtedness” means all obligations of a Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business and not past due), (d) under capital leases required to be recorded as such under GAAP or historically recorded as indebtedness, (e) secured by a Lien on the assets of such Person, whether or not such obligation has been assumed by such Person, (f) with respect to reimbursement obligations for letters of credit, banker’s acceptances, surety bonds, performance bonds or other similar instruments (to the extent drawn), (g) for purchase money obligations, (h) in the nature of guaranties of the obligations described in clauses (a) through (g) above of any other Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty, (i) all obligations of such Person under interest rate, currency or commodity derivatives or hedging transactions or any other derivative transaction or similar arrangement (valued at the notional amount thereof) or (j) in respect of any other amount properly characterized as indebtedness in accordance with GAAP.

“Indemnified Party” means any Person claiming indemnification under any provision of Article 13.

“Indemnifying Party” means any Person against whom a claim for indemnification is being asserted under any provision of Article 13.

“Indemnity Reduction Amounts” has the meaning set forth in Section 13.10.

“Intellectual Property” shall mean all intellectual property rights, including patents, processes, algorithms and technology; copyrights and copyrightable works (including copyrights in software, applications, databases, website content, documentation and related items); trademarks, service marks, trade names, corporate names, domain names, logos, trade dress and other source indicators, and the goodwill of the business symbolized thereby (“Trademarks”); trade secrets and know-how; and all registrations and applications for the foregoing.

“Interim Period” means the period between, and including, the Effective Date and the Closing Date.

“JL Additional Contribution Adjustment” has the meaning set forth in Section 7.18(b).

“Knowledge of Purchaser” means the actual knowledge of _____ ,

and _____ , after reasonable inquiry.

“Knowledge of Seller” means the actual knowledge of _____ , _____ and _____

, after reasonable inquiry.

“Langford” has the meaning set forth in the Recitals.

“Laws” means all laws, constitutions, statutes, treaties, rules, Orders, codes, ordinances, standards, regulations, restrictions, official guidelines, policies, directives, interpretations, judgments, writs, injunctions, decrees, Permits or other pronouncements having the effect of law (including common law) of any Governmental Authority.

“Leased Real Property” has the meaning set forth in Section 4.05(a).

“Liabilities” means any liability, Indebtedness, obligation, commitment, or expense, in each case, requiring either (a) the payment of a monetary amount, or (b) any type or fulfillment of an obligation, and in each case whether known, unknown, accrued, absolute, contingent, asserted, matured, unmatured, secured or unsecured, liquidated or unliquidated.

“Lien” means any lien, mortgage, pledge, security interest, charge, assessment, adverse claim, levy, encroachment, title defect, tenancy (and any other possessory interest), easement, right of way, restriction or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any lien or security interest).

“Lock Box Account” has the meaning set forth in Section 7.07.

“Lock Box Date” means January 1, 2018.

“Lock Box Deposit Amount” means ***** dollars (\$*****).

“Losses” means any and all claims, damages, losses, Liabilities, Taxes, costs, fines, penalties assessed by any Governmental Authority and expenses (including settlement costs and any reasonable legal, accounting or other expenses for investigating or defending any actions or threatened actions).

“Major Loss” has the meaning set forth in Section 7.06(b).

“Material Adverse Effect” means any fact, event, circumstance, condition, change or effect that has, or would reasonably be expected to have a material adverse effect on (a) the assets, properties, liabilities, condition (financial or otherwise), prospects or results of operations of the Company Entities and the NYLD Entities, taken as a whole, or (b) Seller’s, the Company Entities’ or the NYLD Entities’ ability to timely perform their obligations under this Agreement or to consummate the transactions contemplated hereby; provided, however, that, solely with respect to clause (a), none of the following shall be or will be at the Closing deemed to constitute and shall not be taken into account in determining the occurrence of a Material Adverse Effect: any fact, event, circumstance, condition, change or effect resulting from (i) any economic change generally affecting the international, national or regional (A) electric generating industry or (B) wholesale markets for electric power; (ii) any economic change in markets for commodities or supplies, including electric power, as applicable, used in connection with the business of the Company Entities and the NYLD Entities; (iii) any change in general regulatory or political conditions, including (A) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the Effective Date, (B) any hurricane, tornado, flood, earthquake or other natural disaster or weather-related event, or (C) changes imposed by a Governmental Authority associated with additional security; (iv) any change in any Laws

(including Environmental Laws and Tax Laws) or GAAP; (v) any change in the financial condition of the Company Entities or the NYLD Entities caused by the pending sale of the Acquired Interests to Purchaser primarily as a result of the identity or status of Purchaser as the Person acquiring the Company pursuant to this Agreement, including changes due to the credit rating of NYLD or any material decline in the market price of the common stock of NYLD or change in trading volume; (vi) any change in the financial, banking, or securities markets (including any suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange or Nasdaq Stock Market) or any change in the general national or regional economic or financial conditions; (vii) any failure, in and of itself, by the Company Entities or the NYLD Entities to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or

occurrences giving rise to or contributing to such failure may, if not otherwise excluded, be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect); or (viii) the announcement or pendency of the transactions contemplated hereby; provided, however, that any fact, event, circumstance, condition, change or effect resulting from clauses (i) through (iv) and (vi) through (viii) shall nonetheless be taken into consideration in determining whether a Material Adverse Effect has occurred to the extent such changes, events, effects or occurrences have a materially disproportionate impact on the Company Entities and the NYLD Entities, taken as a whole, as compared to similarly situated Persons in the same industry and in the same geographical area in which the Company Entities and the NYLD Entities operate.

“Material Company Contracts” means any of the following Contracts (each of which is listed on Schedule 4.04(a); provided, that except as expressly set forth below, Seller shall be permitted to exclude DG Project Contracts from Schedule 4.04(a) to which any Company Entity (and, in the case of subsections (i) and (n) below, any NYLD Entity) is a party and which are in effect on the Effective Date: (a) each interconnection Contract; (b) each Contract for the purchase, sale or delivery of electricity in any form, including energy, capacity or ancillary services; provided, that Seller shall be required to schedule DG Project Contracts (other than Contracts for the sale of renewable energy certificates) of the type specified in this subsection (b) if such Contracts provide for expected future payments to any DG Project Entity in excess of \$1,000,000 in any calendar year; (c) each Contract for the transmission of electricity; (d) each swap, exchange, commodity option or hedging Contract; (e) each operation, maintenance and management Contract that is material to the operation of any Project; provided, that Seller shall be required to schedule DG Project Contracts of the type specified in this subsection (e) if such Contracts are entered into with respect to Projects directly or indirectly owned by any DG Tax Equity Fund; (f) each Contract which provides for aggregate future payments to or from any Company Entity in excess of \$1,000,000 in any calendar year, or \$10,000,000 in the aggregate; (g) each Contract under which any Company Entity is obligated to sell or lease real or personal property (other than sales of electric energy in the ordinary course of business) having a value in excess of \$1,500,000; (h) each Contract under which any Company Entity has (i) extended credit to any Person (other than trade credit extended in the ordinary course of business) or (ii) created, incurred, assumed or guaranteed any material outstanding Indebtedness or granted a Lien (other than a Permitted Lien) on any of the assets of any Company Entity; provided, that Seller shall be required to schedule DG Project Contracts of the type specified in this subsection (h) that evidence Indebtedness for borrowed money in excess of \$500,000; (i) each Affiliate Contract; (j) each Contract establishing any joint venture or strategic alliance involving the sharing of profits and losses; (k) each Contract providing for leveraged lease arrangements or tax indemnification arrangements; (l) each Contract providing for product warranty or repair obligations by a manufacturer or vendor of equipment owned or leased by any Company Entity with a fair market value of more than \$2,000,000, (m) each Contract requiring the Company Entities to make any capital expenditures in excess of \$5,000,000 in the aggregate; provided, that Seller shall be required to schedule DG Project Contracts of the type specified in this subsection (m) which are not related to the acquisition or development of DG Projects from or with third parties; (n) with respect to the NYLD Entities taken as a whole, any Contract which is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K promulgated by the SEC); (o) any Contract that (i) restricts the ability of the Company Entities to engage in or compete in any business or in any geographic area in any manner that is material to the Business of the Company, (ii) requires the Company Entities to conduct any business on a “most favored nations” basis with a third party that restricts in any material respect the Business of the Company, or (iii) provides for exclusivity, rights of first refusal or offer or any or similar requirement or right in favor of any third party that restricts in any material respect the Business of the Company; (p) any Contract relating to the disposition of any business or material asset (whether by merger, sale of equity interests, sale of assets or otherwise) or otherwise not entered into in the ordinary course of business pursuant to which any Company Entity has any indemnification, earnout or contingent obligations; provided, that Seller shall be required to schedule DG Project Contracts of the type specified in this subsection (p) that are equity capital contribution agreements or similar agreements for the disposition of equity interests related to any DG Tax Equity Fund; (q) any Contract that is a stockholder

or investor rights, registration rights or similar agreement; (r) any Contract relating primarily to a Company Entity's Intellectual Property (other than commercially available, non-exclusive software licenses with annual payments of less than \$300,000); and (s) each Contract or agreement to enter into a Contract described in any of the foregoing clauses (a) through (r).

"Multiemployer Plan" has the meaning set forth in Section 4.16(d).

"MW" means megawatts.

"NERC" means the North American Electric Reliability Corporation, including any regional entity thereof, and any successor thereof.

"Neutral Auditor" means Ernst & Young or, if Ernst & Young is unable to serve, an impartial nationally recognized firm of independent certified public accountants other than Seller's accountants or Purchaser's accountants, mutually agreed to by Purchaser and Seller.

"NewCo" has the meaning set forth in Section 15.09(b).

"NRG" has the meaning set forth in the Preamble.

"NRG/NYLD Trademark License Agreement" means that certain Trademark License Agreement, dated as of July 22, 2013, by and between NRG and NYLD.

"NYLD" means NRG Yield, Inc., a Delaware corporation.

"NYLD Board" means the board of directors NYLD.

"NYLD Constitutive Documents" means the certificates of incorporation, certificates of formation, bylaws, limited liability company agreements and limited partnership agreements, as amended (if applicable), of NYLD and NYLD LLC.

"NYLD Entities" means NYLD, NYLD LLC and the NYLD Subsidiaries.

"NYLD Financial Statements" has the meaning set forth in Section 5.04(b).

"NYLD Fundamental Representations" means Section D of the Consent and Indemnity Agreement.

"NYLD LLC" means NRG Yield LLC, a Delaware limited liability company.

"NYLD SEC Documents" has the meaning set forth in Section 5.04(a).

"NYLD Securities" has the meaning set forth in the Recitals.

"NYLD Shares" has the meaning set forth in the Recitals.

"NYLD Subsidiary" means any corporation, limited liability company, general partnership or limited partnership Controlled by NYLD or NYLD LLC.

"NYLD Subsidiary Credit Agreement" means the Amended and Restated Credit Agreement, dated as of April 25, 2014, by and among NRG Yield Operating LLC, NYLD LLC, Royal Bank of Canada, as Administrative Agent, the lenders party thereto, Royal Bank of Canada, Goldman Sachs Bank USA and Bank of America, N.A., as L/C Issuers and RBC Capital Markets as Sole Left Lead Arranger and Sole Left Lead

Book Runner (as amended pursuant to that first amendment, dated June 26, 2015, and as further amended, supplemented or modified through the Effective Date).

“NYLD Units” has the meaning set forth in the Recitals.

“OFAC” has the meaning set forth in Section 4.18(c).

“Offer Employee” means each employee of Seller and its Affiliates who provides 100% of such employee’s services for Seller and its Affiliates engaged in supporting the Business of the Company and who is (i) listed on Schedule 4.16(a) and (ii) identified as an “Offer Employee” on such schedule.

“Option” with respect to any Person means any security, right, subscription, warrant, option, “phantom” stock right or other Contract that gives the right to (a) purchase or otherwise receive or be issued any shares of capital stock or other security or equity interest of such Person or any security or right of any kind convertible into or exchangeable or exercisable for any shares of capital stock or other security or equity interest of such Person, or (b) receive or exercise any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock (or any other equity interest or security) of such Person, including any rights to participate in the equity or income of such Person or to participate in or direct the election of any directors or officers (or similar positions) of such Person or the manner in which any shares of capital stock (or any other security or equity interest) of such Person are voted.

“Order” means any writ, award, judgment, Permit, injunction, ruling, decision, order, settlement, stipulation, decree, determination or similar direction of any Governmental Authority, whether preliminary or final.

“Owned Real Property” has the meaning set forth in Section 4.05(a).

“Party” or “Parties” has the meaning set forth in the Preamble.

“Patriot Adjustment Amount” has the meaning set forth in Section 2.06(b).

“Patriot PSA” has the meaning set forth in the definition of “Patriot Sale Transaction”.

“Patriot Sale Transaction” means that proposed sale, to be entered into prior to the Closing, by a Renew Subsidiary of Patriot Wind to an unrelated (to Purchaser, Seller or their Affiliates) third-party pursuant to a purchase and sale agreement, asset purchase agreement, build transfer agreement or similar arrangement (any such agreement, the “Patriot PSA”).

“Patriot Target Amount” has the meaning set forth in Schedule 1.01(f).

“Patriot Termination Date” means any outside date specified in the Patriot PSA.

“Patriot True-Up Amount” has the meaning set forth in Section 2.06(f).

“Patriot Wind” means the wind farm project with an electric generating capacity of approximately 180-230 MW situated in Nueces County, Texas owned by Patriot Wind Farm, LLC.

“Permit” means all licenses, permits, consents, tariffs, franchises, authorizations, approvals, ratifications, certifications, registrations, exemptions, variances, exceptions and similar consents or authorizations made, granted or issued by any Governmental Authority.

“Permitted Exceptions” means, with respect to the Real Property, the following:

(a) all Liens for Taxes, which are not due and payable as of the Closing Date or, if due, are (i) not delinquent or (ii) being contested in good faith through appropriate proceedings and set forth on Schedule 1.01(e) and as to which adequate reserves in accordance with GAAP have been taken on the books of the Company or any Subsidiary;

(b) all building codes and zoning ordinances and other Laws of any Governmental Authority heretofore, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property;

(c) all easements, rights-of-way, covenants, conditions, restrictions, reservations, licenses, agreements, and other similar matters which would not reasonably be expected to materially and adversely affect the use and enjoyment of the Real Property;

(d) all encroachments, overlaps, boundary line disputes, shortages in area, drainage and other easements, cemeteries and burial grounds and other similar matters which would not reasonably be expected to materially and adversely affect the use and enjoyment of the Real Property;

(e) all electric, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature now located on, over or under the Real Property, and all licenses, easements, rights-of-way and other similar agreements relating thereto which would not reasonably be expected to materially and adversely affect the use and enjoyment of the Real Property;

(f) all existing public and private roads and streets (whether dedicated or undedicated), and all railroad lines and rights-of-way affecting the Real Property which would not reasonably be expected to materially and adversely affect the use and enjoyment of the Real Property;

(g) all rights with respect to the ownership, mining, extraction and removal of minerals of whatever kind and character (including all coal, iron ore, oil, gas, sulfur, methane gas in coal seams, limestone and other minerals, metals and ores) that have been granted, leased, excepted or reserved prior to the Effective Date which would not reasonably be expected to materially and adversely affect the use and enjoyment of the Real Property; and

(h) inchoate mechanic's and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carrier's liens arising in the ordinary course of business of the Company or any Subsidiary (i) as to which there is no existing default on the part of the Company or any Subsidiary or (ii) that are being contested in good faith through appropriate proceedings and as set forth on Schedule 1.01(e) and as to which adequate reserves in accordance with GAAP have been taken on the books of the Company or any Subsidiary.

"Permitted Intercompany Transfer" means any settlement of accounts payable and accounts receivable, (i) by any Company Entity, on the one hand, to any Seller or any of its Affiliates (other than any Company Entity or any NYLD Entity), on the other hand, or (ii) by any Seller or any of its Affiliates (other than any Company Entity or any NYLD Entity), on the one hand, to any Company Entity, on the other hand, with respect to services provided by Seller or its Affiliates (other than any Company Entity or any NYLD Entity) to the Company Entities prior to the Closing Date so long as the business of the Company Entities is conducted consistently with the Zephyr 2018 Business Plan and otherwise in compliance with the terms of this Agreement, including in respect of (a) any payment, repayment or prepayment primarily related to the sale of merchant energy, capacity or ancillary services, (b) any payment, repayment or prepayment primarily related to the sale of merchant renewable energy credits, (c) any payment, prepayment or repayment primarily related to wages and related employee/employer expenses, including travel and entertainment expenses, (d) any payment, prepayment or repayment primarily related to any purchase card or P-Card transactions of the Company Entities, and (e) any payment, prepayment or repayment primarily related to insurance.

“Permitted Liens” means any (a) Permitted Exceptions; (b) Liens for Taxes, assessments and other governmental charges not yet due and payable or, if due, (i) not delinquent or (ii) being contested in good faith through appropriate proceedings and set forth on Schedule 1.01(e) and as to which adequate reserves in accordance with GAAP have been taken on the books of the Company Entities; (c) pledges or deposits to secure public or statutory obligations or appeal bonds; and (d) any other Liens set forth on Schedule 1.01(e).

“Person” means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business, entity, organization, trust, union, association or Governmental Authority.

“Pre-Closing Tax Period” means any Tax period that ends on or before the Closing Date.

“Pre-Effective Date Reorganization” has the meaning set forth in Section 4.19(a).

“Preliminary Patriot Sale Price” means that price to be paid in cash to Renew by the purchaser of Patriot Wind at the closing of the Patriot Sale Transaction as specified in the Patriot PSA.

“Preliminary Patriot Sale Proceeds” means the proceeds from the Patriot Sale Transaction at the closing of the Patriot Sale Transaction if the Final Patriot Sale Price is not determined as of the date of such closing.

“Projects” has the meaning set forth in the Recitals.

“ProjectCo” means any Subsidiary that directly owns a wind, solar or other renewable energy project (including any QF) that has achieved commercial operation and is capable of generating power, or is otherwise a “public utility” as defined under the FPA.

“Project Construction Cost” means, with respect to any project, the cost of developing, designing, engineering, equipping, procuring, constructing, starting up, commissioning, acquiring, interconnecting, testing and operating such project in accordance with Good Industry Practice, including (a) the cost of all labor, services, materials, supplies, equipment, tools, transportation, supervision, storage, training, contingency, demolition, site preparation, civil works, and remediation in connection therewith, (b) amounts payable under construction and supply contracts, (c) the cost of acquiring and using any real property, lease, easement and any other necessary real property interests related to the project, (d) amounts payable under applicable interconnection agreements and agreements relating to real property interests through the commercial operations date for such project (the “Project Construction Period”), (e) real and personal property taxes, ad valorem taxes, sales, use and excise taxes and insurance (including title insurance) premiums payable with respect to the project during the Project Construction Period, (f) interest payable on any debt financing and financing-related fees and costs during the Project Construction Period (including any and all commitment fees and other fees, interest and other amounts payable), (g) the costs of acquiring and maintaining Governmental Approvals for the project during the Project Construction Period, and (h) costs, including legal and consulting fees and expenses, associated with regulatory proceedings and other governmental and regulatory matters during the Project Construction Period.

“Project Construction Period” has the meaning set forth in the definition of Project Construction Costs.

“Project Site Agreements” has the meaning set forth in Section 4.05(a).

“PUHCA” means the Public Utility Holding Company Act of 2005, as amended, and the rules and regulations promulgated thereunder.

“Purchaser” has the meaning set forth in the Preamble, and includes its successors and assigns.

“Purchaser Approvals” has the meaning set forth in Section 6.08.

“Purchaser Consents” has the meaning set forth in Section 6.03.

“Purchaser Fundamental Representations” means the representations and warranties set forth in Section 6.01, Section 6.02 and Section 6.07.

“Purchaser Indemnified Parties” means Purchaser and its Representatives.

“Purchaser Material Adverse Effect” means any event, occurrence, fact, condition, change, development or effect that, individually or in the aggregate, would reasonably be expected to (a) prevent, impair or materially delay consummation by Purchaser of the purchase of the Acquired Interests or the other transactions contemplated hereby or (b) otherwise materially adversely affect the ability of Purchaser to perform its obligations hereunder.

“Purchaser Parent” means Global Infrastructure Partners III-A/B, L.P., a Delaware limited partnership, Global Infrastructure Partners III-C Intermediate, L.P., a Cayman Islands exempted limited partnership, Global Infrastructure Partners III-C2 Intermediate, L.P., an English limited partnership, and GIP III Friends & Family Fund, L.P., a Delaware limited partnership.

“Purchaser Parent Guaranty” has the meaning set forth in the recitals.

“Purchaser Related Parties” has the meaning set forth in Section 14.02(e).

“Purchaser Termination Fee” has the meaning set forth in Section 14.02(c).

“QF” means a “qualifying facility” within the meaning of the Public Utility Regulatory Policies Act of 1978, as amended, and the rules and regulations promulgated thereunder.

“Real Property” has the meaning set forth in Section 4.05(a).

“Registration Rights Agreement” means that certain Amended and Restated Registration Rights Agreement, dated as of May 14, 2015, by and between NRG and NYLD.

“RENOM” has the meaning set forth in the Recitals.

“Renew” has the meaning set forth in the Recitals.

“Renew Development Projects” has the meaning set forth in the Recitals.

“Renew Operating Projects” has the meaning set forth in the Recitals.

“Renew Projects” has the meaning set forth in the Recitals.

“Renew Subsidiaries” has the meaning set forth in the Recitals.

“Repowering” has the meaning set forth in the Recitals.

“Representatives” means, as to any Person, its officers, directors, employees, partners, members, stockholders, counsel, agents, accountants, advisers, engineers, and consultants.

“Restoration Costs” has the meaning set forth in Section 7.06(a).

“Retained Support Obligations” has the meaning set forth in Section 4.15.

“RPV 1” has the meaning set forth in the Recitals.

“RPV 1 Subsidiaries” has the meaning set forth in the Recitals.

“Safe Harbor Equipment” has the meaning set forth in Section 4.20.

“Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Seller” has the meaning set forth in the Preamble, and includes its respective successors and assigns.

“Seller Approvals” has the meaning set forth in Section 3.05.

“Seller Consents” has the meaning set forth in Section 3.03.

“Seller Disclosure Schedules” means the Seller Disclosure Schedules attached to this Agreement, and dated as of the Effective Date.

“Seller Fundamental Representations” means the representations and warranties contained in Section 3.01, Section 3.02, Section 3.07, Section 3.09, Section 4.01, Section 4.10, Section 4.12(d), Section 4.19, Section 5.01, Section 5.02, Section 5.03 and Section 5.07.

“Seller Indemnified Parties” means Seller and its Representatives.

“Seller Marks” has the meaning set forth in Section 8.07.

“Seller Related Parties” has the meaning set forth in Section 14.02(e).

“Seller Taxes” means (i) any Taxes of any of the Company Entities or NYLD Entities for all Pre-Closing Tax Periods and with respect to any Straddle Period, for the portion thereof ending on the Closing Date (as determined in accordance with Section 11.01(a)), (ii) any Taxes of Seller or any other Person (as a result of Treasury Regulation Section 1.1502-6 or otherwise) which is or has ever been affiliated with any of the Company Entities or NYLD Entities or with whom any of the Company Entities or NYLD Entities has ever joined (or is or has ever been required to join) in filing any consolidated, combined, unitary or aggregate Tax Return on or prior to the Closing Date, (iii) any Taxes of any Person imposed on any of the Company Entities or NYLD Entities as a transferee or successor in respect of a transaction occurring on or before the Closing Date or otherwise, (iv) any payments required to be made following the Closing pursuant to any Tax sharing, Tax allocation, or Tax indemnity agreement or other similar Contract or arrangement to which any of the Company Entities or NYLD Entities was obligated, or was a party, on or prior to the Closing Date, (v) any Taxes of Seller (or any direct or indirect equityholder of Seller), including those attributable to the transfer of the Acquired Interests pursuant to this Agreement (other than any Transfer Taxes that are the responsibility of Purchaser pursuant to Section 11.01(e)), (vi) any Transfer Taxes that are the responsibility of Seller pursuant to Section 11.01(e) of this Agreement, (vii) any California property Tax imposed on any of the Company

Entities or NYLD Entities as a result of the failure to qualify for the exclusion under Section 73 of the California Revenue and Taxation Code at any time prior to the Closing and (viii) any Tax imposed on any of the Company Entities or NYLD Entities as a result of the disallowance or recapture of any tax credit, including any solar investment tax credit or Section 1603 grant, that was taken prior to Closing.

“Severance Plans” has the meaning set forth in Section 8.06(d).

“Straddle Period” means any Tax period that includes but does not end on the Closing Date.

“Subsidiaries” has the meaning set forth in the Recitals.

“Support Obligations” has the meaning set forth in Section 4.15.

“Taking” has the meaning set forth in Section 7.06.

“Tax” or “Taxes” means any income, profits, gross or net receipts, property, sales, use, capital gain, transfer, excise, license, production, franchise, employment, social security, occupation, payroll, registration, capital, governmental pension or insurance, withholding, royalty, severance, stamp or documentary, value added, goods and services, business or occupation or other tax, charge, assessment, duty, levy, unclaimed property or escheat obligation, compulsory loan or fee of any kind (including any interest, additions to tax, or civil or criminal penalties thereon) of the United States or any state or local jurisdiction therein required to be collected, or of any other nation or any jurisdiction therein, together with any obligations for the Taxes of any other person whether as successor, a member of a group, indemnitor, or otherwise.

“Tax Claim” has the meaning set forth in Section 11.01(e).

“Tax Equity Investor Indemnity” has the meaning set forth in Section 4.03(a)(v).

“Tax Returns” means any report, form, return, statement or other information (including any amendments) supplied to or filed, or required to be supplied to or filed, with a Governmental Authority by a Person with respect to Taxes, including information returns, any amendments thereof or schedule or attachment thereto and any documents with respect to or accompanying requests for the extension of time in which to file any such report, form, return, statement or other information.

“Termination Date” has the meaning set forth in Section 14.01(b).

“Third Amended and Restated NRG/NYLD ROFO Agreement” means that Third Amended and Restated Right of First Offer Agreement to be entered into prior to Closing by and between NRG and NYLD, substantially in the form attached hereto as Exhibit G.

“Title Policy” has the meaning set forth in Section 4.07.

“Total Contracted Capacity” means, with respect to the Contracts providing for the sale of electricity by DG Project Entities pertaining to each DG Tax Equity Fund, the aggregate contracted capacity (in MW) under such revenue Contracts.

“Transfer Taxes” has the meaning set forth in Section 11.01(d).

“Transferred Support Obligations” has the meaning set forth in Section 4.15.

“Transferring Employee” means each employee of Seller and its Affiliates who provides services at a plant that is owned or operated in the course of the Business of the Company and who is (i) listed on Schedule 4.16(a) and (ii) identified as a “Transferring Employee” on such schedule.

“Voting Company Debt” has the meaning set forth in Section 5.03(d).

“Weighted Average Contract Price” means, with respect to the Contracts providing for the sale of electricity by DG Project Entities pertaining to each DG Tax Equity Fund, the weighted average contract price (\$/MW) based on the contracted capacity under all such revenue Contracts.

“Weighted Average Contract Tenor” means, with respect to the Contracts providing for the sale of electricity by DG Project Entities pertaining to each DG Tax Equity Fund, the weighted average remaining contract tenor (years) based on contracted capacity under all such revenue Contracts.

“Zephyr 2018 Business Plan” means the business plan attached hereto as Exhibit F.

“Zephyr Business Plan Adjustment Amount” has the meaning set forth in Section 2.05.

“Zephyr Employee Plan” has the meaning set forth in Section 4.16(d).

Section 1.02 Interpretation.

(a) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms “hereof”, “herein”, “hereby” and derivative or similar words refer to this entire Agreement, (iv) the terms “Article” or “Section” refer to the specified Article or Section of this Agreement, (v) the words “include”, “includes” and “including” are not words of limitation and shall be deemed to be followed by the words “without limitation”, (vi) the use of the word “or” to connect two or more phrases shall be construed as inclusive of all such phrases (e.g., “A or B” means “A or B, or both”), (vii) the use of the conjunction “and/or” shall be construed as “any or all of”, (viii) references to Persons include their respective successors and permitted assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities, and (ix) the words “ordinary course of business” and “ordinary course of the Business” will be deemed to be followed by “consistent with past practice” and, with respect to the Company, shall include the ordinary course of business of the Subsidiaries and prior Affiliated owners of any assets of the Company Entities.

(b) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

(c) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under United States generally accepted accounting principles (“GAAP”).

(d) Unless the context otherwise requires, a reference to any Law includes any amendment, modification or successor thereto.

(e) Any representation or warranty contained herein as to the enforceability of a Contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar Law affecting the enforcement of creditors’ rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(f) In the event of a conflict between this Agreement and any exhibit, schedule or appendix hereto, this Agreement shall control.

(g) The Article and Section headings have been used solely for convenience, and are not intended to describe, interpret, define or limit the scope of this Agreement.

(h) Conflicts or discrepancies, errors, or omissions in this Agreement or the various documents delivered in connection with this Agreement will not be strictly construed against the drafter of the contract language, rather, they shall be resolved by applying the most reasonable interpretation under the circumstances, giving full consideration to the intentions of the Parties at the time of contracting.

(i) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.

ARTICLE 2 SALE OF MEMBERSHIP INTERESTS AND CLOSING

Section 2.01 Purchase and Sale. Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, all of the right, title and interest of Seller in and to the Acquired Interests, free and clear of all Liens, at the Closing on the terms and subject to the conditions set forth in this Agreement.

Section 2.02 Payment of Purchase Price. Upon the terms and subject to the conditions hereinafter set forth, in consideration of the delivery by Seller of the Acquired Interests, Purchaser shall by wire transfer of immediately available United States funds to the account(s) designated by Seller to Purchaser in writing at least three (3) Business Days prior to the Closing, pay to Seller at the Closing an amount equal to (i) one billion three hundred seventy five million dollars (\$1,375,000,000) (the "Base Purchase Price"), plus (ii) the Zephyr Business Plan Adjustment Amount, if any, plus or minus (iii) the Patriot Adjustment Amount, if any, plus or minus (iv) the JL Additional Contribution Adjustment. The Base Purchase Price shall be adjusted, if at all, in accordance with Section 7.04 and Section 7.06 (such adjusted amount, the "Final Purchase Price").

Section 2.03 Closing.

(a) The closing of the transactions described in Section 2.01 (the "Closing") will take place at the offices of Jones Day, counsel to Seller, at 51 Louisiana Avenue, NW, Washington, DC, or at such other place as the Parties mutually agree, at 10 A.M. local time, on the first (1st) Business Day of the calendar month following the fulfillment or waiver of the conditions set forth in Article 9 and Article 10; provided, that such day is at least twelve (12) Business Days following the fulfillment or waiver of such conditions, otherwise the Closing will take place on the first Business Day of the next calendar month, or at such other time as the Parties mutually agree (subject in any case to the continued fulfillment or waiver of the conditions set forth in Article 9 and Article 10 on the date of the Closing).

(b) At the Closing, the following shall occur:

(i) Purchaser shall pay an amount equal to (A) the Base Purchase Price, plus (B) the Zephyr Business Plan Adjustment Amount, if any, plus or minus (C) the Patriot Adjustment Amount, if any, plus or minus (D) the JL Additional Contribution Adjustment, by wire transfer of immediately available funds to the account(s) designated by Seller to Purchaser in writing at least three (3) Business Days prior to the Closing; and

(ii) The Parties shall deliver, or cause to be delivered, to the other Parties the certificates and other deliverables contemplated by Article 9 and Article 10.

Section 2.04 Dispute Resolution by Neutral Auditor. With respect to matters which pursuant to the express terms of this Agreement may be referred to the Neutral Auditor under this Section 2.04, the following provisions shall apply:

(a) If Purchaser or Seller timely objects to the other Party's determination of any matter that may be resolved under this Section 2.04 (such matter, the "Disputed Matter"), then Purchaser and Seller shall negotiate in good faith and attempt to resolve the particular items and values that are identified in the applicable written notice of objection over a five (5) Business Day period commencing on delivery of such written notice of objection. Should such negotiations not result in an agreement as to the Disputed Matter within such five (5) Business Day period (or such longer period as Purchaser and Seller may mutually agree), then either Party may submit such disputed items and values to the Neutral Auditor. Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. Purchaser and Seller, and their respective Representatives, shall cooperate fully with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall resolve such disputed items and determine the values to be ascribed thereto, and using those values (together with other items not in dispute) determine the Disputed Matter (prepared on the same basis used to prepare the Disputed Matter). The Parties hereby agree that the Neutral Auditor shall only decide the specific disputed items, the values ascribed thereto and using those values determine the Disputed Matter, and the Neutral Auditor's decision with respect to such disputed items and values must be within the range of values assigned to each such item in the applicable Disputed Matter and the notice of objection, respectively. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Purchaser and Seller. The Neutral Auditor shall be directed to resolve the disputed items and amounts and deliver to Purchaser and Seller a written determination of the Disputed Matter (such determination to be made consistent with this Section 2.04(a)), including a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditor by Purchaser and Seller) within ten (10) days after being retained, which determination will be final, binding and conclusive on the Parties and their respective Affiliates and representatives, successors and assigns. Notwithstanding anything herein to the contrary, the dispute resolution mechanism contained in this Section 2.04(a) shall be the exclusive mechanism for resolving disputes, if any, regarding the Disputed Matters, if any, and neither Seller nor Purchaser shall be entitled to indemnification pursuant to Article 13 for Losses resulting or arising from the amounts of the Disputed Matters or the determination thereof.

(b) If any disputed items have been submitted to the Neutral Auditor pursuant to Section 2.04(a) and, prior to the resolution of such disputed items by the Neutral Auditor as provided in Section 2.04(a), all of the conditions set forth in Article 9 and Article 10 have been satisfied, or irrevocably waived, other than those conditions that require deliveries or are tested at the time of Closing, which conditions would have been satisfied if the Closing had occurred, the Closing shall take place; provided, that within five (5) Business Days after the delivery to Purchaser and Seller by the Neutral Auditor of its written determination of the Disputed Matters, if such determination shows that Purchaser owes an amount to Seller, Purchaser shall pay to Seller such amount or, if such determination shows that Seller owes an amount to Purchaser, Seller shall pay to Purchaser such amount, in each case by wire transfer of immediately available funds to the applicable payee's account as such payee shall specify to the other Party in writing.

Section 2.05 Zephyr Business Plan Adjustment Amount. If, during the Interim Period, Seller deposits cash into the Lock Box Account in order to permit the Company Entities to meet those obligations set forth in the Zephyr 2018 Business Plan (the amount of such cash, the "Zephyr Business Plan Adjustment Amount"), then at the Closing, as more specifically set forth in Section 2.02 and Section 2.03(b)(i), the Base Purchase Price shall be increased by such Zephyr Business Plan Adjustment Amount. For the avoidance of doubt, the Zephyr Business Plan Adjustment Amount shall not include any amounts that have been (or were required to be) deposited into the Lock Box Account as of the Effective Date and shall not include any deposits that are made for reasons other than to permit the Company Entities to meet their obligations set forth in the Zephyr 2018 Business Plan.

Section 2.06 Patriot Adjustment Amount.

(a) If the Patriot PSA is executed and delivered by the parties thereto during the Interim Period but the closing of the Patriot Sale Transaction does not occur prior to Closing then, at the Closing, (i) if the Preliminary Patriot Sale Price equals or exceeds the Patriot Target Amount, the Patriot Adjustment Amount shall be zero dollars (\$0), or (ii) if the Patriot Target Amount exceeds the Preliminary Patriot Sale Price, the Base Purchase Price shall be decreased by the amount of such excess.

(b) If the Patriot PSA is executed and delivered by the parties thereto during the Interim Period and the closing of the Patriot Sale Transaction occurs prior to the Closing then, at the Closing (i) if the Preliminary Patriot Sale Proceeds (or if such amount has been finally determined, the Final Patriot Sale Proceeds) exceeds the Patriot Target Amount, the Base Purchase Price shall be increased by the amount of such excess or, (ii) if the Patriot Target Amount exceeds the Preliminary Patriot Sale Proceeds (or if such amount has been finally determined, the Final Patriot Sale Proceeds), the Base Purchase Price shall be decreased by the amount of such excess. If the Patriot Sale Transaction closes during the Interim Period, all amounts payable to Renew, as seller, under the Patriot PSA shall be deposited in the Lock Box Account.

(c) If, pursuant to a Patriot PSA executed and delivered as contemplated by Section 2.06(a)(i), the Patriot Sale Transaction closes after the Closing Date and before the Patriot Termination Date then, within five (5) Business Days after the receipt by Renew of the Preliminary Patriot Sale Proceeds at the closing of the Patriot Sale Transaction, Purchaser shall cause Renew to pay to Seller the amount by which the Preliminary Patriot Sale Proceeds (or if such amount has been finally determined, the Final Patriot Sale Proceeds) exceeds the Patriot Target Amount by wire transfer of immediately available funds to the such account as the Seller shall specify in writing. The Parties intend the payment of the Preliminary Patriot Sale Proceeds (as adjusted), if any, to be an adjustment to the Final Purchase Price.

(d) If a Patriot PSA has not been executed and delivered prior to the Closing Date then the Base Purchase Price shall be decreased by the Patriot Target Amount, and, subject to receipt of all required Consents and Governmental Approvals, Purchaser shall cause one hundred percent (100%) of the membership interests in Patriot Wind Farm, LLC to be conveyed to Seller (the amount of increase or decrease in Section 2.06(a)(ii) or this Section 2.06(b) or this Section 2.06(f), the “Patriot Adjustment Amount”).

(e) If the Patriot PSA has been executed and delivered prior to the Closing Date but the Patriot Sale Transaction fails to close prior to the Patriot Termination Date, then, (A) within ten (10) Business Days after the occurrence of the Patriot Termination Date, Seller shall pay to Purchaser an amount equal to the Patriot Target Amount (or, in the case of a Patriot PSA described in Section 2.06(a)(ii) an amount equal to the Preliminary Patriot Sale Price) by wire transfer of immediately available funds to such account as Purchaser shall specify to Seller in writing, and (B) contemporaneously with such payment, Purchaser shall, subject to receipt of all required Consents and Governmental Approvals, convey to Seller or cause a Renew Subsidiary to convey to Seller one hundred percent (100%) of the membership interests in Patriot Wind Farm, LLC free and clear of all Liens (other than any Liens which were in existence immediately prior to the Closing).

(f) If the Closing has occurred, the closing of the Patriot Sale Transaction has occurred and the Final Patriot Sale Price has not been finally determined, then within five (5) Business Days after the determination of the Final Patriot Sale Price pursuant to the Patriot PSA, if the Final Patriot Sale Proceeds exceed the Preliminary Patriot Sale Proceeds, Purchaser shall pay to Seller the amount of such excess or, if the Preliminary Patriot Sale Proceeds exceed the Final Patriot Sale Proceeds, Seller shall pay to Purchaser the amount of such excess (in either case, the “Patriot True-Up Amount”), in each case by wire transfer of immediately available funds to the applicable payee’s account as such payee shall specify to the other Party in writing. The Parties intend the Patriot True-Up Amount, if any, to be an adjustment to the Final Purchase Price.

(g) Purchaser shall be permitted to perform an accounting of the Patriot Adjustment Amount and Patriot True-Up Amount for the Interim Period in order to confirm the Patriot Adjustment Amount and Patriot True-Up Amount. Seller shall be permitted to perform an accounting of the Patriot Adjustment Amount and Patriot True-Up Amount for the period from the Closing Date until the closing of the Patriot Sale Transaction in order to confirm the Patriot Adjustment Amount and Patriot True-Up Amount. In conjunction with such accounting (but no later than sixty (60) days after the Closing Date), Purchaser or Seller may deliver a notice to the other Party of any differences in such Party's determination of the Patriot Adjustment Amount or Patriot True-Up Amount as a result of such accounting (together with supporting documentation), and, if the other Party does not object to such notice within twenty (20) Business Days of receipt, such other Party shall pay the amount of such differences to the notifying Party within such twenty (20) Business Day period. If such other Party objects to the notifying Party's notice of differences within such twenty (20) Business Day period, then the Parties shall resolve such dispute utilizing the procedures (including the use of a Neutral Auditor) and time periods specified in Section 2.04. Any payment by a Party pursuant to this section shall constitute a reduction in the Final Purchase Price.

Section 2.07 Withholding. Purchaser and its Affiliates shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code or any other applicable Tax Law. To the extent that such amounts are withheld and paid over to the appropriate Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction or withholding was made.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SELLER

Except as otherwise disclosed to Purchaser in the Seller Disclosure Schedules, Seller hereby represents and warrants to Purchaser as of the Effective Date and as of the Closing Date as follows:

Section 3.01 Existence. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Seller has full power and authority to execute and deliver this Agreement and any other agreements to be executed and delivered by Seller hereunder, and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including to own, hold, sell and transfer the Acquired Interests. Seller is duly qualified, licensed or admitted to do business and in good standing in each other jurisdiction in which the assets owned, used or leased by it, or the nature of the business conducted by it, and in which the actions required to be performed by it hereunder make such qualification, licensing or admission necessary, except for those jurisdictions where the failure to be so qualified, licensed or admitted would not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 3.02 Authority. All actions or proceedings necessary to authorize the execution and delivery by Seller of this Agreement and the performance by Seller, the Company Entities or the NYLD Entities of their obligations hereunder have been duly and validly taken. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligations of Seller enforceable against Seller in accordance with its terms.

Section 3.03 No Consent. Except as set forth on Schedule 3.03 (the "Seller Consents"), the execution, delivery and performance by Seller of this Agreement does not require, and the completion of the Pre-Effective Date Reorganization did not require, Seller, any Company Entity, or any NYLD Entity to make or obtain any Consent to or from any Person as a result of or under any terms, conditions or provisions of any Contract or Permit by which it or its assets are bound, that, individually or in the aggregate, would reasonably be expected to (a) materially adversely affect the ability of Seller to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder or (b) result in material Losses to

Purchaser, the Company Entities or the NYLD Entities, or otherwise materially impair the conduct of the Business of the Company or the Business of NYLD.

Section 3.04 No Conflicts. Except as set forth on Schedule 3.04, the execution and delivery by Seller of this Agreement does not, the performance of Seller's, the Company Entities' and the NYLD Entities' obligations hereunder will not, and the completion of the Pre-Effective Date Reorganization did not, (a) violate any provision of the organizational documents of Seller, the Company Entities or the NYLD Entities, (b) result in a violation or breach of any provision of, or constitute (with or without due notice or lapse of time or both) a default under, or give rise to any benefit or right of termination, cancellation, payment, acceleration, modification, or revocation under, any Contract, or any other undertaking, commitment or obligation to which any of Seller, the Company Entities or the NYLD Entities is a party or by which it or any of its assets may be bound, (c) result in the creation or imposition of any Lien (other than Permitted Liens) upon any asset of any of Seller, the Company Entities or the NYLD Entities or (d) assuming all Consents contemplated in Section 3.05 have been made or obtained, violate or conflict with any applicable Law, except, in the case of clauses (b), (c) and (d), for violations, breaches, defaults, terminations, cancellations, payments, accelerations, revocations, creations, impositions or conflicts which, individually or in the aggregate, would not result in material Losses to Purchaser, the Company Entities or the NYLD Entities, or otherwise materially impair the conduct of the Business of the Company or the Business of NYLD.

Section 3.05 Governmental Approval. No Governmental Approval by or on behalf of Seller, the Company Entities or the NYLD Entities is required for or in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, and no such Governmental Approval was required in connection with the Pre-Effective Date Reorganization, other than (a) clearance or earlier termination of the waiting period under the HSR Act, (b) requirements of any applicable provisions of the Securities Act or any other applicable securities Laws, (c) Consents required pursuant to the FPA as described in Section 9.09, (d) Consents set forth on Schedule 3.05 ("Seller Approvals"), (e) Consents that, if not obtained or made, would not be material to the Business of the Company or the Business of NYLD, taken as a whole, (f) Consents not required to be made or given until after the Closing, (g) Consents that have already been obtained or (h) requirements applicable solely as a result of the specific legal or regulatory status of Purchaser or any of its Affiliates or solely as a result of any other facts that specifically relate to the business or activities in which Purchaser or any of its Affiliates are or propose to be engaged, other than the Business of the Company or the Business of NYLD.

Section 3.06 Legal Proceedings. Except as set forth in Schedule 3.06, there is no (a) Action pending or, to the Knowledge of Seller, threatened against any of Seller, the Company Entities or the NYLD Entities or that affects any of Seller, the Company Entities or the NYLD Entities or any of their assets, the outcome of which would, individually or in the aggregate, be reasonably likely to result in any Liability for any Company Entity or NYLD Entity that would, individually or in the aggregate, reasonably be expected to result in material Losses to Purchaser or the Company Entities or NYLD Entities, or otherwise materially impair the conduct of the Business of the Company or the Business of NYLD or (b) Order (other than any Order of general applicability) outstanding against any of Seller, the Company Entities or the NYLD Entities, which would, individually or in the aggregate, be material to the Business of the Company or the Business of NYLD.

Section 3.07 Brokers. Except as set forth on Schedule 3.07, no investment banker, broker, finder or agent is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller for which Purchaser or the Company Entities or NYLD Entities could have any Liability.

Section 3.08 Compliance with Laws. None of the Company Entities or NYLD Entities is, or within the last three (3) years has been, in violation of any Law or Order (excluding Environmental Laws and related

Orders) applicable to its business or operations or the Business of the Company or the Business of NYLD, except for violations as would not, individually or in the aggregate, reasonably be expected to result in material Losses to Purchaser or the Company Entities or NYLD Entities, or otherwise materially impair the conduct of the Business of the Company or the Business of NYLD.

Section 3.09 Lock Box Deposit. As of the Effective Date, Seller has deposited the Lock Box Deposit Amount into the Lock Box Account.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY ENTITIES

Except as otherwise disclosed to Purchaser in the Seller Disclosure Schedules, Seller hereby represents and warrants to Purchaser as of the Effective Date and as of the Closing Date as follows:

Section 4.01 The Company Entities.

(a) Each of the Company Entities is either a limited liability company, limited partnership or corporation validly existing and in good standing under the Laws of the state of its formation or incorporation and each has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets. Each Company Entity is duly qualified, licensed or admitted to do business and in good standing in each other jurisdiction in which the assets owned, used or leased by it, or the nature of the business conducted by it, and in which the actions required to be performed by it hereunder make such qualification, licensing or admission necessary, except in those jurisdictions where the failure to be so qualified, licensed or admitted would not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) All of the issued and outstanding Acquired Interests of the Company are owned directly, beneficially and of record by Repowering free and clear of all Liens, except for those arising under securities Laws. All of the issued and outstanding Equity Interests of the Subsidiaries are owned, directly or indirectly, by the Company as more fully set forth on Schedule 4.01(b). All of the Acquired Interests and the issued and outstanding Equity Interests of the Subsidiaries have been duly authorized, validly issued and are fully paid and non-assessable and have been issued in compliance with applicable Law. Seller has the requisite right, title, power and authority to sell, assign, convey and transfer the Acquired Interests as provided in this Agreement and, at the Closing, will convey to Purchaser good and marketable title to the Acquired Interests free and clear of all Liens, except for those arising under securities Laws.

(c) There are no and have not been any violations, breaches or defaults by any Company Entity or, to the Knowledge of Seller, any other party, to the Constitutive Documents. No Company Entity nor, to the Knowledge of Seller, any other party, has given or received notice or other communication regarding any actual, alleged, possible or potential material violation or material breach of any Constitutive Document since the date of formation with respect to the Company or any of the Subsidiaries.

(d) Except as set forth on Schedule 4.01(d), there are no outstanding Options issued or granted by, or binding upon any Company Entity for any Person to purchase or sell or otherwise acquire or dispose of any equity interest or other security or interest in such Company Entity, other than Purchaser's rights under this Agreement. Except as set forth on Schedule 4.01(d), none of the Acquired Interests or the Equity Interests of the Subsidiaries are subject to any voting trust or voting trust agreement, voting agreement, pledge agreement, buy-sell agreement, right of first refusal, preemptive right or proxy.

(e) Except as set forth on Schedule 4.01(b), none of the Company Entities has any other subsidiaries, equity interests, interests in joint ventures or general or limited partnerships or other investment or portfolio assets of a similar nature.

(f) None of the Company Entities conducts (i) any business other than the development, ownership, operation and management of the Projects or (ii) any operations other than those incidental to the ownership, operation, and management of the Projects.

Section 4.02 No Undisclosed Liabilities. The Company Entities have no material Liabilities that would be required to be reflected or reserved against in a balance sheet of the Company prepared in accordance with GAAP, consistently applied, except for (a) Liabilities set forth, reflected in, reserved against or disclosed in the Financial Statements, (b) Liabilities incurred in the ordinary course of business since the Balance Sheet Date, (c) Liabilities under any Contract (other than as a result of a breach thereof by such Company Entity), and (d) Liabilities incurred in connection with the transactions contemplated hereby.

Section 4.03 Taxes.

(a) Except as set forth on Schedule 4.03:

(i) Each Company Entity has (A) duly and timely filed, or caused to be filed, all Tax Returns that it is required to file and (B) duly and timely paid or caused to be paid all Taxes that are required to be paid by it (whether or not shown to be due and payable on such Tax Returns). All such Tax Returns are correct and complete in all material respects. Each Company Entity is properly entitled to any Tax credit or depreciation allowance reflected on a Tax Return of such Company Entity. There are no Liens for Taxes on any of the assets of any Company Entity other than Permitted Liens. Each Company Entity has duly and timely withheld all Taxes that it is obligated to withhold from amounts paying to any employee, independent contractor, shareholder, creditor, or other third party.

(ii) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to the assessment of any Tax against the Company Entities (other than automatic extensions arising from an extension of the due date for filing an income Tax Return).

(iii) There are no pending (or, the Knowledge of Seller, threatened in writing) audits, investigations, examinations or other proceedings in respect of any Tax imposed on any Company Entity. No deficiency with respect to any Tax has been proposed, asserted or assessed against any Company Entity.

(iv) No Company Entity has participated in any “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4

(v) No Company Entity (A) is party to, is bound by or has any obligation under any Tax sharing, indemnification or similar agreement (except for any Project Company (as defined in the Consent and Indemnity Agreement) that has agreed to provide a tax indemnity to an investor in such Project Company where such indemnity is based on solar investment tax credits, production tax credits, or other tax credits or tax benefits of the Project Company (a “Tax Equity Investor Indemnity”), (B) has any liability pursuant to any Tax Equity Investor Indemnity, (C) has ever been a member of an affiliated, combined, unitary or similar group for purposes of filing Tax Returns or paying Taxes (other than the group of which NRG is the common parent), or (D) has any liability under Treasury Regulation Section 1.1502-6 (or any comparable or similar provision of state, local or non-U.S. law), as a transferee or successor or otherwise.

(vi) No written claim has been made by a Governmental Authority in a jurisdiction in which a Company Entity does not file Tax Returns that such Company Entity is or may be required to file Tax Returns in, or subject to taxation by, that jurisdiction, which claim has not been resolved.

(vii) Each Company Entity has been treated as a disregarded entity or partnership for U.S. federal income tax purposes at all times since its formation, and no election has ever been filed to treat any Company Entity as an association taxable as a corporation for U.S. federal income Tax purposes.

(viii) Each Company Entity that is a partnership for U.S. federal income tax purposes has in effect, or will have in effect, an election under Section 754 of the Code (and any equivalent election for applicable state and local income Tax purposes) for the taxable year that includes the Closing Date. There have been no technical terminations under Section 708 of the Code of any Company Entity that is treated as a partnership for Tax purposes.

(ix) The Company Entities have collected all sales and use Taxes required to be collected, and have remitted, or will remit on a timely basis, such amounts to the appropriate Governmental Authorities, or have been furnished properly completed exemption certificates, and have maintained all such records and supporting documents in the manner required by all applicable sales and use Tax statutes and regulations.

(x) No Company Entity will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Tax period (or portion thereof) beginning after the Closing Date as a result of any (A) written agreement with a Governmental Authority with regard to any Tax liability of the Company Entities, (B) change in or incorrect method of accounting, (C) installment sale or open transaction disposition made prior to the Closing, (D) intercompany transaction or excess loss account under Section 1502 of the Code (or similar provision of state, local or non-U.S. law), (E) prepaid amount received or deferred revenue accrued on or prior to the Closing Date, or (F) any election under Section 108(i) of the Code.

(xi) NYLD has not experienced an “ownership change” within the meaning of Section 382 of the Code and does not have a net operating loss or other Tax attribute that is presently, or that will as a result of the transactions contemplated by this Agreement, subject to limitation under Section 382, 383 or 384 of the Code.

(b) For purposes of this Section 4.03, the Company Entities shall include the NYLD Entities.

Section 4.04 The Material Company Contracts.

(a) Schedule 4.04(a) contains a true and complete list of all the Material Company Contracts and all amendments, modifications and supplements thereto (other than those Material Company Contracts that Seller is permitted to exclude from Schedule 4.04(a) under the definition of Material Company Contracts). Each Material Company Contract constitutes the legal, valid, binding and enforceable obligation of the Company Entity party thereto and, to the Knowledge of Seller, the other parties thereto, and is enforceable in accordance with its terms. Each Material Company Contract is in full force and effect in all material respects.

(b) No Company Entity, nor to the Knowledge of Seller, any of the other parties thereto is in material breach, violation or default, and no event, condition or omission exists or has occurred which with notice or lapse of time or both would constitute any such material breach, violation or default, or permit termination, modification, or acceleration by such other parties, under such Material Company Contracts, except (i) that, with respect to the Material Company Contracts for which Consents are set forth in Schedule 3.03, the applicable Consents set forth in Schedule 3.03 may be required in order to avoid a default, violation or breach thereof under any Material Company Contract, and (ii) as would not reasonably be expected to individually or in the aggregate, result in material Losses to Purchaser or the Company Entities, or otherwise materially impair the conduct of the Business of the Company.

(c) Neither Seller nor the Company has received any notice that any Material Company Contract is not in full force or effect or that any party to any of the Material Company Contracts intends to terminate or fail to renew at the end of its term, materially increase or decrease any rates, costs or fees charged to or payable by or to the Company or materially reduce the goods and services provided to or by the Company

under any of the Material Company Contracts. Seller has made available to Purchaser true and complete copies of all Material Company Contracts.

(d) As of December 31, 2017, the Total Contracted Capacity, the Weighted Average Contract Price and the Weighted Average Contract Tenor of the Contracts providing for the sale of electricity (and excluding, for the avoidance of doubt, the sale of solar renewable energy certificates) by DG Project Entities relating to each DG Tax Equity Fund are as of such date accurately specified on Schedule 4.04(d).

(e) Other than as contemplated by Section 7.19, Seller has assigned or caused to be assigned to a Company Entity all Material Company Contracts directly or indirectly related to the Capistrano Subsidiaries to which Seller or any of its Affiliates (other than any of the Company Entities) are party.

Section 4.05 Real Property.

(a) All material real property owned by each Company Entity ("Owned Real Property") or leased by each Company Entity (the "Leased Real Property") and together with the Owned Real Property, the "Real Property") or to which such Company Entity has rights under leases, easements, rights of way, licenses, common use agreements or similar agreements is described on Schedule 4.05(a); provided, that Seller shall be permitted to omit from Schedule 4.05(a) real property owned or leased solely by DG Project Entities. The agreements listed on Schedule 4.05(a) or otherwise omitted by Seller in accordance with the preceding proviso are all the material leases, easements, rights of way, licenses, common use agreements or similar agreements under which the Company Entities have rights to the Real Property (the "Project Site Agreements"). Each Project Site Agreement is in full force and effect and is the legal, valid and binding obligation of the Company Entity which is a party to such Project Site Agreement.

(b) The rights-of-way, easements, licenses and similar non-possessory interests set forth on Schedule 4.05(b) (the "Easements") of which the Company Entities own or have an interest in (collectively, the "Company Easements") constitute all material easements required by the Company Entities; provided, that Seller shall be permitted to omit from Schedule 4.05(b) Company Easements owned solely by DG Project Entities. Except for the Company Easements, there are no other easements required to be held by any Company Entity which are (i) necessary to conduct the Business of the Company or (ii) used in or otherwise intended to be used in the Business of the Company. Each of the Company Easements is in full force and effect and is the legal, valid and binding obligation of the Company Entity which is a party to such Company Easements. Except as set forth on Schedule 4.05(b), there exists no default (and no event has occurred which, with notice or lapse of time or both, would constitute a default or, to the Knowledge of Seller, would otherwise permit the revocation, limitation, termination or adverse modification of, or acceleration of payments due under, the Company Easements) by a Company Entity or, to the Knowledge of Seller, any other party under any Company Easement. Seller has delivered or made available to Purchaser true and complete copies of the Company Easements other than those solely related to the DG Project Entities.

(c) The assets of each Company Entity which constitute tangible property are situated entirely within the Real Property, with no material gaps or breaks in continuity.

(d) Seller has provided Purchaser with copies of all Project Site Agreements other than those solely related to the DG Project Entities. The Real Property is sufficient to enable the Company Entities to conduct the Business of the Company.

(e) There exists no material default by any Company Entity, or, to the Knowledge of Seller, any other party under any Real Property lease (and, to the Knowledge of Seller, no event has occurred which, with notice or lapse of time or both, would constitute such a default or permit the revocation, termination or material and adverse modification of, or acceleration of payments due under, any Real Property lease). Seller has delivered or made available to Purchaser true and complete copies of the Real Property leases other than

those solely related to the DG Project Entities. Neither Seller nor any Company Entity has been informed in writing by any other party to any Project Site Agreement that the respective Company Entity is in material breach of its obligations with respect to such Project Site Agreement.

(f) The Company Entities have (i) good, valid and indefeasible title to all of the Owned Real Property which any applicable Company Entity owns in fee, (ii) good and valid title to all other, non-fee Owned Real Property, (iii) a good and valid leasehold interest to all Leased Real Property, and (iv) good and valid title to all assets of the Company Entities that are not Real Property, in each case, free and clear of all Liens (other than Permitted Liens). There are no outstanding agreements or options to sell or lease which grant to any Person, other than Purchaser, the right to purchase, lease or otherwise acquire any of the assets of the Company Entities.

Section 4.06 Sufficiency of Assets.

(a) All of the tangible assets of the Company Entities (other than the Renew Development Projects) are in all material respects (i) in good operating condition and repair, subject to ordinary wear and tear, and (ii) are suitable and sufficient in all material respects for the conduct of the Business of the Company as it is currently being conducted and consistent with its past practices and as reflected in the Financial Statements.

(b) The assets of the Company Entities (other than the Renew Development Projects) constitute all assets, properties, rights (including Contracts), privileges and interests of whatever kind or nature, real or personal or mixed, tangible or intangible, used or necessary to (i) conduct the Business of the Company in the manner in which the business of the Company Entities is currently being conducted and consistent with its past practices and as reflected in the Financial Statements, and (ii) perform the obligations that are required to be performed under the Material Company Contracts on the date immediately following the Closing Date.

(c) With respect to the Renew Development Projects, to the Knowledge of Seller, there does not exist any actual or threatened Action by any Governmental Authority or environmental, permitting, real estate, right of way, condemnation, soils condition, wetland, local opposition, transmission, interconnection or other circumstance, fact or matter that could reasonably be expected to prevent the receipt of, or compliance with, any material Governmental Approval or the achievement of commercial operations.

Section 4.07 Title Policy. Seller has provided Purchaser with, or access to, a true and complete copy of all title policies, title commitments and title reports covering the Real Property (the "Title Policies"), except in respect of the Real Property related to the Renew Development Projects that have not yet been financed for which there are no Title Policies. The Real Property described in the Title Policies is subject only to (a) Permitted Liens, (b) matters disclosed in the Title Policies and (c) matters consented to in writing by Purchaser.

Section 4.08 Environmental. This Section 4.08, and Section 4.02, Section 4.04, Section 4.09, Section 4.11 and Section 4.12 hereof, shall constitute the sole representations of Seller with respect to Environmental Laws.

(a) Except as set forth on Schedule 4.08(a), or as would not, in the aggregate, reasonably be expected to materially and adversely affect the ability of the Company Entities to conduct the Business of the Company or result in material Losses relating to any Environmental Law:

(i) within the last three (3) years, no Company Entity has either been in violation of any Environmental Law or received any written notice, which remains uncured or unresolved, from any Governmental Authority or any other Person alleging that any Company Entity or any Project is in violation

of any Environmental Law or subject to liability under any Environmental Law, and to the Knowledge of Seller, no such notice is threatened;

(ii) the Company Entities possess all Permits presently required under applicable Environmental Laws to conduct the Business of the Company as currently conducted and operated and each such Permit is in full force and effect and the applicable Company Entity is in compliance in all material respects with all its obligations with respect thereto. There are no proceedings pending or, to the Knowledge of Seller, threatened which would reasonably be expected to result in the revocation or termination of any such Permit and no such Permit is reasonably expected to be terminated as a result of or in connection with the consummation of the transactions contemplated by this Agreement; and

(iii) neither any Company Entity nor any Project is subject to any Action or outstanding Order pursuant to any Environmental Law, nor is in receipt of any written notice, pending complaint or claim seeking to impose an Environmental Liability against any Company Entity, including as arising from the operation of any Project, and to the Knowledge of Seller, none of the foregoing is threatened.

(b) Except as would not, in the aggregate, reasonably be expected to materially and adversely affect the ability of the Company Entities to conduct the Business of the Company or result in material Losses relating to any Environmental Law, no Company Entity has arranged for, consented to the disposal of or released any Hazardous Substances, including as a result of the operation of any Project, and Hazardous Substances are not otherwise present at or about any property or facility currently, or to the Knowledge of Seller formerly, owned or operated by any Company Entities in each instance in a manner or condition that would reasonably be expected to give rise to Environmental Liability for any Company Entity.

(c) Except as set forth on Schedule 4.08(a) and as would not, individually or in the aggregate reasonably be expected to materially and adversely affect the ability of the Company Entities to conduct the Business of the Company or result in material Losses relating to any Environmental Law, protected species of organism or cultural or anthropological artifacts are not present at or about any Project.

Section 4.09 Permits. The Company Entities have obtained and hold, and are not in violation of in any material respect, all material Permits required to conduct the Business of the Company. Each such Permit is in full force and effect and the applicable Company Entity is in compliance in all material respects with all its obligations with respect thereto. There are no proceedings pending or, to the Knowledge of Seller, threatened which would reasonably be expected to result in the revocation or termination of any material Permit of any Company Entity. None of the material Permits are reasonably expected to be terminated as a result of or in connection with the consummation of the transactions contemplated by this Agreement.

Section 4.10 Affiliate Transactions. Except as disclosed on Schedule 4.10 or under the Material Company Contracts, and except for this Agreement, there are no existing or pending transactions, Contracts or Liabilities between or among any Company Entity on the one hand, and Seller or any of Seller's Affiliates (other than a Company Entity or NYLD Entity) on the other hand.

Section 4.11 Insurance

. Schedule 4.11 contains a summary description of all material

insurance policies, all of which are in full force and effect, maintained as of the Effective Date that insure the assets related to the Business of the Company. Neither Seller nor any Company Entity has, with respect to the Business of the Company, received any notice from any insurer under any such insurance policy disclaiming coverage, reserving rights with respect to a particular claim or such policy in general or canceling or materially amending any such policy. There is no claim, suit or other matter currently pending in respect

of which any Company Entity has received such a notice. All premiums due and payable for such insurance policies have been duly paid, and such policies or extensions, renewals or replacements thereof in the amounts described shall be outstanding and duly in full force without interruption until the Closing Date. The insurance maintained by or on behalf of the Company and the Subsidiaries is adequate to comply with all Laws and Material Company Contracts. All insurance policies maintained by or on behalf of the Company Entities are with reputable insurance carriers and provide coverage for all normal risks incident to the Business of the Company and their respective assets in such amounts and with such deductibles, as are commercially reasonable. Except as set forth on Schedule 4.11, there are no pending insurance claims in respect of the Company Entities.

Section 4.12 Financial Statements.

(a) Schedule 4.12 sets forth true and complete copies of (i) the unaudited combined balance sheet for the Company Entities as of September 30, 2017 (the "Balance Sheet Date"), and (ii) the related combined statements of operations and cash flows for the nine (9)-month period then-ended (the "Financial Statements"). The Financial Statements (i) fairly present, in all material respects, the combined financial position and combined results of operations of the Company Entities, as of the respective dates set forth therein, (ii) have been prepared all in conformity with Seller's GAAP consistently applied during the period(s) involved except as otherwise noted therein, subject to normal and recurring year-end adjustments that have not been and are not expected to be, individually or in the aggregate, material in amount or nature, and (iii) have been prepared in good faith from and accurately reflect the books and records of the Company Entities.

(b) Seller has devised and maintains systems of internal accounting controls with respect to the Business of the Company sufficient to provide reasonable assurances that, in all material respects, (i) all transactions are executed in accordance with management's general or specific authorization, (ii) all transactions are recorded as necessary to permit the preparation of financial statements in conformity with Seller's GAAP, consistently applied, and to maintain proper accountability for items and (iii) recorded accountability for items is compared with actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

(c) Schedule 4.12(c) sets forth, as of the Lock Box Date, a schedule showing the principal amount of outstanding indebtedness for borrowed money of the Company Entities.

(d) As of the Effective Date, the Lock Box Account contains at least *****

***** dollars (\$******) in cash or cash equivalents.

Section 4.13 Absence of Certain Changes

. Since December 31, 2017 through the Effective Date, each Company Entity has conducted its respective business in the ordinary course of business and in accordance with Good Industry Practice, and there has not been (a) any damage, destruction or loss, whether or not covered by insurance, that would, individually or in the aggregate, reasonably be expected to materially and adversely affect the ability of the Company Entities to conduct any material portion of the Business of the Company, (b) any declaration, setting aside or payment of any non-cash or in-kind dividend or other distribution of property other than cash or cash equivalents with respect to the Acquired Interests, (c) any change in accounting methods, principles or practices affecting the Company Entities, except as required or permitted by GAAP, (d) any change, occurrence, event or

development that would, individually or in the aggregate, have a Material Adverse Effect or (e) any action taken by such Company Entity or any failure to take any action that, if taken or not taken after the Effective Date, would have required the prior consent of Purchaser under Section 7.04.

Section 4.14 Regulatory Status.

(a) Each ProjectCo is either an “exempt wholesale generator” as defined under PUHCA or owns only QFs. Each ProjectCo is either (i) authorized by FERC to make sales of energy, capacity, and ancillary services at market-based rates pursuant to Section 205 of the FPA, has blanket authorization from FERC under Section 204 of the FPA to issue securities and assume liabilities, and has all other blanket authorizations and waivers from FERC that are customarily granted by FERC to entities with market-based rate authorization; or (ii) owns only QFs exempt from the requirements of both Section 204 and Section 205 of the FPA. Except for its market-based rate tariff authorized by order of FERC, no ProjectCo has any other tariff or rate schedule on file with FERC and is not required to have any other tariffs or rate schedules on file with FERC. Each of the Company and the applicable Subsidiary is a “holding company” as defined in PUHCA solely because of its status as an “exempt wholesale generator” as defined under PUHCA or its ownership of QFs, and, as such, is exempt from regulation under PUHCA as set forth in 18 C.F.R. § 366.3(a). Neither Seller, nor any of its Subsidiaries, including any ProjectCo, is subject to regulation as a “public utility” or “public service company” (or similar designation) with respect to rates, securities issuances or capital structure by any state Governmental Authority.

(b) Schedule 4.14(b) lists each ProjectCo that is registered with NERC as a Generator Owner or Generator Operator, and each such ProjectCo is with respect to the listed Project in compliance with all requirements applicable to such registrations. Other than those registrations listed on Schedule 4.14(b), no other ProjectCo is registered (or is required to be registered) with NERC with respect to any Project.

Section 4.15 Support Obligations.

(a) Schedule 4.15(a) sets forth a true and complete list of all guaranties, letters of credit, bonds, collateral or other credit support provided by Seller and any of its Affiliates (other than a Company Entity or an NYLD Entity) to or on behalf of any Company Entity or any NYLD Entity in respect of the Business of the Company or the Business of NYLD; and

(b) Schedule 4.15(b) sets forth a true and complete list of all guaranties, letters of credit, bonds, collateral or other credit support provided by a Company Entity on behalf of any NYLD Entity in respect of the Business of NYLD (collectively with the guaranties, letters of credit, bonds, collateral or other credit support set forth on Schedule 4.15(a), the “Support Obligations”), in each case of Schedule 4.15(a) and Schedule 4.15(b), indicating if the Support Obligation is a “Retained Support Obligation” or a “Transferred Support Obligation”. True and complete copies of all such Support Obligations as of the Effective Date have been made available to Purchaser. Any Support Obligation not listed on Schedule 4.15(a) or Schedule 4.15(b) shall be considered a Retained Support Obligation.

Section 4.16 Employee and Benefit Matters.

(a) A list of each individual who, as of the Effective Date, is a Business Employee is set forth on Schedule 4.16(a), along with (i) such individual’s status as active or inactive, (ii) if such individual has an inactive status, the reason for such status and such individual’s expected return date (if any) and (iii) if such individual has announced an intended retirement date, such date. Schedule 4.16(a) shall be updated as of five (5) Business Days prior to the Closing.

(b) No Business Employee is represented by a labor union or other labor organization and there is no Collective Bargaining Agreement to which any Company Entity is a party with respect to the

Business of the Company or otherwise applicable to any Business Employees, and no such Collective Bargaining Agreement is being negotiated. In addition, except as disclosed on Schedule 4.16(b), during the past three (3) years, (i) no petition has been filed or proceedings instituted by any labor union or other labor organization with any Governmental Authority seeking recognition as the bargaining representative of any Business Employee or group of Business Employees and (ii) no demand for recognition of Business Employees has been made by, or on behalf of, any labor union or other labor organization. To the Knowledge of Seller, there is no effort currently being made or threatened by, or on behalf of, any labor union or other labor organization to organize any Business Employees, and, to the Knowledge of Seller, no such activity has been conducted within the past three (3) years. No labor strike, slowdown, work stoppage, dispute, lockout or other material labor controversy involving Business Employees is in effect or, to the Knowledge of Seller, threatened, and none of the Company Entities has experienced any such labor controversy within the past three (3) years. No unfair labor practice charge or complaint involving Business Employees is pending or, to the Knowledge of Seller, threatened.

(c) None of the Company Entities has closed any plant or facility, effectuated any layoffs of employees or implemented any early retirement, separation or window program within the past three (3) years, nor have any of the Company Entities planned or announced any such action or program for the future. There has been no action, during the ninety (90) day period prior to the Effective Date, that would trigger notice or other obligations to any Business Employees under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2109 et seq. or the regulations promulgated thereunder or similar Law.

(d) Schedule 4.16(d) contains a true and complete list of each Company Employee Plan, identifying thereon each such Company Employee Plan that is sponsored by any of the Company Entities, or to which any of them is, a party (each, a “Zephyr Employee Plan”). No Company Entity has ever sponsored an Employee Plan other than the Zephyr Employee Plans. There does not exist, nor do any circumstances exist, that could result in any Liability to Purchaser, or any entity that is an Affiliate of Purchaser after the Closing, due to the fact that any of the Company Entities were ERISA Affiliates of Seller or any of its subsidiaries (other than the Company Entities) prior to the Closing (“Controlled Group Liability”). No Company Entity participates in or contributes to, or has participated in or contributed to, any multiemployer plan (as defined in Section 3(37) of ERISA) (a “Multiemployer Plan”) or other plan subject to Title IV of ERISA, and no Company Entity has or could reasonably be expected to have any other Liabilities (contingent or otherwise), including any potential withdrawal liability, with respect to any Multiemployer Plan or other plan subject to Title IV of ERISA by association with any ERISA Affiliate. No Company Entity maintains or has any obligation to contribute to (or has any other liability with respect to) any funded or unfunded Company Employee Plans or other agreement or arrangement, in each case which provides or promises to provide post-retirement health or welfare benefits, other than as required under applicable Law. Except as expressly provided in this Agreement, no employment or benefits-related Liabilities arising out of or relating to any period before the Closing Date have been transferred to any of the Company Entities. All Zephyr Employee Plans have been established, maintained and administered in all material respects with their terms and applicable Law (including the applicable provisions of the Code and ERISA). There are no proceedings or audits pending, or to the Knowledge of Seller, threatened with respect to any Zephyr Employee Plan or the assets of any Zephyr Employee Plan or any related trust (other than routine claims for benefits).

(e) Except as set forth in Schedule 4.16(e), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein (whether alone or in connection with any other event) will (or could reasonably be expected to) (i) entitle any Business Employee to severance, retention, change in control or other similar payment or benefit, (ii) accelerate the time of payment or vesting or increase the amount of compensation due to any Business Employee, or (iii) require any contributions or payments to fund any obligations under any Zephyr Employee Plan. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein (whether alone or in connection with any other event) will (or could reasonably be expected to) result, separately or in the aggregate, in the

payment of any “excess parachute payment” within the meaning of Section 280G of the Code (or any corresponding provision of state, local or foreign Tax law). No plan provides for any gross-up payment with respect to Section 280G or Section 409A of the Code.

Section 4.17 Intellectual Property. None of the Company Entities own any material Intellectual Property, and the conduct of the Business of the Company does not infringe, violate or misappropriate in any material respect any Intellectual Property of any third Person. The Company Entities have taken reasonable actions to maintain (a) the confidentiality of their material confidential information and (b) the integrity, continuous operation and security of the material software and systems (and the data therein) used in the Business of the Company, and there have been no material breaches, violations or unauthorized uses of same.

Section 4.18 Anti-Corruption and Economic Sanctions.

(a) The Company Entities have been for the past five (5) years and are in material compliance with, in each case to the extent applicable, the United States Foreign Corrupt Practices Act of 1977, as amended, and any other anti-corruption or anti-bribery Law of any jurisdiction where the Company Entities do business (together, “Anti-Corruption Laws”). The Company Entities have at all times for the past five (5) years complied with all Laws relating to export control and trade sanctions or embargoes. The Company Entities have implemented and maintained in effect policies and procedures for compliance with Anti-Corruption Laws. No utilization, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable sanctions.

(b) Neither the Company Entities, nor, to the Knowledge of Seller, any other Person acting on their behalf has, directly or indirectly, unlawfully used corporate funds or otherwise acted unlawfully to: (i) make or provide any unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) make or offer any payment or transfer of anything of value to any government official or employee, political party or campaign, or official or employee of any public international organized or government-owned enterprise or institution to obtain or retain business or to secure an improper advantage or (iii) make or propose to make any bribe, payoff, influence, payment, kickback, unlawful rebate, or other similar unlawful payment of any nature.

(c) The Company Entities and, to the Knowledge of Seller, any Person acting on their behalf: (i) are, and have at all times in the past five (5) years been, in material compliance with all statutory and regulatory requirements of the Laws implemented by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”), in each case to the extent OFAC applies to such person or entity, (ii) have not engaged in the past five (5) years in any transaction or other business in or with (A) Cuba, Iran, Myanmar, North Korea, Sudan, or Syria or the Crimea region of the Ukraine or (B) any person or entity that is included, at the time of the relevant transaction, in the list of “Specifically Designated Nationals” and “Blocked Persons” published by the United States Department of Treasury or any other restricted person or entity, as may be promulgated by the United States government from time to time, and (iii) are not, and at all times during the past five (5) years have not been, any person or entity that is included in the list of “Specifically Designated Nationals” and “Blocked Persons” published by the United States Department of Treasury or any other restricted person or entity. Seller has implemented and maintained in effect policies and procedures designed to ensure compliance by the Company Entities and their agents with all statutory and regulatory requirements of the Laws implemented by OFAC.

Section 4.19 Pre-Effective Date Reorganization.

(a) Prior to the Effective Date, Seller and its Affiliates undertook the following actions or caused such actions to occur:

- (i) Renew and its Affiliates distributed up, ultimately to Repowering, the following entities: (A) NRG Energy Center Eagles LLC, (B) NRG Independence Solar LLC, (C) NRG Solar Arrowhead, LLC, (D) NRG Solar Ring LLC, (E) NRG Solar SC Stadium LLC, (F) NRG Solar Guam LLC, (G) NRG Solar Dandan LLC, (H) Spanish Town Estate Solar 1 LLC, and (I) NRG Solar Sunrise LLC (including its interests in (x) Agua Caliente Borrower I LLC and (y) NRG Solar Ivanpah LLC);
 - (ii) NRG Wind LLC and its Affiliates contributed Capistrano, ultimately, to the Renew;
 - (iii) NRG Residential Solar Solutions LLC and its Affiliates contributed the Class B Membership Interests in RPV 1, ultimately, to the Company;
 - (iv) NRG Gas & Wind Holdings, Inc. and its Affiliates contributed RENOM and Asset Services, ultimately, to the Company; and
 - (v) NRG Wind Development Company, LLC and its Affiliates contributed Langford, ultimately, to Renew.
- (b) Schedule 4.19(b) contains a true and complete structure chart of the Company immediately prior to and immediately following the completion of the Pre-Effective Date Reorganization.

The foregoing steps are referred to herein as the “Pre-Effective Date Reorganization”.

Section 4.20 Safe Harbor Equipment. The equipment set forth on Schedule 4.20 (the “Safe Harbor Equipment”) was purchased and paid in full by Renew in the amount of \$17,156,602 on or prior to December 29, 2017.

Section 4.21 No Other Warranties. The warranties set forth in Article 3, Article 4 and Article 5 are exclusive and are in lieu of all other warranties, whether statutory, written or oral, express or implied; Seller provides no other warranties with respect to the Acquired Interests, the Company, the Subsidiaries, the assets of the Company, the assets of the Subsidiaries, the NYLD securities or the NYLD entities, all of which are expressly disclaimed. Seller makes no representation or warranty to Purchaser with respect to any financial projections, forecasts or forward looking statements of any kind or nature whatsoever relating to the Company, the Subsidiaries, the assets of the Company, the assets of the Subsidiaries, the NYLD securities or the NYLD entities or the Acquired Interests.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES REGARDING THE NYLD ENTITIES

Except as otherwise disclosed to Purchaser in the Seller Disclosure Schedules or as set forth in the NYLD SEC Documents filed prior to the Effective Date (but excluding any forward looking disclosures set forth in any risk factor section, any disclosures in any section relating to forward looking statements and any other disclosures included therein to the extent they are predictive or forward-looking in nature), Seller hereby represents and warrants to Purchaser as of the Effective Date and as of the Closing Date as follows:

Section 5.01 NYLD and NYLD LLC.

(a) Each of NYLD and NYLD LLC is a corporation or limited liability company, as applicable, validly existing and in good standing under the Laws of the State of Delaware and each has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets. Each of NYLD and NYLD LLC is duly qualified, licensed or admitted to do business and in good standing in each other jurisdiction in which the assets owned, used or leased by it, or the nature of the business

conducted by it, and in which the actions required to be performed by it hereunder make such qualification, licensing or admission necessary, except for those jurisdictions where the failure to be so qualified, licensed or admitted would not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) Seller is the record and beneficial owner, free and clear of any Liens (other than any restrictions under the Securities Act, state securities Laws, or the NYLD Constitutive Documents) of the NYLD Securities. All of the NYLD Securities have been duly authorized, validly issued and are fully paid and non-assessable and have been issued in compliance with applicable Law. Seller has the requisite right, title, power and authority to sell, assign, convey and transfer the NYLD Securities as provided in this Agreement and, at the Closing, will convey to Purchaser good and marketable title to the NYLD Securities free and clear of all Liens, except for those arising under securities Laws.

(c) There are no and have not been any violations, breaches or defaults by NYLD, NYLD LLC or, to the Knowledge of Seller, any other party, to the NYLD Constitutive Documents. None of NYLD, NYLD LLC or, to the Knowledge of Seller, any other party, has given or received notice or other communication regarding any actual, alleged, possible or potential material violation or material breach of any NYLD Constitutive Document since the date of formation with respect NYLD or NYLD LLC.

(d) Except as set forth on Schedule 5.01(d) or in the NYLD Constitutive Documents, none of the NYLD Securities is subject to any voting trust or voting trust agreement, voting agreement, pledge agreement, buy-sell agreement, right of first refusal, preemptive right or proxy.

Section 5.02 NYLD Subsidiaries.

(a) Schedule 5.02(a) sets forth the name of each NYLD Subsidiary and the state or jurisdiction of its organization. Each NYLD Subsidiary (i) is a corporation, limited liability company, partnership or other entity duly incorporated or organized, validly existing and, to the extent applicable, in good standing under the laws of the jurisdiction of its incorporation or organization, as the case may be, (ii) has all requisite corporate, limited liability company, partnership or similar power and authority to own, lease and operate its assets and to carry on its business as now conducted and (iii) is duly qualified or licensed to do business as a foreign corporation, limited liability company, partnership or other organization and is, to the extent applicable, in good standing under the laws of any other jurisdiction in which the character of the assets owned, leased or operated by it therein or in which the transaction of its business makes such qualification or licensing necessary, except where the failure to be so qualified, licensed or in good standing, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth in Schedule 5.02(b), NYLD LLC is, directly or indirectly, the record and beneficial owner of all of the outstanding shares of capital stock or other equity interests of each of the NYLD Subsidiaries. All of such shares and other equity interests so owned by NYLD LLC are validly issued, fully paid and nonassessable and free and clear of preemptive rights and are owned by it free and clear of any Liens, other than (i) Liens securing indebtedness for borrowed money of any NYLD Entity that are reflected in the NYLD SEC Documents or incurred in the ordinary course of business since the date of the most recent Annual Report on Form 10-K filed with the SEC by NYLD and (ii) transfer restrictions of general applicability on such shares and other equity interests imposed by applicable Law.

(c) None of the NYLD Entities owns, directly or indirectly, any capital stock or other equity or voting securities or equity or voting interests, or has any interest convertible into or exercisable or exchangeable therefor, in any Person other than the NYLD Entities.

Section 5.03 Capitalization.

(a) As of the Effective Date, the authorized capital stock of NYLD consists of 3,010,000,000 shares of capital stock, consisting of (i) 10,000,000 shares of Preferred Stock, par value \$0.01 per share, (ii) 500,000,000 shares of Class A Common Stock, par value \$0.01 per share, (iii) 500,000,000 shares of Class B Common Stock, par value \$0.01 per share, (iv) 1,000,000,000 shares of Class C Common Stock, par value \$0.01 per share, and (v) 1,000,000,000 shares of Class D Common Stock, par value \$0.01 per share.

(b) As of the Effective Date, (i) zero (0) shares of Preferred Stock were issued and outstanding, (ii) 34,586,250 shares of Class A Common Stock were issued and outstanding and zero shares of Class A Common Stock were held in treasury by NYLD, (iii) 42,738,750 shares of Class B Common Stock (all of which are owned by NRG) were issued and outstanding and zero shares of Class B Common Stock were held in treasury by NYLD, (iv) 64,730,519 shares of Class C Common Stock were issued and outstanding and zero shares of Class C Common Stock were held in treasury by NYLD, (v) 42,738,750 shares of Class D Common Stock (all of which are owned by NRG) were issued and outstanding and zero shares of Class D Common Stock were held in treasury by NYLD, (vi) 18,898,893 shares of Class A Common Stock were reserved for issuance pursuant to NYLD's outstanding three and one-half percent (3.50%) convertible notes due 2019 (the "2019 Convertible Notes") and 13,068,169 shares of Class C Common Stock were reserved for issuance pursuant to NYLD's outstanding three and one-quarter percent (3.25%) convertible notes due 2020 (the "2020 Convertible Notes") and (vii) 29,183 shares of Class A Common Stock and 413,581 shares of Class C Common Stock were reserved for issuance pursuant to outstanding restricted stock units and dividend equivalent rights. Except as set forth above, as of the Effective Date, there are no shares of capital stock, or other equity or voting securities or equity or voting interests of NYLD issued, reserved for issuance or outstanding. All issued and outstanding shares of common stock have been, and all shares of common stock reserved for issuance as set forth above will be when issued, duly authorized and validly issued and are or will be fully paid, free of preemptive rights and nonassessable.

(c) As of the Effective Date, (i) 34,586,250 Class A Units of NYLD LLC (all of which are owned by NYLD) were issued and outstanding, (ii) 42,738,750 Class B Units of NYLD LLC (all of which are owned by NRG) were issued and outstanding, (iii) 64,730,519 Class C Units of NYLD LLC (all of which are owned by NYLD) were issued and outstanding, (iv) 42,738,750 Class D Units of NYLD LLC (all of which are owned by NRG) were issued and outstanding, (v) 18,898,893 Class A Units were reserved for issuance in order to effectuate the corresponding conversion of NYLD's outstanding 2019 Convertible Notes set forth above and 13,068,169 Class C Units were reserved for issuance in order to effectuate the corresponding conversion of NYLD's 2020 Convertible Notes set forth above and (vi) 29,183 Class A Units and 413,581 Class C Units were reserved for issuance in order to effectuate the corresponding vesting of the restricted stock units and dividend equivalent rights issued by NYLD set forth above. Except as set forth above, as of the Effective Date, there are no shares of capital stock, or other equity or voting securities or equity or voting interests of NYLD LLC issued, reserved for issuance or outstanding. All issued and outstanding equity interests of NYLD LLC have been will be when issued, duly authorized and validly issued and are or will be fully paid, free of preemptive rights and nonassessable.

(d) Except as set forth on Schedule 5.03(d), there are no preemptive or similar rights granted by any NYLD Entity on the part of any holders of any class of securities of the NYLD Entities. Except for the 2019 Convertible Notes and 2020 Convertible Notes, no NYLD Entity has outstanding any bonds, debentures, notes or other indebtedness, securities or obligations the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the equityholders of any NYLD Entity on any matter ("Voting Company Debt"). As of the Effective Date, there are no (i) options, warrants, rights, convertible, exercisable or exchangeable securities, "phantom" equity rights, equity appreciation rights, profit participation rights, equity-based performance units, or (ii) commitments, Contracts, arrangements or undertakings of any kind to which any of the NYLD Entities is a party or by which any of them is bound (A) obligating any of the NYLD Entities to issue, deliver or sell or cause to be issued, delivered or sold, additional shares of capital stock of, or other equity interests in, or any security convertible or

exercisable for or exchangeable into any capital stock of, or other equity interest in, NYLD or any Voting Company Debt, or any interests based on the value of equity interests in NYLD or (B) obligating any of the NYLD Entity to issue, grant, extend or enter into any such option, warrant, right, security, unit, commitment, Contract, arrangement or undertaking.

(e) Except as set forth on Schedule 5.03(e), there are not any outstanding contractual obligations of any of the NYLD Entities to repurchase, redeem or otherwise acquire any equity interests of any of the NYLD Entities. There are no proxies, voting trusts or other agreements or understandings to which any of the NYLD Entities is a party or is bound with respect to the voting or registration of the capital stock of, or other equity interests in, any of the NYLD Entities.

Section 5.04 SEC Reports and Financial Statements.

(a) Since July 16, 2013 and June 19, 2015, respectively, each of NYLD and NYLD LLC has timely filed with or furnished to the SEC all forms, reports, schedules, statements and other documents required to be filed or furnished by it (collectively, the “NYLD SEC Documents”) under the Exchange Act or the Securities Act. As of its respective date or, if amended, as of the date of the last such amendment, each such NYLD SEC Document (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in such NYLD SEC Document or omit to state a material fact required to be stated in such NYLD SEC Document or necessary in order to make the statements in such NYLD SEC Document, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects, in accordance with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act, as the case may be, and the applicable rules and regulations of the SEC under the Exchange Act, the Securities Act and the Sarbanes-Oxley Act, as the case may be. As of the Effective Date, none of the NYLD Entities or NYLD SEC Documents is the subject of ongoing SEC review, outstanding SEC comment or outstanding SEC investigation. Since January 1, 2017, each of NYLD and NYLD LLC has been in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the New York Stock Exchange.

(b) Each of the consolidated financial statements (including the related notes) included in the NYLD SEC Documents (the “NYLD Financial Statements”) (i) has been prepared from, and is in accordance with, the books and records of NYLD or NYLD LLC, as applicable, (ii) complies in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect to such requirements, (iii) has been prepared in accordance with GAAP, in all material respects, applied on a consistent basis during the periods involved (except as may be indicated in the NYLD Financial Statements or in the notes to the NYLD Financial Statements and subject, in the case of unaudited statements, to normal year-end audit adjustments and the absence of footnote disclosure), and (iv) fairly presents, in all material respects, the consolidated financial position and the consolidated results of operations and cash flows of NYLD and NYLD LLC and their respective consolidated NYLD Subsidiaries as of the dates and for the periods referred to in the NYLD Financial Statements.

(c) Since July 16, 2013 and June 19, 2015, respectively, each of the principal executive officer and the principal financial officer of NYLD and NYLD LLC have made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to the NYLD SEC Documents.

(d) NYLD and NYLD LLC are in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act. NYLD and NYLD LLC have established and maintain “disclosure controls and procedures” and “internal control over financial reporting” (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. NYLD’s and NYLD LLC’s disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by NYLD and NYLD LLC in the reports that they file or furnish under the Exchange Act is recorded, processed, summarized and reported

within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to NYLD's and NYLD LLC's management, as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. NYLD and NYLD LLC maintain, and at all times have maintained since July 16, 2013 and June 19, 2015, respectively, a system of "internal control over financial reporting" (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Except as specially otherwise stated in the NYLD SEC Documents, from July 16, 2013 and June 19, 2015, respectively, to the Effective Date, none of NYLD or NYLD LLC nor, to the Knowledge of Seller, NYLD's or NYLD LLC's auditors and the NYLD Board have been advised of, and NYLD's and NYLD LLC's principal executive officer and its principal financial officer have not disclosed, based on their most recent evaluation prior to the Effective Date, to NYLD's or NYLD LLC's auditors and the NYLD Board (i) any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect NYLD's or NYLD LLC's ability to record, process, summarize and report financial information or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in NYLD's or NYLD LLC's internal control over financial reporting. Since July 16, 2013, there have been no material written complaints (and, to the Knowledge of Seller, no other material complaints) from a Governmental Authority regarding accounting, internal accounting controls or auditing matters of the NYLD Entities.

(e) Since January 1, 2017 through the Effective Date, none of NYLD or NYLD LLC has received any material complaint, allegation, assertion or claim, whether written or oral, regarding its accounting or auditing practices, procedures, methodologies or methods or its internal accounting controls.

(f) Schedule 5.04(f) sets forth, as of the Lock Box Date, a schedule showing the principal amount of outstanding indebtedness for borrowed money of the NYLD Entities.

Section 5.05 No Undisclosed Liabilities. None of the NYLD Entities has any Liabilities that would be required to be reflected or reserved against in a consolidated balance sheet of NYLD or NYLD LLC, as applicable, prepared in accordance with GAAP, consistently applied, except for (a) Liabilities set forth, reflected in, reserved against or disclosed in the NYLD Financial Statements (or the notes thereto) filed and publicly available prior to the Effective Date, (b) Liabilities incurred in the ordinary course of business since the Balance Sheet Date, and (c) Liabilities incurred in connection with the transactions contemplated hereby. None of the NYLD Entities is a party to, or has any commitment to become a party to, (a) any joint venture, off-balance sheet partnership or any similar Contract or arrangement (including any Contract or arrangement relating to any transaction or relationship between or among any NYLD Entity, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand) where the result, purpose or intended effect of such Contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of, any NYLD Entity in the NYLD Financial Statements or NYLD SEC Documents or (ii) any "off-balance sheet arrangement" (as defined in Item 303(a) of Regulation S-K of the SEC).

Section 5.06 Absence of Certain Changes. Since January 1, 2017 through the Effective Date, each of the NYLD Entities has conducted its respective business in the ordinary course and in accordance with Good Industry Practice there has not been (a) any damage, destruction or loss, whether or not covered by insurance, that would, individually or in the aggregate, reasonably be expected to materially and adversely affect the ability of the NYLD Entities to conduct any material portion of the Business of NYLD, (b) any change, occurrence, event or development that would, individually or in the aggregate, have a Material Adverse Effect, or (c) any change in accounting methods, principles or practices affecting the NYLD Entities, except as required or permitted by GAAP.

Section 5.07 Brokers. Except as set forth on Schedule 5.07, no investment banker, broker, finder or agent is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the NYLD Entities for which Purchaser or the Company could have any liability.

Section 5.08 Sufficiency of Assets. Except as set forth on Schedule 5.08, the assets of the NYLD Entities constitute all assets, properties, rights (including Contracts), privileges and interests of whatever kind or nature, real or personal or mixed, tangible or intangible, used or necessary to (a) conduct the Business of NYLD in the manner in which the business is currently being conducted and consistent with its past practices and as reflected in the NYLD Financial Statements, and (b) perform the obligations that are required to be performed under the Material Company Contracts to which any NYLD Entity is a party.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as of the Effective Date and as of the Closing Date as follows:

Section 6.01 Existence. Purchaser is a limited partnership duly formed, validly existing and in good standing under the Laws of the State of Delaware. Purchaser has the full power and authority to execute and deliver this Agreement and each other agreement required to be executed by it pursuant to the terms hereof, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby and to own or lease its assets and to carry on its business as currently conducted.

Section 6.02 Authority. All actions or proceedings necessary to authorize the execution and delivery by Purchaser of this Agreement, and the performance by Purchaser of its obligations hereunder, have been duly and validly taken. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.

Section 6.03 No Consent. Except for the Seller Consents contemplated to be obtained by Seller pursuant to Section 3.03, and except as would not, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect, the execution, delivery and performance by Purchaser of this Agreement does not require Purchaser to make or obtain any Consent as a result or under any terms, conditions or provisions of any Contract or Permit by which it or its assets are bound.

Section 6.04 No Conflicts. The execution and delivery by Purchaser of this Agreement does not, and the performance of its obligations hereunder will not, (a) violate any provision of the organizational documents of Purchaser, (b) result in a violation or breach of any provision of, or constitute (with or without due notice or lapse of time or both) a default under, or give rise to any right of termination, cancellation, payment, acceleration or revocation under, any Contract, undertaking, commitment or obligation to which Purchaser is a party or by which it or any of its assets may be bound, (c) result in the creation or imposition of any Lien (other than Permitted Liens) upon any asset of Purchaser or (d) assuming all Consents contemplated in Section 6.08 have been made or obtained, violate or conflict with any applicable Law, except, in the case of clauses (b), (c) and (d), for violations, breaches, defaults, terminations, cancellations, payments, accelerations, revocations, creations, impositions or conflicts which, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 6.05 Legal Proceedings. There is no (a) Action pending or, to the Knowledge of Purchaser, threatened against Purchaser or that affects Purchaser or any of its assets, the outcome of which would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect or

(b) Order (other than any Order of general applicability) outstanding against Purchaser, which would, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect.

Section 6.06 Purchase for Investment. Purchaser (a) is acquiring the Acquired Interests for its own account and not with a view to distribution in violation of any securities law, (b) is an “accredited investor” as such term is defined in Rule 501(a) under the Securities Act, (c) has sufficient knowledge and experience in financial and business matters so as to be able to evaluate the merits and risk of an investment in the Acquired Interests and is able financially to bear the risks thereof, and (d) understands that the Acquired Interests will, upon purchase, be characterized as “restricted securities” under state and federal securities laws and that under such laws and applicable regulations the Acquired Interests may be resold without registration under such laws only in certain limited circumstances. Purchaser acknowledges that the future sale, conveyance, transfer or disposal of the Acquired Interests may be restricted under applicable federal and state securities laws, unless such transaction is made pursuant to an effective registration statement under such securities laws or an exemption from the registration requirements of such securities laws is available.

Section 6.07 Brokers. Except for Bank of America and Credit Suisse, no investment banker, broker, finder or agent is entitled to any brokerage, financial advisory, finder’s or similar fee or commission payable in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser for which Seller could have any Liability.

Section 6.08 Governmental Approvals. No Governmental Approval by or on behalf of Purchaser is required for or in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, except for (a) clearance or earlier termination of the waiting period under the HSR Act, (b) requirements of any applicable provisions of the Securities Act or any other applicable securities Laws, (c) Consents required pursuant to the FPA as described in Section 9.09, (d) Consents that have already been obtained, (e) Consents not required to be made or given until after the Closing, or (f) requirements applicable solely as a result of the specific legal or regulatory status of Seller or any of its Affiliates or solely as a result of any other facts that specifically relate to the business or activities in which Seller or any of its Affiliates are or propose to be engaged, other than the Business of the Company and the Business of NYLD.

Section 6.09 Compliance with Laws. Purchaser is not in material violation of any Law except where any such material violation would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect.

Section 6.10 Certain Legal Matters.

(a) Purchaser is not a holding company under PUHCA, except with respect to one or more “public-utility companies” within the United States each of which is an “exempt wholesale generator” or a “foreign utility company” each as defined under PUHCA or owns QFs, and, as such, is exempt from regulation under PUHCA as set forth in 18 C.F.R. § 366.3(a).

(b) As of the Effective Date, Purchaser does not own (directly or indirectly, beneficially or of record) any equity securities of Seller or NYLD and Purchaser does not hold any rights to acquire or vote any equity securities of Seller or NYLD except pursuant to this Agreement. There are no Contracts between Purchaser, on the one hand, and any member of Seller’s or NYLD’s management or directors, on the other hand, as of the Effective Date that relate in any way to Seller, NYLD, or the transactions contemplated by this Agreement.

Section 6.11 Due Diligence.

(a) Seller and the Company Entities have provided Purchaser with such access to the facilities, books, records and personnel of the Company Entities as Purchaser has deemed necessary and appropriate in order for Purchaser to investigate to its satisfaction the Business of the Company and assets of the Company Entities sufficiently to make an informed investment decision to purchase the Acquired Interests and to enter into this Agreement. Purchaser (either alone or together with its Representatives) has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its purchase of the Acquired Interests and is capable of bearing the economic risks of such purchase. Purchaser's acceptance of the Acquired Interests on the Closing Date shall be based upon its own investigation, examination and determination with respect thereto as to all matters and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in this Agreement. As of the Effective Date, Purchaser does not know of the existence or non-existence or occurrence or non-occurrence of any event, condition or circumstance the occurrence or non-occurrence of which does or would cause any representation or warranty of Seller contained in this Agreement to be untrue or inaccurate in any material respect.

(b) Purchaser has relied solely on itself and its own Representatives for its evaluation of its investment decision to purchase the Acquired Interests and to enter into this Agreement and not on the advice of Seller or its Representatives. Purchaser acknowledges that any financial projections that may have been provided to it are based on assumptions of future operating results based on assumptions about certain events (many of which are beyond the control of Seller). It understands that no assurances or representations can be given that the actual results of the operations of any Company Entity will conform to the projected results for any period. Except with respect to any representation or warranty expressly set forth in this Agreement, Purchaser specifically acknowledges that no representation or warranty has been made, and that Purchaser has not relied on any representation or warranty, as to the accuracy of any projections, estimates or budgets, future revenues, future results from operations, future cash flows, the future condition of any Project or any assets of any Company Entity, the future financial condition of such Company Entity, or any other information or documents made available to Purchaser, its Affiliates or its or their respective Representatives.

Section 6.12 Financial Capacity. Purchaser has delivered to Seller true and complete fully-executed copies of the equity commitment letter, dated as of the Effective Date (the "Equity Commitment Letter"), delivered by Global Infrastructure Partners III-A/B, L.P. to Purchaser and, including all exhibits, schedules, annexes and amendments to thereto in effect as of the Effective Date, pursuant to which and subject to the terms and conditions thereof each of the parties thereto (other than Purchaser), has agreed to provide the equity financing set forth therein (the "Equity Financing"). The Equity Commitment Letter has not been amended, restated or otherwise modified or waived prior to the Effective Date and the commitments contained in the Equity Commitment Letter have not been withdrawn, modified or rescinded in any respect prior to the Effective Date. As of the Effective Date, the Equity Commitment Letter is in full force and effect and constitutes the legal, valid and binding obligation of each of Purchaser and, to the Knowledge of Purchaser, the other parties thereto. There are no conditions precedent to the funding of the full amount of the Equity Financing, other than as expressly set forth in the Equity Commitment Letter. There are no other agreements, side letters or arrangements that would permit the parties to the Equity Commitment Letter to reduce the amount of the Equity Financing or that would otherwise materially affect the availability of the Equity Financing. The Equity Commitment Letter provides Purchaser with binding financial commitments that, when funded at Closing (assuming the satisfaction of the conditions set forth in Article 9), will provide Purchaser with funds sufficient to pay an amount equal to the Final Purchase Price (as adjusted) and the fees and expenses of Purchaser required to be paid at the Closing and to consummate the transactions contemplated by this Agreement. As of the Effective Date, no event has occurred that would constitute a breach or default (or an event that with notice or lapse of time or both would constitute a default), in each case, on the part of Purchaser under the Equity Commitment Letter or, to the Knowledge of Purchaser, any other party to the Equity Commitment Letter.

Section 6.13 Limitation of Representations and Warranties. Except for the representations and warranties set forth in this Article 6, Purchaser is not making any other representations or warranties, written or oral, statutory, express or implied, concerning Purchaser or the transactions contemplated hereby, all of which are hereby expressly excluded and disclaimed.

ARTICLE 7 COVENANTS OF SELLER

Section 7.01 Regulatory and Other Permits.

(a) Seller shall, and shall cause its Affiliates including, as applicable, any Company Entity, cooperate with Purchaser to prepare, as soon as is practical following the Effective Date, all necessary filings in connection with the transactions contemplated by this Agreement that may be required under the HSR Act or any other federal, state or local laws prior to the Closing Date (except pursuant to Section 203 of the FPA, which is subject to Section 7.01(b) below) and shall use commercially reasonable efforts to obtain as promptly as practicable all Permits and all Consents to and by all Governmental Authorities and other Persons necessary to consummate the transactions contemplated hereby, including the Seller Approvals and Seller Consents. Seller shall, and shall cause its Affiliates including, as applicable, any Company Entity to, submit the required filings as soon as practicable, but, with respect to filings under the HSR Act, in no event later than ten (10) Business Days after the Effective Date. Seller shall, and shall cause its Affiliates to, request expedited treatment of any such filings, promptly make any appropriate or necessary subsequent or supplemental filings, and cooperate with Purchaser in the preparation of such filings in such manner as is reasonably necessary and appropriate. Seller shall consult with Purchaser and shall agree in good faith with Purchaser upon the timing of such filings.

(b) Seller shall take all commercially reasonable steps to obtain Consent from FERC pursuant to Section 203 of the FPA in order to consummate the transactions contemplated hereby. Seller and its Affiliates shall reasonably seek Purchaser's cooperation as necessary in such efforts, including in respect of any required execution of, or consenting to, FPA Section 203-related applications or submissions with FERC, including any inquiries from staff, which applications or submissions shall be made as soon as practicable, but in no event later than ten (10) Business Days after the Effective Date.

(c) Subject to applicable confidentiality restrictions or restrictions required by law, Seller will notify Purchaser promptly upon the receipt by Seller or its Affiliates of (i) any comments or questions from any officials of any Governmental Authority in connection with any filings made pursuant to this Section 7.01 or Section 8.01 or the transactions contemplated by this Agreement and (ii) any request by any officials of any Governmental Authority for amendments or supplements to any filings made pursuant to any laws of any Governmental Authority or answers to any questions, or the production of any documents, relating to an investigation of the transactions contemplated by this Agreement by any Governmental Authority. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to this Section 7.01 or Section 8.01, Seller shall promptly inform Purchaser of such occurrence and cooperate in filing promptly with the applicable Governmental Authority such amendment or supplement. Without limiting the generality of the foregoing, Seller shall provide Purchaser (or its advisors), upon request, copies of all correspondence between Seller and any Governmental Authority relating to the transactions contemplated by this Agreement. Seller may, as reasonably advisable and necessary, designate any competitively sensitive materials provided to Purchaser under this Section 7.01 as "outside counsel only". Such materials and the information contained therein shall be given only to outside counsel of the recipient and shall not be disclosed by such outside counsel to employees, officers, or directors of the recipient without the advance written consent of Seller. In addition, to the extent reasonably practicable, all discussions, telephone calls, and meetings with a Governmental Authority regarding the transactions contemplated by this Agreement shall include representatives of both Seller and Purchaser. Subject to applicable Law, Seller shall

consult and cooperate with Purchaser in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, and proposals made or submitted to any Governmental Authority regarding the transactions contemplated by this Agreement by or on behalf of Seller or Purchaser.

Section 7.02 Access to Information; Confidentiality; Financial Statements and Reports.

(a) Prior to the Closing Date, or, if earlier, the date this Agreement is terminated pursuant to Section 14.01, Purchaser may make or cause to be made such review of the Business of the Company and the Business of NYLD and of its respective financial and legal condition as Purchaser deems reasonably necessary or advisable. Seller shall, and shall cause the Company Entities to, permit Purchaser and its authorized agents or representatives, including its independent accountants, to have reasonable access to the properties, books and records of the Company Entities during normal business hours to review information and documentation relative to the properties, books, contracts, commitments and other records of the Company Entities; provided, that such investigation shall only be upon reasonable notice and shall not unreasonably disrupt personnel and operations of the Business of the Company and the Business of NYLD and shall be at Purchaser's sole cost and expense; provided, further, that none of Purchaser, its Affiliates or their respective representatives, shall conduct any on-site environmental site assessment, compliance evaluation or investigation with respect to any Project or Company Entity without the prior written consent of Seller, which shall not be unreasonably delayed, withheld or conditioned, (it being understood and agreed that Seller shall take all reasonable steps to provide such access and cause any and all Company Entities to provide such access, but that Seller may have no such authority, whether contractual or otherwise, to consent to such undertakings with respect to any Project) and without ongoing reasonable consultation with Seller with respect to any such activity (it being understood and agreed that in no event shall any subsurface investigation or testing of any environmental media be conducted but that access shall be provided for Phase I and similar non-invasive environmental assessments); provided, further, that, for the avoidance of doubt, none of Purchaser, its Affiliates or their respective representatives shall have any right to access or review any Tax Return of Seller or any of its Affiliates (including any consolidated, combined or unitary Tax Return including any such entity), except for separate Tax Returns of the Company Entities and NYLD Entities. All requests for access to the offices, properties, books and records of the Company Entities shall be made to such representatives of Seller as Seller shall designate, who shall be solely responsible for coordinating all such requests and all access permitted hereunder. It is further agreed that none of Purchaser, its Affiliates or their respective representatives shall, prior to the Closing Date, contact any of the employees, customers, suppliers, parties that have business relationships with the Company Entities in connection with the transactions contemplated hereby, whether in person or by telephone, mail or other means of communication, without the specific prior authorization of Seller or its representatives (not to be unreasonably withheld, conditioned or delayed). Any access to the offices, properties, books and records of the Company Entities shall be subject to the following additional limitations: (i) Purchaser, its Affiliates, and their respective representatives, as applicable, shall give Seller notice of at least two (2) Business Days prior to conducting any inspections or communicating with any third party relating to any property of the Company Entities, and a representative of Seller shall have the right to be present when Purchaser, its Affiliates or their respective representatives conducts its or their investigations on such property; (ii) none of Purchaser, its Affiliates or their respective representatives shall damage the property of the Company Entities or any portion thereof; and (iii) Purchaser, its Affiliates, and their respective representatives, as applicable shall (A) use commercially reasonable efforts to perform all on-site reviews and all communications with any Person in an expeditious and efficient manner, and (B) indemnify, defend and hold harmless Seller, the members of the Company Entities, their respective Affiliates, and each of their respective employees, directors and officers from and against all damages resulting from or relating to the activities of Purchaser, its Affiliates and their respective representatives under this paragraph. The foregoing indemnification obligation shall survive the Closing or termination of this Agreement. Notwithstanding anything herein to the contrary, prior to the Closing Date, Seller shall not be required to provide any access or information to Purchaser, its Affiliates or any of their respective

representatives which Seller reasonably believes it or the Company Entities are prohibited from providing to Purchaser, its Affiliates or their respective representatives by reason of attorney-client privilege.

(b) Purchaser, its Affiliates and their respective representatives shall hold in confidence all confidential information obtained from Seller, the Company Entities, the NYLD Entities or their respective Affiliates, officers, agents, representatives or employees, whether or not relating to the Business of the Company and the Business of NYLD, in accordance with the provisions of the Confidentiality Agreement which, notwithstanding anything contained therein, shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement in accordance with its terms; provided, however, that Sections 5, 6 and 12 of the Confidentiality Agreement will be inapplicable with respect to any of the transactions contemplated by this Agreement. After the Closing Date, Seller, its Affiliates and their respective representatives shall hold in confidence all information relating to the Business of the Company and the Business of NYLD, in accordance with the provisions of the Confidentiality Agreement to the same extent that would be required if Seller were a “Receiving Party” pursuant to the Confidentiality Agreement. Notwithstanding anything contained in this Agreement or the Confidentiality Agreement, the obligations of Seller set forth in the immediately preceding sentence shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement.

(c) Subject to Section 7.02(b), prior to the Closing Date, Purchaser shall be entitled to receive and Seller shall be required to deliver, that information set forth on Schedule 7.02(c) in a form to be agreed upon by the Parties.

Section 7.03 Exhibits and Schedules; Notification of Certain Matters.

(a) All exhibits and schedules and the Disclosure Schedules attached hereto are hereby incorporated herein by reference and made a part hereof.

(b) Neither the specification of any dollar amount in any representation nor the mere inclusion of any item in a schedule or in the Disclosure Schedules as an exception to a representation or warranty shall be deemed an admission by a Party that such item represents a material fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect.

(c) Seller shall have the right (but not the obligation) to deliver to Purchaser, at least five (5) Business Days prior to the Closing Date, a supplement to the Seller Disclosure Schedules (the “Closing Date Schedule Supplement”) to disclose any matter arising or discovered after the date hereof, that, if existing at, or arising or discovered prior to the date hereof, would have been required to be set forth in the Seller Disclosure Schedules for the representations and warranties of Seller set forth herein to be true and correct as of the date hereof. For all purposes hereunder, including for purposes of Section 13.01 and for purposes of determining whether the conditions to closing set forth in Section 9.01 have been satisfied, the Seller Disclosure Schedules shall be deemed to include only that information contained in the Seller Disclosure Schedules on the Effective Date and shall be deemed to exclude any Closing Date Schedule Supplement; provided, that if Seller notifies Purchaser in writing that any item set forth in the Closing Date Schedule Supplement gives Purchaser the right to terminate this Agreement on account of a failure of the conditions to Closing set forth in Section 9.01 to be satisfied on account of the item in the Closing Date Schedule Supplement, but Purchaser does not terminate this Agreement within twenty (20) Business Days of its receipt of such notice, then Purchaser shall be deemed to have waived its right to terminate this Agreement with respect to such item and its right to not consummate the transactions contemplated hereby with respect to such item, in each case, after giving effect to such item under any of the conditions set forth in Section 9.01, but shall not be deemed to have waived its right to indemnification under Section 13.01 with respect to such item. Notwithstanding anything in this Section 7.03 to the contrary, any information contained in the Closing Date Schedule Supplement that is required exclusively to accommodate Purchaser’s requirement that the Company be reorganized as a Delaware limited partnership prior to the Closing shall be deemed to have been

included in the Seller Disclosure Schedules on the Effective Date for all purposes hereunder, including for purposes of Section 13.01 and for purposes of determining whether the conditions to closing set forth in Section 9.01 have been satisfied.

Section 7.04 Conduct of Business.

(a) Seller covenants and agrees that, except (i) as otherwise expressly contemplated by this Agreement (including as described on Schedule 7.04(b)) and the other matters contemplated by the other Schedules and Exhibits hereto including Exhibit F (Zephyr 2018 Business Plan), (ii) for the effect of the announcement and consummation of the transactions contemplated hereby, or (iii) as otherwise approved in writing by Purchaser (which approval shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Seller shall cause the Company Entities to be operated in the ordinary course of business and Good Industry Practice, and shall use commercially reasonable efforts to preserve, maintain and protect the assets of the Company Entities and the NYLD Entities and the Business of the Company and the Business of NYLD and maintain existing or satisfactory relations with Governmental Authorities and customers, suppliers, service providers, creditors, tax equity partners and lessors having significant business dealings with them, and keep available the services of the Company Entities' key employees; provided, that such efforts shall not include any requirement or obligation to make any payment or assume any Liability not otherwise required to be paid or assumed by the terms of an existing Contract or offer or grant any financial accommodation or other benefit not otherwise required to be made by the terms of an existing Contract; provided, further, that the Company Entities shall be permitted to make Permitted Intercompany Transfers.

(b) Without limiting Section 7.04(a), except as (A) set forth on Schedule 7.04(b), (B) otherwise contemplated by this Agreement and the Schedules and Exhibits hereto including Exhibit F (Zephyr 2018 Business Plan), (C) required by applicable Law, or (D) with the express written approval of Purchaser (which approval shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Seller shall not (with respect to the Business of the Company or any Company Entity) and shall cause the Company Entities not to:

(i) adopt any change in its certificate of incorporation or by-laws or other applicable governing instruments, other than ministerial or administrative changes that are not adverse to the interests of Purchaser;

(ii) (A) merge or consolidate any of the Company Entities with any other Person, or restructure, reorganize or completely or partially liquidate any of the Company Entities or, except for any such transactions among wholly-owned Affiliates of the Company, or (B) commence or file any petition seeking (x) liquidation, reorganization or other relief under any U.S. federal, U.S. state or other bankruptcy, insolvency, receivership or similar Law or (y) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official;

(iii) except as set forth in the Zephyr 2018 Business Plan, make any acquisition (whether by merger, consolidation, acquisition of stock or assets or otherwise) of any interest in any Person or any business, line of business or division thereof (which for the avoidance of doubt shall not include acquisitions of assets that are covered by clause (iv) below);

(iv) except as set forth in the Zephyr 2018 Business Plan, make any acquisition of assets, operations or projects, other than (A) acquisitions of supplies in the ordinary course of business or (B) acquisitions pursuant to Contracts in effect as of the Effective Date (copies of which have been made available to Purchaser);

(v) except as required by Section 7.13 or as set forth in the Zephyr 2018 Business Plan, issue, sell, pledge, grant, transfer or encumber or otherwise dispose of or redeem, repurchase or otherwise

acquire any shares of capital stock or other equity interests of the Company Entities, NYLD or NYLD LLC or profits interests, stock appreciation rights, phantom stock or securities convertible into or exchangeable for, or subscriptions, options, warrants, calls, agreements, arrangements, undertakings, commitments or other rights of any kind to acquire, any shares of capital stock of the Company Entities, NYLD or NYLD LLC (other than the issuance of shares or interests by a wholly-owned Affiliates to the Company or another wholly-owned Affiliate of the Company);

(vi) except as set forth in the Zephyr 2018 Business Plan, make any loans, advances or capital contributions to or investments in any Person (other than among the Company and any wholly-owned Affiliate of the Company or among the wholly-owned Affiliates of the Company);

(vii) except as set forth in the Zephyr 2018 Business Plan, declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock or other equity securities (except for dividends paid by any direct or indirect

Controlled Affiliates to the Company (or any other direct or indirect Controlled Affiliate of the Company) and the other equity holders of such Controlled Affiliate, in each case on a pro rata basis in accordance with such Controlled Affiliate's certificate of incorporation or by-laws or other applicable governing instruments and in the ordinary course, or paid to tax equity investors in accordance with capital contribution or investment agreements or organizational documents (in each case, copies of which have been made available to Purchaser)) or enter into any agreement with respect to the voting of its capital stock or other equity securities;

(viii) except for (A) transactions among the Company and wholly-owned Affiliates of the Company or among the wholly-owned Affiliates of the Company or (B) pursuant to Contracts in effect as of the Effective Date (copies of which have been made available to Purchaser), reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire any of its capital stock (or other equity securities) or securities convertible or exchangeable into or exercisable for any shares of its capital stock (or other equity securities);

(ix) except as set forth in the Zephyr 2018 Business Plan, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantee such indebtedness of another Person (other than a wholly-owned Affiliates of the Company), or issue or sell any debt securities or warrants or other rights to acquire any debt security of the Company Entities;

(x) except as set forth in the Zephyr 2018 Business Plan, except for (A) any single or series of related expenditures not to exceed \$***** in the aggregate for all capital expenditures and (B) expenditures related to operational emergencies, equipment failures or outages, make or authorize any capital expenditures;

(xi) make any material changes with respect to financial accounting policies or procedures, except as required by GAAP;

(xii) settle any litigation claim or other pending or threatened proceeding by or before a Governmental Authority involving the Company Entities or the NYLD Entities if such settlement (A) with respect to the payment of monetary damages, involves the payment of monetary damages that exceed \$***** individually or \$***** in the aggregate during any calendar year, net of any amount covered by insurance or third-party indemnification, or (B) with respect to any non-monetary terms or conditions therein, imposes or requires actions that would or would be reasonably likely to have a material effect on the continuing operations of any of the Company Entities or the NYLD Entities (or Purchaser or any of its Controlled Affiliates after the Closing);

(xiii) make, change or revoke any election relating to Taxes, file any material amended Tax Return, surrender any right to claim a refund of a material amount of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, enter into any closing agreement or similar agreement relating to Taxes with any Governmental Authority, settle or compromise any claim or assessment by any Governmental Authority relating to Taxes;

(xiv) transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any material amount of assets, licenses, operations, rights, product lines or businesses of the Company Entities, including capital stock (or other equity interests) of any of the Company Entities or NYLD Entities, other than (A) energy, electricity, capacity renewable energy credits and other environmental attributes, (B) sales of obsolete assets that are not material and are no longer used in the operation of the Business of the Company or the Business of NYLD or (C) pursuant to Contracts in effect as of the Effective Date (copies of which have been made available to Purchaser);

(xv) voluntarily recognize any labor union as the representative of any of Business Employees, or enter into any new or amended collective bargaining agreement with any labor organization applicable to Business Employees, except as required by applicable Law;

(xvi) except as set forth in the Zephyr 2018 Business Plan, (A) other than normal vendor renewals, extensions or replacements or otherwise in the ordinary course of business, modify or amend in any material respect or terminate or cancel or waive, release or assign any material rights or claims with respect to, any Material Company Contract or (B) enter into any Contract that, if entered into prior to the Effective Date, would qualify as a Material Company Contract under the definition thereof;

(xvii) enter into any new line of business other than any line of business that is reasonably ancillary to and a reasonably foreseeable extension of any line of business as of the Effective Date;

(xviii) except as may be required by applicable Law or pursuant to the terms of any Company Employee Plan in effect on the Effective Date, (A) establish, adopt, terminate or materially amend any material Company Employee Plan; (B) grant to any Business Employee or service provider any material increase in base salary, wages, bonuses, incentive compensation or severance, retention or other employee benefits; (C) grant any equity-based awards; (D) accelerate the time of payment for, or vesting of, any compensation or benefits; or (E) materially change any actuarial or other assumption used to calculate funding obligations or liabilities under any Company Employee Plan;

(xix) except as set forth in the Zephyr 2018 Business Plan, (A) hire any Business Employee or other service provider; provided, however, that the Company Entities shall be permitted to hire Business Employees or engage other service providers to fill existing positions that are or become vacant or positions that are newly created in the ordinary course of business to the extent that the annual compensation opportunity provided to any such Business Employee or other service provider does not exceed \$1,000,000 in the aggregate for all such hires and engagements and, in the case of service providers other than Business Employees, the duration of engagement does not exceed six (6) months, and the compensation and benefits provided to any such Business Employee or other service provider are consistent with terms previously provided by the Company Entities in the ordinary course of business; or (B) terminate any Business Employee or other service provider whose annual compensation opportunity exceeds \$400,000 other than for cause; provided further that the restrictions set forth in subsection (A) above shall not apply to any Business Employee who is a RENOM plant employee and whose hiring is contemplated by the Zephyr 2018 Business Plan; or

(xx) agree, authorize or commit to do any of the foregoing.

Notwithstanding the foregoing, Seller may permit the Company Entities to take commercially reasonable actions with respect to emergency situations so long as (a) the Company Entities shall use Good Industry Practice in mitigation of any such emergency situation and (b) Seller shall promptly (but in any event within twenty-four (24) hours) inform Purchaser of any such actions taken with respect to an emergency situation.

(c) To the extent agreed by Purchaser and Seller, any contribution of additional funds by Seller or any of its Affiliates (other than the Company Entities or NYLD Entities) in respect of any Renew Development Project in excess of those set forth in the Zephyr 2018 Business Plan, may be added to the Base Purchase Price.

(d) Seller covenants and agrees that from the Effective Date until the Closing Date,

Seller will vote or cause the Company to vote, in person or by proxy at any meeting of NYLD stockholders, all of the NYLD Shares against any action, agreement or transaction that is intended to, or would reasonably be expected to, impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the transactions contemplated hereby, including the sale of the Acquired Interests or the performance by Seller, the Company Entities or the NYLD Entities of their obligations hereunder, including any action, agreement or transaction that would reasonably be expected to result in any condition set forth Article 9 or Article 10 not being satisfied, or that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Seller, the Company Entities or the NYLD Entities contained herein or in the Consent and Indemnity Agreement.

(e) Seller or its Affiliates (other than any Company Entity or any NYLD Entity) will be providing all payroll, all back office and certain other services to the Company Entities prior to the Closing Date, and Seller agrees that such services will be provided in order to permit the Company Entities to conduct business consistently with the Zephyr 2018 Business Plan without any markup and otherwise on a basis consistent with historical practice.

Section 7.05 Insurance. From and after the Closing Date, Seller shall, and shall cause its Affiliates to, (a) cooperate with the Company to recover under any “occurrence” based insurance policies maintained by Seller or its Affiliates with third party insurers providing for coverage for losses suffered or caused (or allegedly caused) by any of the Company Entities or the NYLD Entities from events or damages occurring prior to the Closing, (b) use commercially reasonable efforts to provide the Company access to such coverage for any such losses to the extent such coverage is available, and (c) take all actions reasonably requested by the Company to obtain such recovery; provided, that the foregoing shall be subject to the terms and conditions of such insurance policies, including any limits on coverage or scope, any deductibles and other fees and expenses. Purchaser acknowledges and agrees that, upon the Closing, the Company Entities and the NYLD Entities shall cease to be insured for events or damages occurring at or after the Closing by Seller’s or its Affiliates’ (other than the Company Entities’ and the NYLD Entities’) insurance policies or by any of Seller’s or its Affiliates’ (other than the Company Entities’ and the NYLD Entities’) self-insured programs. For the avoidance of doubt, following the Closing, Seller and its Affiliates shall retain all rights to control their insurance policies and programs, including the right to exhaust, settle, release, commute, buy back or otherwise resolve disputes with respect to any of its insurance policies and programs, notwithstanding whether any such policies or programs apply to any liabilities of any of the Company Entities or NYLD Entities; provided, however, that Seller shall not, and shall cause its Affiliates not to, take any such action not in good faith or that disproportionately affects the coverage otherwise available to the Company Entities or NYLD Entities under such insurance policies and programs. Following the Closing, Seller shall not be responsible for obtaining or providing insurance coverage for the Company Entities and the NYLD Entities for any event or occurrence after the Closing.

Section 7.06 Risk of Loss. Except as otherwise provided in this Section 7.06, during the Interim Period, all risk of loss or damage to the property or assets of the ProjectCos including the Projects, shall, as

between Purchaser and Seller, be borne by Seller. If during the Interim Period, the property or assets of the ProjectCos, including the Projects, are damaged by fire or other casualty (each such event, an “Event of Loss”), or are taken by a Governmental Authority by exercise of the power of eminent domain or condemnation (each, a “Taking”), then the following provisions of this Section 7.06 shall apply:

(a) Following the occurrence of (i) any one or more Events of Loss, if the aggregate costs to restore, repair or replace the property or assets of the ProjectCos subject to such Event of Loss to a condition reasonably comparable to its or their condition prior to such Event of Loss, plus the amount of any lost profits reasonably expected to accrue after Closing as a result of such Event of Loss (such amount pursuant to this clause (i) to be determined by an independent third party appraiser mutually selected by the Parties (collectively, “Restoration Costs”) or (ii) any one or more Takings, if the value of the property subject to such Taking plus the amount of any lost profits reasonably expected to accrue after Closing as a result of such Taking, less any condemnation award received by Purchaser (provided, that any such condemnation award is made available to Purchaser) (such amount pursuant to this clause (ii) to be determined by an independent third party appraiser mutually selected by the Parties (collectively, the “Condemnation Value”), is, in the aggregate, less than or equal to five million dollars (\$5,000,000) in the case of each of clauses (i) and (ii), net of and after giving effect to (A) any insurance or condemnation award proceeds reasonably expected to be available to the applicable ProjectCos of Seller for such event (net of any out-of-pocket costs or expenses reasonably expected to collect such proceeds) and (B) any reasonable out-of-pocket costs and expenses expended by the applicable Project Company or Seller prior to Closing to restore damage caused by such casualty event, there shall be no effect on the transactions contemplated hereby.

(b) Upon the occurrence of any one or more Events of Loss or Takings involving aggregate Restoration Costs or Condemnation Value in excess of five million dollars (\$5,000,000) (a “Major Loss”), Seller shall have, in the case of a Major Loss relating solely to one or more Events of Loss, the option, exercised by written notice to Purchaser, to restore, repair or replace the damaged assets or properties prior to Closing to a condition comparable in all material respects to their condition prior to such Event of Loss or Taking, as the case may be. If Seller so elects to restore, repair or replace the assets or properties relating to a Major Loss, which election shall be made by notice to Purchaser prior to the Closing Date and as soon as practicable following the occurrence of the Major Loss (but in all events within ten (10) Business Days after the occurrence of such Major Loss), Seller will complete or cause to be completed the repair, replacement or restoration of the damaged assets or property prior to the Closing and the Closing Date shall be postponed for the amount of time reasonably necessary to complete the restoration, repair or replacement of such property or assets as reasonably agreed between Purchaser and Seller (including, if necessary, the extension of the date contemplated by Section 14.01(b) (but for no more than thirty (30) days) to allow for the restoration, repair or replacement of such assets or properties). If Seller elects not to cause the restoration, repair or replacement of the property or assets affected by a Major Loss (or fails to make its election within the foregoing time period), or such Major Loss is the result in whole or in part of one or more Takings or is otherwise not reasonably capable of being restored, repaired or replaced prior to the date contemplated by Section 14.01(b) (subject to the foregoing extension, if applicable), the provisions of Section 7.06(c) will apply.

(c) In the event that Seller elects not to cause the restoration, repair or replacement of a Major Loss, or in the event that Seller, having elected to cause repair, replacement or restoration of the Major Loss, fails to cause its completion within the period of time agreed upon by the Parties pursuant to Section 7.06(b) (subject to extension for up to ninety (90) days for causes beyond Seller’s control), or in the event that a Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, then the Parties shall adjust the Base Purchase Price downward by the aggregate Restoration Cost and Condemnation Value, and proceed to Closing in accordance with this Agreement. To assist Purchaser and any independent third party appraiser in its evaluation of any and all Events of Loss, Seller shall provide Purchaser and such independent third party appraiser such access to the properties and assets and such information as Purchaser and such independent third party appraiser may reasonably request

in connection therewith. All fees and expenses of the independent third party appraiser shall be split equally by Seller and Purchaser, and Seller and Purchaser agree to promptly execute a reasonable engagement letter if requested to do so by such appraiser. The Parties shall endeavor to agree on such appraiser and require the delivery of its estimates as soon as reasonably practicable after any Event of Loss.

(d) If the Base Purchase Price is reduced by any amounts with respect to any reasonably expected insurance or condemnation award proceeds, then Seller shall (and shall cause its Affiliates to) use their reasonable best efforts to assist Purchaser and its Affiliates in the recovery of such proceeds, including the assignment of any claims and prompt remittance of any payments received by Seller or its Affiliates (whether before or after Closing).

Section 7.07 Lock Box Account. From and after the Effective Date, until and through the Closing Date, Seller has caused and will cause each Company Entity owned directly by the Company and each of NYLD and NYLD LLC, to deposit any distributions of cash or cash equivalents earned in respect of the Equity Interests of such Company Entity, NYLD or NYLD LLC owned directly by the Company into a separate bank account held by the Company (the "Lock Box Account"). In addition, from and after the Lock Box Date, until and through the Closing Date (or such earlier date that the NYLD Securities are contributed by Seller to the Company whereupon they will be subject to the first sentence of this Section 7.07), Seller has deposited and will deposit into the Lock Box Account any distributions of cash or cash equivalents earned in respect of the NYLD Securities. No payments, remittances or other disbursements may be made by the Company from the Lock Box Account except to the extent that such payments are contemplated or permitted by this Agreement to be made by the Company to NYLD, NYLD LLC or to any Subsidiary. Seller shall provide to Purchaser monthly statements reflecting all amounts transferred to and from the Lock Box Account. Purchaser shall be permitted to perform an accounting of all amounts transferred to and from Lock Box Account through the Closing Date, including with respect to all Permitted Intercompany Transfers, and otherwise that Seller have complied with their obligations under this Agreement with respect to the operation of the business by the Company Entities through the Closing Date in order to confirm that the correct amount is on deposit in the Lock Box Account on the Closing Date. In conjunction with such accounting (but no later than sixty (60) days after the Closing Date), Purchaser may deliver a notice to Seller of a shortfall in the amount on deposit in the Lock Box Account on the Closing Date as a result of such accounting (together with supporting documentation), and, if Seller does not object to such notice within twenty (20) Business Days of receipt, Seller shall pay the amount of such shortfall to Purchaser within such twenty (20) Business Day period. If Seller object to Purchaser's notice of shortfall within such twenty (20) Business Day period, then the Parties shall resolve such dispute utilizing the procedures (including the use of a Neutral Auditor) and time periods specified in Section 2.04. Any payment by Seller to Purchaser pursuant to this section shall constitute a reduction in the Final Purchase Price.

Section 7.08 Fulfillment of Conditions, Obligations. Seller (a) shall take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith to satisfy each condition to the obligations of Purchaser contained in this Agreement and each condition to the obligations of NYLD in the Consent and Indemnity Agreement and (b) shall not, and shall not permit the Company, any Subsidiary or any of its other Affiliates (subject to its right to Control such Affiliate) to, take or fail to take any action that would reasonably be expected to result in the non-fulfillment of any such condition. Seller shall not request NYLD to take nor consent to NYLD taking any action that would result in a breach of, or NYLD's failure to comply with, the Consent and Indemnity Agreement, and Seller will use commercially reasonable efforts to cause NYLD to comply with the Consent and Indemnity Agreement.

Section 7.09 Further Assurances

. During the Interim Period, Seller shall use its commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken,

all such further or other actions as may be necessary to consummate the transactions contemplated by this Agreement, including such actions at its expense as are necessary in connection with obtaining any required Consents and all Governmental Approvals. During the Interim Period, Seller shall cooperate with Purchaser and provide any information regarding Seller reasonably necessary and reasonably requested by Purchaser to assist Purchaser in

making any filings or applications required to be made with any Governmental Authority. All fees and expenses incurred by Seller in connection with the foregoing Section 7.09 shall be borne exclusively by Seller. Notwithstanding anything to the contrary contained in this Section 7.09, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of any documents or information in accordance herewith shall be solely subject to applicable rules relating to discovery and the remainder of this Section 7.09 shall not apply. In the event that the aggregate cost to Seller with respect to obtaining required consents hereunder equals an amount in excess of ***** dollars (\$*****), then Seller shall have the right to terminate this Agreement by written notice to Purchaser delivered within thirty (30) days after the determination of the aggregate cost with respect to such required Consents.

Section 7.10 Post-Closing Access; Preservation of Records. From and after the Closing, Seller shall make or cause to be made available to Purchaser all books, records and documents of Seller relating to the Business of the Company or the Business of NYLD (and the assistance of employees responsible for such books, records and documents) during regular business hours for the same purposes, to the extent applicable, as set forth in Section 8.05; provided, however, that access to such books, records, documents and employees shall not interfere with the normal operations of Seller and the reasonable out-of-pocket expenses of Seller incurred in connection therewith shall be paid by Purchaser; provided, further, that none of Purchaser, its Affiliates or their representatives shall have any right to access or review any Tax Return of Seller or any of its Affiliates (including any consolidated, combined or unitary Tax Return including any such entity), other than any separate Tax Return of a Company Entity; provided, that, for the avoidance of doubt, that the foregoing limitation shall not limit Purchaser's right to receive information from Seller, including Tax Returns filed by Seller (but not any Tax Return of Seller or any of its Affiliates (other than Seller or any Company Entity)) to the extent that such information or Tax Return is necessary for Purchaser to contest a Tax claim relating to the Company Entities for which Purchaser is liable. Notwithstanding anything herein to the contrary, Seller shall not be required to provide any access or information to Purchaser, its Affiliates or any of their respective representatives which Seller reasonably believes it is prohibited from providing to Purchaser, its Affiliates or their respective representatives by reason of applicable Law, which constitutes or allows access to information protected by attorney-client privilege, or which Seller is required to keep confidential or prevent access to by reason of any Contract with a third party or which would otherwise expose Seller or any of its Affiliates to a material risk of Liability.

Section 7.11 Nonsolicitation of Employees. From the Effective Date until the *****

(***) anniversary of the Closing Date, Seller shall not, and shall cause its Affiliates not to, directly or indirectly, without the prior written consent of Purchaser, recruit, solicit, hire or retain any person who is, or at any time during the one-hundred eighty (180) days prior to any such recruitment, solicitation, hiring or retention, was, an employee of Purchaser, the Company Entities, the NYLD Entities or any of their controlled Affiliates, or induce, or attempt to induce, any person who is, or at any time during the one-hundred eighty (180) days prior to such inducement or attempt to induce, was, an employee of Purchaser, the Company Entities, the NYLD Entities or any of their controlled Affiliates to terminate his or her employment or service with, or otherwise cease his or her relationship with, Purchaser, the Company Entities, the NYLD Entities or any of their controlled Affiliates; provided, however, that the foregoing restrictions shall not prohibit general solicitations of employment not directed to employees of Purchaser, the Company Entities, the NYLD Entities or any of their controlled Affiliates.

Section 7.12 Termination of Affiliate Arrangements

. Except as contemplated by this Agreement or for the commercial arrangements set forth on Schedule 7.12, prior to the Closing Seller shall, and shall cause its Affiliates to, take such actions as may be necessary to terminate, sever, or assign to Seller or one of its Affiliates (other than the Company Entities or NYLD Entities) (in each case with appropriate mutual releases), effective upon or before the Closing all Contracts and services between

Company Entities and NYLD Entities, on the one hand, and Seller or one of its Affiliates (other than the Company Entities or NYLD Entities), on the other hand. From and after the Closing, none of Purchaser, the Company Entities or NYLD Entities shall have any further obligations or liabilities pursuant to such terminated Affiliate arrangements, if any, and all intercompany receivables and payables shall be cancelled or paid as of Closing.

Section 7.13 Transfer of NYLD Securities. Prior to the Closing, Seller shall convey, assign, transfer and deliver the NYLD Securities to the Company pursuant to an assignment agreement or other appropriate instrument of transfer in form and substance reasonably satisfactory to Purchaser.

Section 7.14 Conversion to Limited Partnership. If requested by Purchaser, prior to the Closing, Seller shall cause the Company to be converted from a Delaware limited liability company to a Delaware limited partnership pursuant to Section 18-216 of the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.) and Section 17-217 of the Delaware Revised Uniform Limited Partnership Act (6 Del. C. §17-101, et seq.). The conversion shall be effected pursuant to a plan of conversion in form and substance reasonably acceptable to Purchaser and shall be effective prior to the Closing.

Section 7.15 Retained Support Obligations.

(a) Seller acknowledges and agrees that with respect to the Retained Support Obligations, during the Interim Period and from and after Closing, Seller shall and shall cause any applicable Affiliates to keep each of such Retained Support Obligations in full force and effect in accordance with its terms and to otherwise provide replacement credit support obligations, if and when required, pursuant to the terms of the underlying Contracts or other obligations as of the Closing Date by and between the beneficiary of such Retained Support Obligation and one or more of the Company Entities or the NYLD Entities; provided, that (i) Seller or its applicable Affiliate shall not be required to increase the stated limit under any Retained Support Obligation as of the Closing Date, except as expressly provided for under the terms of such underlying Contract or obligation, as in effect on the Closing Date, (ii) Seller and its applicable Affiliates shall be entitled to decrease the stated limit under any Retained Support Obligation as of the Closing Date under the express terms of such underlying Contract or obligation, and (iii) Seller and its applicable Affiliates shall not be required to replenish or replace any Retained Support Obligation to the extent such Retained Support Obligation is drawn upon by the beneficiary thereof. Such replacement support obligations may include the requirement under such underlying Contracts or obligations to issue a replacement letter of credit prior to the expiration of an existing letter of credit that represents a Retained Support Obligation or to provide substitute support obligations in compliance with such Contracts or obligations to the extent that for any reason the Retained Support Obligation no longer satisfies the credit support requirements thereunder, such as due to a downgrade event with respect to the credit support provider.

(b) From and after the Closing, Seller and each applicable Affiliate shall remain responsible for its obligations under the Retained Support Obligations and any replacement support obligations pursuant to Section 7.15(a) without recourse (including rights of subrogation, contribution, reimbursement or otherwise) directly or indirectly to or from Purchaser or its Affiliates (including the Company Entities and the NYLD Entities).

(c) To the extent that Seller or any Affiliate of a Seller has any performance obligations under any Retained Support Obligations from and after the Closing, Seller shall (and shall cause such

applicable Affiliate to) at Purchaser's request and without creating any agency relationship or agency liability in respect thereof: (i) perform such obligations to the maximum extent practicable, or (ii) otherwise take such actions as may be reasonably requested from time to time.

(d) From and after the Closing, Purchaser shall have the right, subject to Purchaser giving Seller prior written notice and an opportunity to participate, to contact and have discussions with each beneficiary of a Retained Support Obligation for purposes of enforcing its rights (and Seller's obligations) under this Section 7.15.

(e) Seller shall and shall cause its Affiliates to comply with any obligations of Seller set forth in Section 8.04 with respect to any Continuing Support Obligations.

Section 7.16 Financing Cooperation. Seller shall, and shall cause its Affiliates, including, as applicable, any Company Entity, and its and their respective Representatives to, use its and their reasonable best efforts to provide to Purchaser such cooperation and assistance as is reasonably requested by Purchaser in connection with any debt financing of Purchaser, in each case at Purchaser's sole expense.

Section 7.17 Patriot Sale Transaction; Development.

(a) Seller shall be solely and completely responsible for any and all costs associated with the development of Patriot Wind including the total amount of capital expenditures and other Project Construction Costs in respect of Patriot Wind from the Lock Box Date until the closing of the Patriot Sale Transaction or the repurchase of Patriot Wind by Seller pursuant to Section 2.06(d). Notwithstanding anything to the contrary in this Agreement, the Company Entities shall not, and Seller shall not use funds in the Lock Box Account (or that would otherwise be appropriate for deposit into the Lock Box Account) to, pay any Project Construction Costs in respect of Patriot Wind. Seller shall not enter or permit a Renew Subsidiary to enter into the Patriot PSA without Purchaser's prior written consent (not to be unreasonably withheld, conditioned or delayed). Seller shall, pursuant to a Seller guaranty reasonably acceptable to Purchaser, provide credit support in respect of those payment and performance obligations of the applicable Renew Subsidiary set forth in the Patriot PSA which credit support shall be a Retained Support Obligation. In addition, Seller shall, subject to Section 8.12, indemnify and hold harmless Purchaser from any Losses incurred in respect of the development or ownership of Patriot Wind.

(b) During the Interim Period, Seller shall use commercially reasonable efforts to enter into a project administration agreement with Renew pursuant to which, if the Patriot Sale Transaction has not closed prior to the Closing, Seller shall have the right to manage Renew's ongoing development and construction of Patriot Wind consistent with its role as the financial sponsor of Patriot Wind. The execution and delivery of any such agreement shall be subject to Purchaser's prior written consent (not to be unreasonably withheld, delayed or conditioned) (it being understood and agreed, that Purchaser will be permitted to condition its consent upon (i) none of the Company Entities having any post-closing liability to the purchaser of Patriot Wind including in respect of purchase price adjustments and indemnities, and (ii) the Patriot Termination Date being no later than one hundred eighty (180) days after the Closing).

Section 7.18 Completion of Buckthorn Solar and Buckthorn Wind.

(a) Following the Lock Box Date, Seller shall proceed diligently and in good faith to achieve commercial operation for Buckthorn Solar and Buckthorn Wind (which shall be certified by the independent engineer for such projects) and shall be responsible for and shall promptly pay all remaining Project Construction Costs in respect of Buckthorn Solar or Buckthorn Wind, including, for the avoidance of doubt, all amounts payable under the Wind Turbine Supply Agreement, dated as of November 4, 2016, between Buckthorn Wind Project, LLC, as buyer, and Vestas-American Wind Technology, Inc., as supplier. Notwithstanding anything to the contrary in this Agreement, the Company Entities shall not, and Seller shall

not use funds in the Lock Box Account (or that would otherwise be appropriate for deposit into the Lock Box Account) to, pay any Project Construction Costs for Buckthorn Solar or Buckthorn Wind.

(b) The Parties agree that upon the payment of the JL Additional Contribution (as defined in the Buckthorn Wind Equity Contribution Agreement) in the amount of four million dollars (\$4,000,000) and the distribution of the JL Additional Contribution to Buckthorn Wind Pledgor LLC pursuant to Section 2.1.4 of the Buckthorn Wind Equity Contribution Agreement, Seller agrees to deposit, or to deposit an amount equal to, such JL Additional Contribution into the Lock Box Account. If the amount of the JL Additional Contribution is less than four million dollars (\$4,000,000), the Base Purchase Price shall be increased by the difference between \$4 million and the JL Additional Contribution and if the amount of the JL Additional Contribution is more than four million dollars (\$4,000,000), the Base Purchase Price shall be decreased by the difference between the JL Additional Contribution and four million dollars (\$4,000,000) (such adjustment, the “JL Additional Contribution Adjustment”).

(c) After the Closing Date, Seller shall remit to NRG Yield Operating LLC (or pay to Purchaser to remit to NRG Yield Operating LLC) any payments required to be made by “Seller” to “Purchaser” (as each such term is defined in the Buckthorn Solar PSA) pursuant to Sections 2.05, 2.06 or 2.07 of the Buckthorn Solar PSA (in each case within five (5) Business Days after such payments are otherwise due and payable pursuant to the Buckthorn Solar PSA).

Section 7.19 Assignment of Certain Guarantees. Subject to obtaining the applicable Seller Consents set forth on Schedule 3.03, in connection with completing the Pre-Effective Date Reorganization, Seller shall during the Interim Period cause to be assigned to or for the benefit of (as applicable) Renew (i) that Guaranty Agreement, dated as of February 13, 2012, by NRG Wind LLC (f/k/a Edison Mission Wind, Inc.) in favor of Capistrano Wind Partners, LLC, and (ii) that First Amended and Restated Parent Company Guaranty, dated June 16, 2017, by Suzlon Energy Limited, for the benefit of NRG Energy Gas & Wind Holdings, Inc., and the other project companies referred to therein.

Section 7.20 Dissolution of Island NRG S.A. During the Interim Period, Seller shall cause, at its sole cost and expense, the dissolution of Island NRG S.A. or the distribution or other transfer by Renew of Island NRG S.A. to Seller, and Seller will assume responsibility for all Liabilities of such entity.

ARTICLE 8 COVENANTS OF PURCHASER

Section 8.01 Regulatory and Other Permits.

(a) Purchaser shall cooperate with Seller to prepare, as soon as is practical following the Effective Date, all necessary filings in connection with the transactions contemplated by this Agreement that may be required under the HSR Act or any other federal, state or local laws prior to the Closing Date (except pursuant to Section 203 of the FPA, which is subject to Section 8.01(b) below) and shall use commercially reasonable efforts to obtain as promptly as practicable all Permits and all consents, approvals or actions of all Governmental Authorities and other Persons necessary to consummate the transactions contemplated hereby, including the Purchaser Approvals and Purchaser Consents. Purchaser shall submit the required filings as soon as practicable, but, with respect to filings under the HSR Act, in no event later than ten (10) Business Days after the Effective Date. Purchaser shall request expedited treatment of any such filings, promptly make any appropriate or necessary subsequent or supplemental filings, and cooperate with Seller in the preparation of such filings in such manner as is reasonably necessary and appropriate. Purchaser shall consult with Seller and shall agree in good faith with Seller upon the timing of such filings.

(b) Purchaser shall reasonably cooperate with Seller in its taking commercially reasonable steps to obtain Consents from FERC pursuant to Section 203 of the FPA in order to consummate the transactions

contemplated hereby, including the execution of, or consenting to, FPA Section 203-related applications or submissions with FERC, including any inquiries from staff, which applications or submissions shall be made as soon as practicable, but in no event later than ten (10) Business Days after the Effective Date.

(c) Subject to applicable confidentiality restrictions or restrictions required by law, Purchaser will notify Seller promptly upon the receipt by Purchaser or its Affiliates of (i) any comments or questions from any officials of any Governmental Authority in connection with any filings made pursuant to Section 7.01 or this Section 8.01 or the transactions contemplated by this Agreement and (ii) any request by any officials of any Governmental Authority for amendments or supplements to any filings made pursuant to any laws of any Governmental Authority or answers to any questions, or the production of any documents, relating to an investigation of the transactions contemplated by this Agreement by any Governmental Authority. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to Section 7.01 or this Section 8.01, Purchaser shall promptly inform Seller of such occurrence and cooperate in filing promptly with the applicable Governmental Authority such amendment or supplement. Without limiting the generality of the foregoing, Purchaser shall provide Seller (or its advisors), upon request, copies of all correspondence between Purchaser and any Governmental Authority relating to the transactions contemplated by this Agreement. Purchaser may, as reasonably advisable and necessary, designate any competitively sensitive materials provided to Seller under this Section 8.01 as “outside counsel only”. Such materials and the information contained therein shall be given only to outside counsel of the recipient and shall not be disclosed by such outside counsel to employees, officers, or directors of the recipient without the advance written consent of Purchaser. In addition, to the extent reasonably practicable, all discussions, telephone calls, and meetings with a Governmental Authority regarding the transactions contemplated by this Agreement shall include representatives of both Seller and Purchaser. Subject to applicable Law, Purchaser shall consult and cooperate with Seller in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, and proposals made or submitted to any Governmental Authority regarding the transactions contemplated by this Agreement by or on behalf of Seller or Purchaser

(d) Purchaser shall promptly take, in order to consummate the transactions contemplated by this Agreement, all actions reasonably necessary to (i) secure the expiration or termination of any applicable waiting period from a Governmental Authority and (ii) resolve any objections asserted with respect to the transactions contemplated by this Agreement raised by any Governmental Authority, and to prevent the entry of any court order and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order that would prevent, prohibit, restrict, or delay the consummation of the transactions contemplated by this Agreement; provided, however, that notwithstanding anything in this Agreement to the contrary (including the closing condition set forth in Section 9.05), without Purchaser’s prior written consent (which may be withheld in Purchaser’s sole discretion) in no event shall Purchaser or its Affiliates be required to (and Seller or its Affiliates shall not be permitted to): (A) execute settlements, undertakings, consent decrees, stipulations, or other agreements with any Governmental Authority, (B) sell, divest, hold separate, or otherwise convey particular assets or categories of assets or businesses of Purchaser, the Company Entities or the NYLD Entities (or the electric capacity or output thereof), (C) agree to sell, divest, hold separate, or otherwise convey any particular assets or categories of assets or businesses of Purchaser, the Company Entities or the NYLD Entities (or the electric capacity or output thereof), whether before, at or after the Closing, or (D) permit Seller or its Affiliates to sell, divest, hold separate, or otherwise convey any particular assets or categories of assets or businesses of the Company Entities or NYLD Entities (or the electric output thereof) on or prior to the Closing. Subject to the foregoing, Purchaser shall respond to and seek to resolve as promptly as reasonably practicable any objections asserted by any Governmental Authority with respect to the transactions contemplated by this Agreement.

Section 8.02 Fulfillment of Conditions. Subject to the limitations in Section 8.01(d), Purchaser (a) shall take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith

to satisfy other conditions to the obligations of Seller contained in this Agreement, and (b) shall not take or fail to take any action that would reasonably be expected to result in the non-fulfillment of any such condition.

Section 8.03 Further Assurances. During the Interim Period, subject to the limitations in Section 8.01(d), Purchaser shall use commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as may be necessary to consummate the transactions contemplated by this Agreement, including such actions as are necessary in connection with obtaining any third-party consents and all Governmental Approvals required to be obtained by Purchaser. During the Interim Period, Purchaser shall cooperate with Seller and provide any information regarding Purchaser necessary to assist Seller in making any filings or applications required to be made with any Governmental Authority. All fees and expenses incurred by Purchaser in connection with the foregoing shall be borne exclusively by Seller. Notwithstanding anything to the contrary contained in this Section 8.03, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of any documents or information in accordance herewith shall be solely subject to applicable rules relating to discovery and the remainder of this Section 8.03 shall not apply.

Section 8.04 Transferred Support Obligations.

(a) During the Interim Period, Purchaser and Seller shall (and shall cause their controlled Affiliates to) use commercially reasonable efforts to effect the full and unconditional release, effective as of the Closing Date, of Seller or the applicable Affiliate from all Transferred Support Obligations and all obligations and liabilities in respect thereof, in the case of Purchaser, by:

- (i) offering to furnish a letter of credit on substantially similar terms (including the stated amount) to replace each existing letter of credit that is a Transferred Support Obligation;
- (ii) offering to provide a Company guaranty on substantially similar terms (including the stated amount, if any, but excluding any minimum credit rating, minimum total assets or similar requirement, if any, as applicable to the current guarantor) to replace each existing guaranty that is a Transferred Support Obligation; and
- (iii) offering to provide any other replacement credit support in the same form and on substantially similar terms (including the same stated amount, if any) as any Transferred Support Obligations;

provided, that, in the case of each of the foregoing, the beneficiary of such replacement support obligation shall agree to customary obligations to reimburse the issuer or other responsible party to the extent a claim is ever made in respect of such support obligation.

(b) The foregoing commercially reasonable efforts to replace any and all Transferred Support Obligations shall be at Seller's sole cost and expense, including Seller's obligation to offer to pay (and thereafter to promptly remit such payment) with respect to any consent fees or reimbursement of counterparty costs and expenses in connection with the foregoing efforts to replace the Transferred Support Obligations (excluding the costs and expense of Purchaser's replacement support obligations in accordance with Section 8.04(a)). For the avoidance of doubt, it is specifically acknowledged and agreed by the Parties that Purchaser and its Affiliates shall not be obligated to incur, pay, reimburse or provide any liability, compensation, consideration or charge in order to replace the Transferred Support Obligations except for the foregoing proposed replacement credit support obligations.

(c) If Seller and Purchaser are unable to obtain the full and unconditional release of Seller and any applicable Affiliate of Seller from any Transferred Support Obligation as of the Closing pursuant to

Section 8.04(a) (each such Transferred Support Obligation, then from and after Closing until such time as it is released in accordance with Section 8.04(a), a “Continuing Support Obligation”):

(i) Seller and Purchaser shall continue to cooperate, and each shall continue to use the same efforts required under Section 8.04(a) and Section 8.04(b) with respect to the pre-Closing period, to obtain promptly the full and unconditional release of each Seller or any of its Affiliates from each Continuing Support Obligation;

(ii) Purchaser shall indemnify Seller and any of its applicable Affiliates from and against any liabilities, losses and reasonable out of pocket costs or expenses incurred by Seller and any such Affiliate in connection with each Continuing Support Obligation (including reimbursement immediately following demand therefor with respect to any demand or draw upon, or withdrawal from, any Continuing Support Obligation, subject to subrogation of Seller or its applicable Affiliate with respect to any right of subrogation, contribution, reimbursement or otherwise from the applicable Company Entity or NYLD Entity benefiting from such Continuing Support Obligation); provided, that, Purchaser’s indemnification obligations under clause (i) shall not affect Seller’s indemnification obligations under Section 13.01.

(iii) Until the full and unconditional release of each such Continuing Support Obligation, Seller shall and shall cause any applicable Affiliates to keep each of such Continuing Support Obligations in full force and effect in accordance with its terms and to otherwise provide replacement credit support obligations, if and when required, pursuant to the terms of the underlying Contracts or other obligations as of the Closing Date by and between the beneficiary of such Continuing Support Obligation and one or more of the Company Entities or the NYLD Entities; provided, that (1) Seller or its applicable Affiliate shall not be required to increase the stated limit under any Continuing Support Obligation as of the Closing Date, except as expressly provided for under the terms of such underlying Contract or obligation, (2) Seller and its applicable Affiliates shall be entitled to decrease the stated limit under any Continuing Support Obligation as of the Closing Date under the express terms of such underlying Contract or obligation, and (3) Seller and its applicable Affiliates shall not be required to replenish or replace any Continuing Support Obligation to the extent such Continuing Support Obligation is drawn upon by the beneficiary thereof. Such replacement support obligations may include the requirement under such underlying Contracts or obligations to issue a replacement letter of credit prior to the expiration of an existing letter of credit that represents a Continuing Support Obligation or to provide substitute support obligations in compliance with such Contracts or obligations to the extent that for any reason the Continuing Support Obligation no longer satisfies the credit support requirements thereunder, such as due to a downgrade event with respect to the credit support provider; and

(iv) to the extent that Seller or any Affiliate of a Seller has any performance obligations under any Continuing Support Obligations from and after the Closing, Seller shall (and shall cause such applicable Affiliate to) at Purchaser’s request and without creating any agency relationship or agency liability in respect thereof: (A) perform such obligations to the maximum extent practicable, or (B) otherwise take such actions as may be reasonably requested from time to time.

(d) Purchaser shall have the right, subject to it giving Seller prior written notice and an opportunity to participate, to contact and have discussions with each beneficiary of a Transferred Support Obligation (or a Continuing Support Obligation) in order to satisfy its obligations under this Section 8.04.

(e) Notwithstanding that the Transferred Support Obligations shall, as set forth on Schedule 4.15(a) and Schedule 4.15(b), include those support obligations in respect of the DG Project Entities, Renew and Buckthorn Wind Class B Holdco LLC, Seller shall indemnify and hold Purchaser harmless to the extent of Losses owed to a beneficiary of such Transferred Support Obligations that (i) arise from an incident occurring prior to the Closing Date, and (ii) are finally determined to be the result of the recapture of any

solar investment tax credits, production tax credits, or other tax credits or benefits of a Project Company held by a DG Tax Equity Fund.

Section 8.05 Post-Closing Access; Preservation of Records. From and after the Closing, Purchaser shall make or cause to be made available to Seller all books, records and documents of Purchaser relating to the Business of the Company or the Business of NYLD (and the assistance of employees responsible for such books, records and documents) during regular business hours for (i) investigating, settling, preparing for the defense or prosecution of, defending or prosecuting any Action, (ii) preparing reports to stockholders and Governmental Authorities or (iii) such other purposes for which access to such documents is reasonably necessary in connection with preparing and delivering any accounting or other statement provided for under this Agreement or otherwise, preparing Tax Returns, pursuing Tax refunds or responding to or disputing any Tax audit, or the determination of any matter relating to the rights and obligations of Seller or any of its Affiliates under this Agreement; provided, however, that access to such books, records, documents and employees shall not interfere with the normal operations of Purchaser and the reasonable out-of-pocket expenses of Purchaser incurred in connection therewith shall be paid by Seller; provided, further, that none of Seller, its Affiliates or their Representatives shall have any right to access or review any Tax Return of Purchaser or any of its Affiliates (including any consolidated, combined or unitary Tax Return including any such entity); provided, that, for the avoidance of doubt, that the foregoing limitation shall not limit Seller's right to receive information from Purchaser, including Tax Returns filed by Purchaser (but not any Tax Return of Purchaser or any of its Affiliates (other than Purchaser)) to the extent that such information or Tax Return is necessary for Seller to contest a Tax claim for which Seller is liable. Notwithstanding anything herein to the contrary, Purchaser shall not be required to provide any access or information to Seller, its Affiliates or any of their respective Representatives which Purchaser reasonably believes it is prohibited from providing to Seller, its Affiliates or their respective Representatives by reason of applicable Law, which constitutes or allows access to information protected by attorney-client privilege, or which Purchaser is required to keep confidential or prevent access to by reason of any Contract with a third party or which would otherwise expose Purchaser or any of its Affiliates to a material risk of Liability. Notwithstanding anything to the contrary contained in this Section 8.05, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of any documents or information in accordance herewith shall be solely subject to applicable rules relating to discovery and the remainder of this Section 8.05 shall not apply.

Section 8.06 Employee Matters.

(a) *Offers of Employment and Employment Transfers.*

(i) No later than ninety (90) days after the Effective Date, Purchaser may request that Seller cause the Company to offer employment, as required under Section 8.06(a)(iii) hereof, to one or more employees of Seller who are not otherwise included as a Business Employee on Schedule 4.16(a). Upon Seller's consent to such request, each such employee shall become an "Additional Employee" by being added to Schedule 4.16(a) and identified as an "Additional Employee" on such schedule.

(ii) No later than sixty (60) days after the Effective Date, Purchaser may request that any Offer Employee included on Schedule 4.16(a) be removed from such schedule, which request shall not require the consent of Seller (such schedule, reflecting the Additional Employees under Section 8.06(a)(i) above and the removal of any Offer Employee, referred to herein as the "Final Employee Schedule").

(iii) Within one hundred twenty (120) days after the Effective Date, Seller shall cause the Company to make offers of employment, effective upon the Closing, to each individual who, as of immediately prior to the Closing, is on the Final Employee Schedule and identified thereon as an Offer Employee or Additional Employee. The Company and Purchaser shall not be required to extend an offer to an individual who, immediately prior to the Closing, is not actively at work due to an unauthorized leave of absence but prior to such absence was on the Final Employee Schedule and identified as an Offer Employee

or an Additional Employee. Offers of employment required by this Section 8.06(a)(iii) shall be at positions having the same duties as provided to the applicable Offer Employees or Additional Employees as of immediately prior to the Closing.

(iv) Prior to the Closing Date, Seller and the Company shall take all actions necessary such that each Transferring Employee shall become an employee of the Company, effective immediately prior to the Closing.

(v) The (x) Offer Employees and Additional Employees who accept the terms and conditions of their respective offers and who become employed by the Company, and (y) Transferring Employees are hereinafter collectively referred to as the “Continuing Employees”. Seller shall release each Continuing Employee from any confidentiality agreement or other agreement solely as it applies to Purchaser and solely with respect to matters relating to the Business of the Company or the Business of NYLD, any of the Company Entities or the sale of the Projects that may interfere with such Continuing Employee’s prospective employment with the Company.

(b) Purchaser shall be solely responsible for all pay and benefits and other costs, expenses, Liabilities, claims, wages, benefits, accrued vacation, sick or paid time off, severance, separation, Taxes, unemployment, and all other obligations and Liabilities of any nature whatsoever relating to the Continuing Employees’ employment during the period after the Closing Date, and, for the avoidance of doubt, all such Liabilities and obligations shall be Liabilities assumed by Purchaser. Seller shall remain liable for, and Purchaser shall have no obligations whatsoever for, all costs, expenses (on a balance sheet or otherwise), Liabilities, claims, wages, benefits, Taxes and all other obligations and Liabilities of any nature whatsoever (including any Liabilities under any Company Employee Plan that is not a Zephyr Employee Plan and, for the avoidance of doubt, including all Liabilities associated with any vesting of any awards under Sellers’s Amended and Restated Long Term Incentive Plan and Seller’s Phantom and Long Term Incentive Plan at any time prior to, on or after the Closing, including any pro rata vesting of such awards in connection with the Closing) relating to (i) the period on and prior to the Closing Date with respect to the Continuing Employees or at any time, irrespective of the period, with respect to Business Employees or Additional Employees who do not become Continuing Employees (other than as set forth in the following sentence), in either case, relating in any way to their employment, and (ii) the employment or termination of employment of any Person who is not a Continuing Employee (other than as set forth in the following sentence). Notwithstanding the foregoing, if Purchaser requests, at any time after the 60th day after the Effective Date and prior to the Closing, that any Business Employee or Additional Employee be removed from the Final Employee Schedule, Seller shall cause such Business Employee or Additional Employee to be removed from such schedule, and if such Business Employee or Additional Employee’s employment with Seller or one of its Affiliates, as applicable, is terminated by Seller or one of its Affiliates, as applicable, within sixty (60) days after the Closing Date under circumstances entitling such Business Employee or Additional Employee to severance payments and/or benefits under the Severance Plans, Purchaser shall reimburse Seller the amounts of any such payments and/or benefits within thirty (30) days of any such payment by Seller to such Business Employee or Additional Employee. Seller and the “selling group” (as defined in Treasury Regulation Section 54.4980B-9, Q&A-2(a)) of which it is a part shall be solely responsible for providing continuation coverage pursuant to Section 4980B(f) of the Code, Part 6 of Subtitle B of Title I of ERISA and similar state Law to those individuals who are “M&A qualified beneficiaries” (as defined in Treasury Regulation Section 54.4980B-9, Q&A-4(b)) whose qualifying event occurs prior to the Closing. Purchaser and the “buying group” (as defined in Treasury Regulation Section 54.4980B-9, Q&A-2(c)) of which it is a part shall be solely responsible for providing continuation coverage pursuant to Section 4980B(f) of the Code, Part 6 of Subtitle B of Title I of ERISA and similar state Law to those individuals who are “M&A qualified beneficiaries” whose qualifying event occurs on or after the Closing. Nothing in this Agreement shall create any claim or right on the part of any Business Employee or Additional Employee and no such Business Employee or Additional Employee shall be entitled

to assert any claim or right hereunder or under any document related to this Agreement or the transactions contemplated hereby.

(c) The offers of employment that the Company makes to any Offer Employee or Additional Employee as required under Section 8.06(a) shall comply with Section 8.06(d) through Section 8.06(g), below. Purchaser shall be solely responsible for, shall indemnify the Seller Indemnified Parties and third party operators, as applicable, for, and hold such Seller Indemnified Parties and third party operators, as applicable, harmless from and against, any and all claims, Liability, costs, damages, expenses, fees, fines and reasonable attorneys' fees arising from any claim or assertion by any Person or Governmental Authority that Purchaser violated any applicable Law in connection with the identification by the Purchaser of individuals to be removed from the Final Employee Schedule and the Company's failure to hire any such individual.

(d) During the period beginning immediately following the Closing and ending on the first anniversary of the Closing Date (or such shorter period of employment, as the case may be), Purchaser will, or will cause one of its controlled Affiliates or designated third-party operators to, (i) provide each Continuing Employee with (A) an annual rate of salary (or an hourly wage) and cash bonus opportunity that is not less than the annual rate of salary (or hourly wage) and cash bonus opportunity with respect to such Continuing Employee immediately prior to the Closing Date, and (B) employee benefits (excluding equity compensation and defined benefit pension plans) that are substantially comparable in the aggregate to the employee benefits that were provided to such Continuing Employee immediately prior to the Closing Date, and (ii) credit each Continuing Employee with such Continuing Employee's accrued vacation. Without limiting the generality of the foregoing, Purchaser will, or will cause one of its controlled Affiliates or designated third-party operators to, maintain in effect until the first anniversary of the Closing Date severance plans, practices and policies applicable to the Continuing Employees (the "Severance Plans") that provide severance benefits that are not less favorable than the severance benefits provided under the Company Employee Plans with respect to such Continuing Employees, and Purchaser shall indemnify and hold harmless Seller, its Affiliates and the other Seller Indemnified Parties from any Liabilities or obligations arising under such Severance Plans.

(e) Following the Closing, Purchaser agrees that, for each Continuing Employee (i) Purchaser's, its controlled Affiliates' and their designated third-party operator's Employee Plans, which are analogous to the Company Employee Plans (and which, for the avoidance of doubt, shall include the Severance Plans), shall recognize all previous service recognized by a Company Employee Plan for the purpose of determining eligibility for and entitlement to benefits (except where doing so would result in a duplication of benefits and excluding any defined benefit plans or arrangements), including vesting, and such Continuing Employees shall be eligible to receive benefits under, and participate in, such analogous Employee Plans to the same extent as similarly situated employees of Purchaser, its controlled Affiliates or designated third-party operator immediately prior to the Closing; and (ii) Purchaser will cause its or its controlled Affiliate's or designated third-party operator's group health plan to (A) recognize all documented and verifiable deductibles and coinsurance payments accrued by the Continuing Employees prior to and through the Closing (for the plan year in which Closing occurs) or, in the alternative, at Purchaser's discretion, to provide the Continuing Employees with a cash payment in lieu of such recognition of deductible and coinsurance payments, and (B) waive any preexisting condition limitations, actively at work exclusions and waiting periods for the Continuing Employees.

(f) Following the Closing, to the extent any Company Employee Plan is qualified under Section 401(a) of the Code, Purchaser shall take the necessary action to cause Purchaser's, its controlled Affiliate's or designated third-party operator's defined contribution plan or plans to accept the rollovers of any "eligible rollover distributions" (as defined in the Code) from such Company Employee Plan, including outstanding plan loans of Continuing Employees from any Company Employee Plan, which is a qualified defined contribution plan, in which Continuing Employees are participating immediately prior to the Closing.

(g) Purchaser and Seller intend that the transactions contemplated by this Agreement should not constitute a separation, termination or severance of employment of any Continuing Employee that is consistent with the requirements of this Section 8.06 and that each such Continuing Employee shall have continuous employment immediately before and immediately after the Closing.

(h) Notwithstanding anything in this Section 8.06 to the contrary, Seller and Purchaser acknowledge and agree that the transactions contemplated by this Agreement constitute an “Eligible Termination” for purposes of awards under Seller’s Amended and Restated Long Term Incentive Plan and Seller’s Phantom and Long Term Incentive Plan, but Seller and Purchaser further acknowledge and agree that any vesting that results from such “Eligible Termination” or otherwise shall not be a Liability, obligation, responsibility, cost or expense of Purchaser. All shares of common stock of Seller that are held in the account of any Continuing Employee under the Seller’s Employee Stock Purchase Plan as of immediately prior to the Closing shall be released from any sales restrictions to the Continuing Employee effective as soon as possible following the Closing.

(i) Seller shall pay and be responsible for all bonuses that are payable to employees or service providers of Seller or its Affiliates providing services to the Company Entities in respect of the 2017 calendar year.

(j) No provision in this Section 8.06, whether express or implied, shall create any third party beneficiary or other rights in any employee or former employee of Purchaser, Seller, any Company Entity or any of their respective Subsidiaries or Affiliates (including any beneficiary or dependent thereof), any other participant in any Company Employee Plan or any other Person; (ii) create any rights to continued employment with Purchaser, Seller, any Company Entity or any of their respective Subsidiaries or Affiliates or in any way limit the ability of Purchaser, Seller, any Company Entity or any of their respective Subsidiaries or Affiliates to terminate the employment of any individual at any time and for any reason; or (iii) constitute or be deemed to constitute an amendment to any Company Employee Plan or any other employee benefit plan, program, policy, agreement or arrangement sponsored or maintained by Purchaser, Seller, any Company Entity or any of their respective Subsidiaries or Affiliates.

Section 8.07 Use/Removal of Trademarks. Purchaser acknowledges and agrees that it has and, upon consummation of the transactions contemplated hereby shall have, no right, title, interest, license, or any other right whatsoever to use the trademarks owned by Seller or its Affiliates containing “NRG Energy” or “NRG” (collectively, the “Seller Marks”), except as provided herein. Purchaser shall promptly after the Closing Date but in no event later than one hundred eighty (180) days after the Closing Date, cease and discontinue all uses of the Seller Marks and remove or permanently cover any Seller Marks from the assets of the Company Entities or the NYLD Entities that are removable. Seller hereby grants to Purchaser a non-exclusive license to use the Seller Marks during such one hundred eighty (180) day period, solely for purposes consistent with “phase out” use and in a manner consistent with past practice. NRG will not seek to terminate the NRG/NYLD Trademark License Agreement before the end of such one hundred eighty (180) day period. Notwithstanding anything in this Section 8.07 or the NRG/NYLD Trademark License Agreement to the contrary, Purchaser will not intentionally hold itself out to the market or customers, conduct any business or offer any goods or services under any Seller Marks after the Closing Date. Nothing in this Section 8.07 shall preclude the Company Entities from using the Seller Marks at any time after the Closing Date in legal or business documents and records, as required by any applicable Laws or as otherwise reasonably necessary or appropriate to describe their historical relationship with Seller.

Section 8.08 Certain Acquisition Support. In the event that, any time after the Closing (a) all of the conditions to NRG Yield Operating LLC’s obligations to complete the Closing (as such term is defined under the Carlsbad PSA) have been satisfied pursuant to the Carlsbad PSA, but NRG Yield Operating LLC, due to its inability to pay the purchase price, has as required by the Carlsbad PSA assigned the Carlsbad PSA to

Purchaser or a Purchaser Affiliate, or (b) all of the conditions to any NYLD Entity's obligations to close a transaction pursuant to a purchase and sale agreement arising under the Third Amended and Restated NRG/NYLD ROFO Agreement have been satisfied, but such NYLD Entity, due to its inability to pay the purchase price, has assigned such purchase and sale agreement to Purchaser or a Purchaser Affiliate, Purchaser shall pay or shall cause its Affiliate to pay, within the time specified in the Carlsbad PSA or other applicable assigned purchase and sale agreement, the purchase price specified in Carlsbad PSA or such other purchase and sale agreement. The Parties acknowledge and agree that Purchaser's obligation under this Section 8.08 with respect to the Carlsbad PSA shall be covered by the Carlsbad Backstop Equity Commitment Letter.

Section 8.09 Buckthorn Solar PSA. After the Closing Date, Purchaser shall cause the Company to remit to Seller (or to have Renew remit to Seller) the actual payments received by "Seller" from "Purchaser" (as each such term is defined in the Buckthorn Solar PSA) pursuant to Sections 2.05, 2.06 or 2.07 of the Buckthorn Solar PSA (in each case within five (5) Business Days after such payments are otherwise due and payable pursuant to the Buckthorn Solar PSA).

Section 8.10 Nonsolicitation of Seller Employees. From the Effective Date until the **** (***) anniversary of the Closing Date, except as contemplated by Section 8.06, Purchaser shall not, and shall cause its controlled Affiliates not to, directly or indirectly, without the prior written consent of Seller, recruit, solicit, hire or retain any person who is, or at any time during the one hundred eighty (180) days prior to any such recruitment, solicitation, hiring or retention, was, an employee of Seller or any of its controlled Affiliates (other than a Company Entity or a NYLD Entity), or induce, or attempt to induce, any person who is, or at any time during the one hundred eighty (180) days prior to such inducement or attempt to induce, was, an employee of Seller any of its controlled Affiliates (other than a Company Entity or a NYLD Entity) to terminate his or her employment or service with, or otherwise cease his or her relationship with, Seller any of its controlled Affiliates (other than a Company Entity or a NYLD Entity); provided, however, that the foregoing restrictions shall not prohibit general solicitations of employment not directed to employees of Seller any of its controlled Affiliates (other than a Company

Entity or a NYLD Entity).

Section 8.11 Repayment of Final Settlement Amount. Within five (5) Business Days after Renew's receipt of the fifteen million dollar (\$15,000,000) payment to be made to Renew by SunPower Corporation, Systems as "Cash Consideration" pursuant to Section 1 of the Final Settlement Agreement (such amount, the "Final Settlement Amount"), Purchaser shall, or shall cause Renew to, pay such Final Settlement Amount to Seller, by wire transfer of immediately available funds to the account or accounts as shall be specified by Seller.

Section 8.12 Development of Patriot Wind. Following the Closing Date, Purchaser shall cause Renew or the applicable Renew Subsidiary to proceed diligently and in good faith to achieve commercial operation for Patriot Wind (which shall be certified by the independent engineer for such projects) consistent with applicable Law and Good Industry Practice.

ARTICLE 9 CONDITIONS TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser hereunder to purchase the Acquired Interests and effect the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Purchaser in its sole discretion):

Section 9.01 Bring-Down of Seller's Representations and Warranties. (a) The representations and warranties made by Seller in Section 3.09 and Section 4.12(d) shall be true and correct in all respects as of

the Effective Date and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), (b) The Seller Fundamental Representations (other than those in [Section 3.09](#) and [Section 4.12\(d\)](#)) and the NYLD Fundamental Representations shall be true and correct in all material respects as of the Effective Date and as of the Closing Date (except for any of such representations and warranties that are qualified by materiality, including by reference to Material Adverse Effect, which shall be true and correct in all respects) as though such representations and warranties were made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date) and (c) the other representations and warranties made by Seller in [Article 3](#), [Article 4](#) and [Article 5](#) and by Seller and NYLD in the Consent and Indemnity Agreement shall be true and correct (without giving effect to any materiality or Material Adverse Effect qualifications contained therein) as of the Effective Date and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to have or result in a Material Adverse Effect.

Section 9.02 [Performance of Covenants](#). Seller and NYLD shall have duly performed, satisfied and complied with, in all material respects, all agreements, covenants and obligations of Seller or NYLD set forth in this Agreement and the Consent and Indemnity Agreement and required to be so performed, satisfied or complied with by Seller or NYLD at or prior to the Closing.

Section 9.03 [Litigation](#). No Law or Order shall be in effect which restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement and no Action shall have been instituted before any Governmental Authority of competent jurisdiction seeking to restrain, enjoin or otherwise prohibit or make illegal the consummation of any of the transactions contemplated by this Agreement, unless such Law, Order or Action is vacated, terminated or withdrawn.

Section 9.04 [Assignment and Assumption Agreement for Acquired Interests](#). Seller shall have delivered a copy of an assignment and assumption agreement for the sale of the Acquired Interests to Purchaser (the "[Assignment and Assumption Agreement for Acquired Interests](#)"), duly executed by Seller, which shall be in a form reasonably acceptable to Seller and Purchaser.

Section 9.05 [Approvals and Consents](#). All Seller Approvals and Seller Consents shall have been obtained or made, all conditions to their effectiveness shall have been satisfied, and such Consents shall be in full force and effect.

Section 9.06 [Officers' Certificates of Seller](#). Seller shall have delivered to Purchaser (a) a certificate, dated the Closing Date and duly executed by an authorized officer of Seller in a form reasonably acceptable to the Purchaser; and (b) a certificate, dated the Closing Date and duly executed by the Secretary of Seller in a form reasonably acceptable to the Purchaser.

Section 9.07 [FIRPTA Certificate](#). Seller shall have caused to be delivered a certificate, dated as of the Closing Date and in a form reasonably acceptable to the Purchaser, which satisfies the requirements set forth in Treasury Regulation Section 1.1445-2, attesting that NRG Energy, Inc. is not a "foreign person" for U.S. federal income tax purposes.

Section 9.08 [Antitrust Authorizations](#). All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or been terminated.

Section 9.09 FPA Matters. FERC authorization under Section 203 of the FPA required to consummate the transactions contemplated hereby shall have been obtained, any conditions to effectiveness shall have been satisfied, and such FERC authorization shall be in full force and effect.

Section 9.10 Master Services Agreement. Seller shall have delivered a fully executed copy of the Master Services Agreement to be entered into by and among the Company, NYLD, NYLD LLC and NRG Yield Operating LLC substantially in the form attached hereto as Exhibit C.

Section 9.11 Zephyr ROFO Agreement. Seller shall have delivered a fully executed copy of the Zephyr ROFO Agreement to be entered into by and among the Company and NYLD substantially in the form attached hereto as Exhibit D.

Section 9.12 Transition Services Agreements. Seller shall have delivered a fully executed copy of the Zephyr Transition Services Agreement to be entered into by and between Seller and the Company substantially in the form attached hereto as Exhibit B and a fully executed copy of the NRG/NYLD Transition Services Agreement to be entered into by and between Seller and NYLD substantially in the form attached hereto as Exhibit H.

Section 9.13 Fourth Amended and Restated NYLD LLC Agreement. Seller shall have delivered a fully executed copy of the Fourth Amended and Restated Limited Liability Company Agreement of NYLD LLC, dated and effective as of the Closing Date, substantially in the form attached hereto as Exhibit E.

Section 9.14 Third Amended and Restated NRG/NYLD ROFO Agreement. NRG and NYLD shall have delivered a fully executed copy of the Third Amended and Restated NRG/NYLD ROFO Agreement.

Section 9.15 Existing MSA Termination. NRG and NYLD shall have delivered evidence reasonably satisfactory to Purchaser that the Existing MSA has been terminated.

Section 9.16 Material Adverse Effect. Since the Effective Date no Material Adverse Effect has occurred.

Section 9.17 NRG SREC Program Management Agreement. Seller shall have delivered a fully executed copy of an amendment and restatement of the Existing SREC Agreement, which shall be in a form reasonably acceptable to Seller and Purchaser, and will reflect, among other things, (a) the obligation of the Seller Affiliate that is a party to such agreement to enter into SREC purchase agreements for the DG Projects that become operational before the end of 2019 and (b) the obligation of the Seller Affiliate that is a party to such agreement to manage all underlying hedge agreements (including Physical Forward Sales (as defined in the Existing SREC Agreement) and Hedge Contracts (as defined in the Existing SREC Agreement)), whether entered into on or prior to the Effective Date or between the Effective Date and December 31, 2019, in a commercially reasonable manner and consistent with past practice.

Section 9.18 Assignment of Exchange Agreement and Registration Rights Agreement. Seller shall have delivered a fully executed copy of the Assignment and Assumption Agreement related to the Exchange Agreement and the Registration Rights Agreement substantially in the form attached hereto as Exhibit I.

Section 9.19 Assignment of Lease Agreements. Seller shall have delivered a fully executed copy of the Assignment and Assumption Agreement related to certain leases in a form reasonably acceptable to Seller and Purchaser.

Section 9.20 NYLD Consent to Transactions. All conditions to NYLD's consent to the NYLD Securities Transaction (as defined in the Consent and Indemnity Agreement) set forth in the Consent and

Indemnity Agreement shall have been satisfied (or waived by NYLD) and such consent and the Consent and Indemnity Agreement shall be in full force and effect.

Section 9.21 NYLD Board and Committee Approvals. The NYLD Board and Committee Approvals (as defined in the Consent and Indemnity Agreement) shall be in full force and effect, and neither the NYLD Board nor the NYLD Corporate Governance, Conflicts and Nominating Committee shall have amended, modified or revoked the NYLD Board and Committee Approvals in any respect.

Section 9.22 Officers' Certificates of NYLD. Seller shall have delivered to Purchaser a certificate, dated the Closing Date and duly executed by an authorized officer of NYLD substantially in the form attached as Exhibit M to the Consent and Indemnity Agreement;

Section 9.23 Conversion to Limited Partnership. If requested by Purchaser pursuant to Section 7.14, the Company shall have been converted to a Delaware limited partnership effective prior to the Closing in accordance with Section 7.14.

Section 9.24 CAFD Leakage. The condition specified in Section A.1(a) of the Consent and Indemnity Agreement shall have been satisfied or waived with the approval of the Purchaser.

Section 9.25 Zephyr Voting and Governance Agreement. Seller shall have delivered a fully executed copy of the Voting and Governance Agreement to be entered into by and between NYLD and the Company substantially in the form attached hereto as Exhibit J.

Section 9.26 NRG/NYLD Letter Agreement. NRG and NYLD shall have delivered a fully executed copy of the Letter Agreement to be entered into by and between NRG and NYLD substantially in the form attached hereto as Exhibit K.

ARTICLE 10 CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller hereunder to sell the Acquired Interests and effect the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Seller, in its sole discretion).

Section 10.01 Bring-Down of Purchaser's Representations and Warranties. The representations and warranties of Purchaser contained in Article 6 shall be true and correct (without giving effect to any materiality or "Purchaser Material Adverse Effect" qualifications contained therein) as of the Effective Date and as of the Closing Date, as though such representations and warranties were made on and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, has not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 10.02 Performance of Covenants. Purchaser shall have duly performed, satisfied and complied with, in all material respects, all agreements, covenants and obligations of Purchaser set forth in this Agreement and required to be so performed, satisfied or complied with by Purchaser at or prior to the Closing.

Section 10.03 Litigation. No Law or Order shall be in effect which restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement and no Action shall have been instituted before any Governmental Authority of competent jurisdiction seeking

to restrain, enjoin or otherwise prohibit or make illegal the consummation of any of the transactions contemplated by this Agreement, unless such Law, Order Action is vacated, terminated or withdrawn.

Section 10.04 Assignment and Assumption Agreement for Acquired Interests. Purchaser shall have delivered a countersigned copy of the Assignment and Assumption Agreement for Acquired Interests.

Section 10.05 Deliveries. Purchaser shall have delivered to Seller (a) a certificate, dated the Closing Date and executed by an authorized officer or board member of Purchaser, in a form reasonably acceptable to Seller, and (b) a certificate, dated the Closing Date and executed by the Secretary of Purchaser in a form reasonably acceptable to Seller.

Section 10.06 Antitrust Authorizations. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or been terminated.

Section 10.07 FPA Matters. FERC authorization under Section 203 of the FPA required to consummate the transactions contemplated hereby shall have been obtained, any conditions to their effectiveness shall have been satisfied, and such FERC authorization shall be in full force and effect.

Section 10.08 Third Amended and Restated NRG/NYLD ROFO Agreement. NYLD shall have delivered a countersigned copy of the Third Amended and Restated NRG/NYLD ROFO Agreement.

Section 10.09 NYLD Board and Committee Approvals. The NYLD Board and Committee Approvals (as defined in the Consent and Indemnity Agreement) shall be in full force and effect, and neither the NYLD Board nor the NYLD Corporate Governance, Conflicts and Nominating Committee shall have amended, modified or revoked the NYLD Board and Committee Approvals in any respect.

Section 10.10 Assignment of Lease Agreements. NYLD shall have delivered a countersigned copy of the Assignment and Assumption Agreement related to certain leases in a form reasonably acceptable to Seller and Purchaser.

ARTICLE 11 TAX MATTERS

Section 11.01 Certain Taxes.

(a) All real property Taxes, personal property Taxes and similar obligations of the Company and the Subsidiaries imposed by any Governmental Authority that are due or become due for Straddle Periods shall be apportioned between the portion of the Straddle Period ending on the Closing Date, on the one hand, and the portion of the Straddle Period beginning after the Closing Date, on the other hand, based upon the actual number of days of the Tax period that have elapsed before and including, and after, the Closing Date, and all income Taxes imposed on the Company and the Subsidiaries shall be allocated between the portion of the Straddle Period ending on the Closing Date and the portion of the Straddle Period beginning after the Closing Date as though a taxable year of the Company and the Subsidiaries have ended on the Closing Date. Seller shall be responsible for the portion of such Taxes described in the preceding sentence (the "Apportioned Obligations") attributable to the portion of the Straddle Period ending on the Closing Date. Purchaser shall be responsible for such Apportioned Obligations attributable to the portion of the Straddle Period beginning after the Closing Date. Each Party shall cooperate in assuring that Apportioned Obligations that are the responsibility of Seller pursuant to the preceding sentences are paid by Seller, and that Apportioned Obligations that are the responsibility of Purchaser pursuant to the preceding sentence shall be paid by Purchaser. If any refund, rebate or similar payment is actually received by the Company, the Subsidiaries, Seller or Purchaser for any Taxes that are Apportioned Obligations, such refund (net of the amount of Taxes or reasonable out-of-pocket expenses incurred in obtaining such refund) shall be apportioned between Seller and Purchaser as

aforsaid on the basis of the obligations of the Company and the Subsidiaries during the applicable Tax period; provided, that any refund, rebate or similar payment that is attributable to the carryback of any net operating loss or other Tax attribute arising in a Tax period (or portion thereof) beginning after the Closing Date.

(b) Seller shall timely prepare and file with the appropriate authorities all Tax Returns required to be filed by the Company or the applicable Subsidiary with respect to any Pre-Closing Tax Period and shall pay any Taxes due with such Tax Return; provided, that Seller shall provide Purchaser a draft of such Tax Return at least thirty (30) days prior to the due date for such Tax Return (or as soon as reasonable practicable if the due date of such Tax Return is within thirty (30) days of the Closing Date), and shall make any reasonable comments received by Seller in writing from Purchaser at least ten (10) days prior to the due date for such Tax Return. Such Tax Returns shall be prepared in a manner consistent with past practice to the extent consistent with applicable Law.

(c) Seller and Purchaser shall reasonably cooperate, and shall cause their respective Affiliates, employees and agents reasonably to cooperate, in preparing and filing all Tax Returns of the Company and each Subsidiary, including maintaining and making available to each other all records that are necessary for the preparation of any Tax Returns that the Party is required to file under this Article 11, and in resolving all disputes and audits with respect to such Tax Returns.

(d) All sales, use transfer, controlling interest transfer, recording, stock transfer, real property transfer, value-added and other similar Taxes and fees ("Transfer Taxes"), if any, arising out of or in connection with the consummation of the transactions contemplated by this Agreement shall be shared equally by Purchaser and Seller; provided that any Transfer Taxes attributable to the Patriot Sale Transaction shall be borne solely by Seller. Tax Returns that must be filed in connection with such Transfer Taxes shall be prepared and filed by the Party primarily or customarily responsible under applicable local Law for filing such Tax Returns, and such party will use commercially reasonable efforts to provide such Tax Returns to the other Party at least ten (10) Business Days prior to the date such Tax Returns are due to be filed.

(e) If Purchaser receives notice of a claim by a Governmental Authority in respect to Seller Taxes for which Seller is responsible pursuant to this Agreement ("Tax Claim"), Purchaser shall promptly notify Seller of such Tax Claim; provided, that the failure or delay of Purchaser to deliver prompt written notice of a Tax Claim shall not affect the indemnity obligations of Seller hereunder, except to the extent Seller is actually and materially disadvantaged by such failure or delay in delivery of notice of such Tax Claim.

(i) Seller shall have the right, but not the obligation, to control the conduct, through counsel of its own choosing and at its own expense, of any Tax Claim that relates solely to Seller Taxes for which Seller is responsible pursuant to this Agreement; provided, that Purchaser shall have the right to participate in such Tax Claim and Seller shall not settle or compromise any such Tax Claim without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned.

(ii) In the case of any Tax Claim described in Section 11.01(e)(i) which Seller has not elected to control pursuant to such section or in the case of any Tax Claim that relates to Taxes for a Straddle Period, Purchaser shall control the conduct of such Tax Claim; provided, that Seller shall have the right to participate in such Tax Claim and Purchaser shall not settle or compromise any such Tax Claim without the prior written consent of Seller, which consent shall not be unreasonably withheld, delayed or conditioned.

(iii) In the case of any conflict between Section 13.05 and this Section 11.01(e), this Section 11.01(e) shall control with respect to any Tax Claims.

(f) Seller shall cause the Company and each of its Subsidiaries that is treated as a partnership for United States federal income tax purposes to make a timely and effective election under Section 754 of

the Code (and any equivalent election for applicable state and local income Tax purposes), which Section 754 election (and equivalent election) shall be filed by the Company (or applicable Subsidiary) with its United States federal income Tax Return (and applicable state and local income Tax Returns) for the taxable year that includes the Closing Date and shall be effective for such taxable year.

(g) Form BOE-100-B. Following the date hereof, NRG, NYLD and Purchaser shall cooperate in preparing a Form BOE-100-B for each Project Company (as defined in the Consent and Indemnity Agreement) that holds one or more properties that will be subject to a Reassessment (as defined in the Consent and Indemnity Agreement) as a result of the Closing. NRG shall deliver a draft of each Form BOE-100-B (including all attachments thereto) to NYLD and Purchaser for their review and comment as soon as reasonably practicable following the date hereof and no later than fifteen (15) days prior to the Closing. For the avoidance of doubt, this Section 11.01(g) shall not apply to DG Project Companies (as defined in the Consent and Indemnity Agreement) for which the Closing does not act as a DG Reassessment Trigger Date (as defined in the Consent and Indemnity Agreement).

Section 11.02 Allocation of Purchase Price. No later than one hundred eighty (180) days after the Closing, Seller and Purchaser shall agree on the draft allocation of the Final Purchase Price and the liabilities of the Company and the Subsidiaries (in each case to the extent treated as consideration for U.S. federal income tax purposes) among the Company's and the Subsidiaries' assets consistent with Section 1060 of the Code and the Treasury Regulations thereunder. If Seller and Purchaser, negotiating in good faith, cannot agree on the allocation within one hundred eighty (180) days after the Closing, then either Party may submit the allocation to the Neutral Auditor. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Purchaser and Seller. Seller and Purchaser agree that the agreed allocation (or, if applicable, the decision of the Neutral Auditor) shall be used by Seller and Purchaser as the basis for reporting asset values and other items for purposes of all federal, state, and local Tax Returns, and that neither Seller nor Purchaser or their respective Affiliates will take positions inconsistent with such allocation in notices to any Governmental Authority, in audits or other proceedings with respect to Taxes, or in other documents or notices relating to the transactions contemplated by this Agreement, except as required pursuant to a final "determination" within the meaning of Section 1313 of the Code (or similar provision of state, local or non-U.S. law). Notwithstanding anything in this Section 11.02 to the contrary, any adjustment to the Base Purchase Price pursuant to Section 2.06 shall be allocated to Patriot Wind.

ARTICLE 12 SURVIVAL

Section 12.01 Survival of Representations, Warranties, Covenants and Agreements. The representations, warranties, covenants, agreements and obligations of Seller and Purchaser contained in this Agreement are material, were relied on by such Parties, and will survive the Closing Date as provided in Section 13.03.

ARTICLE 13 INDEMNIFICATION

Section 13.01 Indemnification by Seller. From and after the Closing, Seller shall indemnify and hold harmless the Purchaser Indemnified Parties in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them become subject, resulting from, arising out of or related in any way to:

(a) the inaccuracy or breach of any representation or warranty of Seller contained in this Agreement or of Seller contained in the Consent and Indemnity Agreement or in any certificate delivered by Seller pursuant to this Agreement;

- (b) the breach by Seller of, or the failure by Seller to perform, any of its covenants or other agreements contained in this Agreement or the Consent and Indemnity Agreement;
- (c) Seller Taxes;
- (d) all Controlled Group Liabilities;
- (e) all Liabilities related to the Excluded Assets, whether arising before, on or after the Closing; or
- (f) all Liabilities incurred in respect of the construction, development, ownership, operation or management of Patriot Wind, including all Project Construction Costs and Taxes, but excluding Liabilities incurred to the extent arising from Purchaser's material breach of Section 8.12.

Section 13.02 Indemnification by Purchaser. From and after the Closing, Purchaser shall indemnify and hold harmless the Seller Indemnified Parties in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them become subject, resulting from, arising out of or relating in any way to:

- (a) the inaccuracy or breach of any representation or warranty of Purchaser contained in this Agreement or in any certificate delivered by Purchaser pursuant to this Agreement; or
- (b) the breach by Purchaser of, or the failure by Purchaser to perform, any of its covenants or other agreements contained in this Agreement.

Section 13.03 Period for Making Claims. Other than in the case of fraud or willful breach, no claim under this Agreement (except as provided below) may be made unless such Party shall have delivered, with respect to any claim for breach of any representation, warranty, covenant, agreement or obligation made in this Agreement, a written notice of claim prior to the date falling twelve (12) months after the Closing Date; provided, that, (i) the Fundamental Representations and the representations and warranties contained in Section 4.08 shall survive the Closing for forty-eight (48) months following the Closing Date, (ii) the representations and warranties in Section 4.03 and Section 4.16 and any indemnification claims with respect to Seller Taxes shall survive until thirty (30) days after the expiration of the applicable statute of limitations, (iii) the indemnification for Controlled Group Liabilities shall survive indefinitely and (iv) the covenants, agreements and obligations in this Agreement to be performed after the Closing Date shall survive until the date on which they have been fully performed; provided, further, that, if written notice for a claim of indemnification has been provided by the Indemnified Party pursuant to Section 13.05(a) on or prior to the applicable survival expiration date, then the obligation of the Indemnifying Party to indemnify the Indemnified Party pursuant to this Article 13 shall survive with respect to such claim until such claim is finally resolved.

Section 13.04 Limitations on Claims.

- (a) Neither Party shall have any obligation to indemnify the other Indemnified Party under Section 13.01(a) or Section 13.02(a) until the aggregate amount of all Losses incurred by the Indemnified Parties that are subject to indemnification pursuant to this Article 13 equals or exceeds thirteen million seven hundred fifty thousand dollars (\$13,750,000) (the "Deductible") in which event the Indemnifying Party shall be liable for Losses under Section 13.01(a) or Section 13.02(a) only to the extent they are in excess of the Deductible; provided, however, that the Deductible shall not apply to Losses resulting from, arising out of or relating to (i) any willful breach of any representation or warranty, (ii) any breach of any Fundamental Representation or (iii) fraud.

(b) Neither Party shall have any obligation to indemnify the other Indemnified Party with respect to any single item or group of related items indemnifiable under Section 13.01(a) or Section 13.02(a) until the aggregate amount of Losses that are subject to indemnification with respect to such item or group of related items exceeds two hundred thousand dollars (\$200,000), in which case the amount of all such Losses (including those that are less than such threshold) shall be included for purposes of computing the Losses that are indemnifiable hereunder or applicable against the Deductible; provided, however, that such threshold shall not apply to Losses resulting from, arising out of or relating to (i) any willful breach of any representation or warranty, (ii) any breach of any Fundamental Representation or (iii) fraud.

(c) The aggregate liability of the Indemnifying Parties under Section 13.01(a) or Section 13.02(a) shall be limited to an amount equal to one hundred thirty seven million five hundred thousand dollars (\$137,500,000) (the “Cap”); provided, that, the Cap shall not apply to Losses resulting from, arising out of or relating to (i) any willful breach of any representation or warranty, (ii) any breach of any Fundamental Representation or (iii) fraud.

(d) For the avoidance of doubt, the limitations set forth above in this Section 13.04 shall not apply to claims for indemnification under Section 13.01(b), Section 13.01(c), Section 13.01(d), Section 13.01(e), Section 13.01(f) or Section 13.02(b) or to any indemnification claim resulting from a breach of the representations and warranties set forth in Section 4.03.

(e) For purposes of this Article 13, in determining whether there exists a breach or inaccuracy of any representation, warranty, covenant or agreement in this Agreement, and in calculating Losses hereunder, any and all materiality, material adverse effect or similar qualifications in the representations, warranties, covenants or agreements shall be disregarded.

Section 13.05 Procedure for Indemnification of Third Party Claims.

(a) Notice. Whenever any claim by a third party shall arise for indemnification under this Article 13, the Indemnified Party shall promptly notify the Indemnifying Party of the claim and, when known, the facts constituting the basis for such claim and, if known, the notice shall specify the amount or an estimate of the amount of the liability arising therefrom. The Indemnified Party shall provide to the Indemnifying Party copies of all material notices and documents (including court papers) received or transmitted by the Indemnified Party relating to such claim. The failure or delay of the Indemnified Party to deliver prompt written notice of a claim shall not affect the indemnity obligations of the Indemnifying Party hereunder, except to the extent the Indemnifying Party was actually disadvantaged by such failure or delay in delivery of notice of such claim.

(b) Settlement of Losses. If the Indemnified Party has assumed the defense of any claim by a third party which may give rise to indemnity hereunder pursuant to Section 13.06(d), the Indemnified Party shall not settle, consent to the entry of a judgment of or compromise such claim without the prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) of the Indemnifying Party.

Section 13.06 Rights of Indemnifying Party in the Defense of Third Party Claims.

(a) Right to Assume the Defense. In connection with any claim by a third party which may give rise to indemnity hereunder, the Indemnifying Party shall have thirty (30) days after the date the Indemnifying Party is notified of such claim by the Indemnified Party to assume the defense of any such claim, which defense shall be prosecuted by the Indemnifying Party to a final conclusion or settlement in accordance with the terms hereof.

(b) Procedure. If the Indemnifying Party assumes the defense of any such claim, the Indemnifying Party shall (i) select counsel reasonably acceptable to the Indemnified Party to conduct the defense of such claim and (ii) take all steps necessary in the defense or settlement thereof, at its sole cost and expense. The Indemnified Party shall be entitled to participate in (but not control) the defense of any such claim, with its own counsel and at its sole cost and expense (or at the Indemnifying Party's costs and expense if both the Indemnifying Party and the Indemnified Party are named as parties and either the Indemnifying Party or the Indemnified Party determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict or potential conflict of interest between such parties may exist in respect thereto that would make separate representation advisable); provided, that, if the claim includes allegations for which the Indemnifying Party both would and would not be obligated to indemnify the Indemnified Party, the Indemnifying Party and the Indemnified Party shall in that case jointly assume the defense thereof. The Indemnified Party and the Indemnifying Party shall fully cooperate with each other and their respective counsel in the defense or settlement of such claim. The Party in charge of the defense shall keep the other Party apprised at all times as to the status of the defense or any settlement negotiations with respect thereto.

(c) Settlement of Losses. The Indemnifying Party shall not consent to a settlement of or the entry of any judgment arising from, any such claim or legal proceeding, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) Decline to Assume the Defense. The Indemnified Party may defend against any such claim, at the sole cost and expense of the Indemnifying Party, in such manner as it may deem reasonably appropriate, including settling such claim in accordance with the terms hereof if (i) the Indemnifying Party does not assume the defense of any such claim resulting therefrom within thirty (30) days after the date the Indemnifying Party is notified of such claim by the Indemnified Party or (ii) the Indemnified Party reasonably concludes that the Indemnifying Party is (a) not diligently defending the Indemnified Party, (b) not contesting such claim in good faith through appropriate proceedings or (c) has not taken such action (including the posting of a bond, deposit or other security) as may be necessary to prevent any action to foreclose a Lien against or attachment of any asset of the Indemnified Party for payment of such claim.

Section 13.07 Direct Claims. In the event that any Indemnified Party has a claim against any Indemnifying Party which may give rise to indemnity hereunder that does not involve a claim brought by a third party, the Indemnified Party shall promptly notify the Indemnifying Party of the claim and the facts constituting the basis for such claim and, if known, the amount or an estimate of the amount of the liability arising therefrom. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from receipt of such claim notice that the Indemnifying Party disputes such claim, the amount of such claim shall be conclusively deemed a liability of the Indemnifying Party hereunder; however if the Indemnifying Party does notify the Indemnified Party that it disputes such claim within the required thirty (30) day period, the Parties shall attempt in good faith to agree upon the rights of the respective Parties with respect to such claim. If the Parties should so agree, a memorandum setting forth such agreement shall be prepared and signed by both Parties. If such Parties shall not agree, the Indemnified Party shall be entitled to take any action in law or in equity as such Indemnified Party shall deem necessary to enforce the provisions of this Article 13 against the Indemnifying Party.

Section 13.08 Exclusive Remedy. From and after the Closing, absent fraud or willful breach, the indemnities set forth in this Article 13 shall be the exclusive remedies of Purchaser and Seller and their respective members, officers, directors, employees, agents and Affiliates due to misrepresentation, breach of warranty, nonfulfillment or failure to perform any covenant or agreement contained in this Agreement, and the Parties shall not be entitled to a rescission of this Agreement or to any further indemnification rights or claims of any nature whatsoever in respect thereof, all of which the Parties hereto hereby waive.

Section 13.09 Indemnity Treatment. Any amount of indemnification payable pursuant to the provisions of this Article 13 shall to the extent permitted by applicable Law, be treated as an adjustment to the Final Purchase Price.

Section 13.10 Indemnification Reduction Amounts. The amount which an Indemnifying Party is or may be required to pay to an Indemnified Party in respect of damages for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including amounts received under insurance policies) by or on behalf of any Indemnified Party or its Affiliates from third parties (such amounts are collectively referred to herein as "Indemnity Reduction Amounts"). If any Indemnified Party or its Affiliates receives any Indemnity Reduction Amounts in respect of a claim for which indemnification is provided under this Agreement after the full amount of such claim has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such claim and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such claim, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (i) the amount theretofore paid by the Indemnifying Party in respect of such claim, less (ii) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made. An insurer or other third party who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to any benefit they would not be entitled to receive in the absence of the indemnification provisions by virtue of the indemnification provisions hereof.

Section 13.11 No Solicitation. From the Effective Date until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Seller shall not, and shall cause the Company, any Subsidiary, any of its other Affiliates or any of its or their Representatives not to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall immediately cease and cause to be terminated, and shall cause the Company, any Subsidiary, any of its other Affiliates, and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "Acquisition Proposal" shall mean any inquiry, proposal or offer from any Person concerning (a) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company, any Subsidiary or a NYLD Entity; (b) the issuance or acquisition of equity securities of the Company, any Subsidiary or a NYLD Entity; or (c) the sale, lease, exchange or other disposition of any significant portion of the Company's, any Subsidiary's or a NYLD Entity's assets.

ARTICLE 14 TERMINATION

Section 14.01 Termination. This Agreement may be terminated at any time prior to the Closing as follows:

(a) by mutual written consent of Purchaser and Seller;

(b) by either Seller or Purchaser if the Closing has not occurred on or before November 6, 2018 (the "Termination Date"); provided, that if any of the conditions set forth in Article 9 or Article 10 have not been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing and that would have been satisfied if the Closing were to have occurred by the Termination Date), and each of Purchaser and Seller reasonably believe that such conditions will be satisfied by December 31, 2018, the Termination Date will be extended to December 31, 2018; provided, further, that any additional commitment

fees payable as a result of the Debt Commitment Letter (as defined in the Consent and Indemnity Agreement) being in effect between the November 6, 2018 and December 31, 2018 will be borne equally by Purchaser and Seller; provided, further, that the right to terminate this Agreement pursuant to this Section 14.01(b) shall not be available to a Party if the failure of the Closing to occur on or before the Termination Date was primarily caused by a breach of this Agreement by such Party;

(c) by Purchaser if there has been a breach by Seller or NYLD of any representation, warranty, covenant or agreement contained in this Agreement or the Consent and Indemnity Agreement or Seller or NYLD has failed to comply with any of its covenants or agreements contained in this Agreement or the Consent and Indemnity Agreement which (i) would result in a failure of a condition set forth in Article 9, and (ii) either (x) is a breach of Seller's obligations to transfer the Acquired Interests at Closing in accordance with this Agreement or (y) such breach is either incapable of being cured or, if curable, has not been cured within thirty (30) days following written notification thereof; provided, however, that if, at the end of such thirty (30) day period, Seller or NYLD is endeavoring in good faith, and proceeding diligently, to cure such breach, Seller or NYLD shall have an additional thirty (30) days in which to effect such cure; provided, that Purchaser is not then in material breach of any representation, warranty, covenant or agreement contained in this Agreement;

(d) by Seller if there has been a breach by Purchaser of any representation, warranty, covenant or agreement contained in this Agreement or Purchaser has failed to comply with any of its covenants or agreements contained in this Agreement, which (i) would result in a failure of a condition set forth in Article 10, and (ii) such breach is either incapable of being cured or, if curable, has not been cured within thirty (30) days following written notification thereof; provided, however, that if, at the end of such thirty (30) day period, Purchaser is endeavoring in good faith, and proceeding diligently, to cure such breach, Purchaser shall have an additional thirty (30) days in which to effect such cure; provided, that Seller is not then in material breach of any representation, warranty, covenant or agreement contained in this Agreement;

(e) by either Seller or Purchaser, if any Order permanently restraining, enjoining or otherwise prohibiting consummation of the transactions contemplated hereby shall become final and non-appealable; provided, that the right to terminate this Agreement pursuant to this Section 14.01(e) shall not be available to any Party if the issuance of such final and non-appealable order was primarily attributable to the failure of such Party to perform any of its obligations under this Agreement; or

(f) by Purchaser pursuant to Section 7.03(c) or by Seller pursuant to Section 7.09.

Section 14.02 Effect of Termination.

(a) Subject to Section 14.02(c), if this Agreement is validly terminated pursuant to Section 14.01, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of either Seller or Purchaser (or any of their respective Representatives or Affiliates) in respect of this Agreement, except that the applicable portions of Article 1, this Section 14.02, and the entirety of Article 15 will continue to apply following any termination; provided, however, that nothing in this Section 14.02 shall release any Party from liability for any breach of this Agreement by such Party prior to the termination of this Agreement; provided, that under no circumstances will the maximum aggregate liability of Purchaser for monetary damages or other monetary remedies (including payment of the Purchaser Termination Fee, any Losses or other amounts payable pursuant to this sentence or any other damages related to this Agreement) in connection with this Agreement, the agreements contemplated hereby or the transactions contemplated hereby or thereby be greater than the Purchaser Termination Fee, and in no event shall any Seller Related Party seek or obtain, nor shall it permit any of

its Representatives or any other Person on its or their behalf to seek or obtain, any monetary recovery or monetary award or any monetary damages of any kind against Purchaser in excess of the Purchaser Termination Fee.

(b) In addition to the foregoing, no termination of this Agreement shall affect the obligations of the parties hereto set forth in the Confidentiality Agreement, all of which obligations shall survive termination of this Agreement in accordance with their terms. Subject to Section 13 of the Confidentiality Agreement, upon termination of this Agreement by Purchaser or Seller for any reason, Purchaser shall return or destroy (at Purchaser's election) all documents and other materials of Seller relating to the Company and the Subsidiaries, the assets of the Company and the Subsidiaries and the transactions contemplated hereby. Subject to Section 13 of the Confidentiality Agreement, each Party shall also return to the other Party or destroy (at the returning/destroying Party's election) any information relating to the Parties to this Agreement furnished by one Party to the other, whether obtained before or after the execution of this Agreement. All information received by Purchaser with respect to the Company, the Subsidiaries, the assets of the Company, the assets of the Subsidiaries or Seller shall remain subject to the provisions of Section 15.05.

(c) If (i) Seller has the ability to terminate this Agreement pursuant to Section 14.01(d), (ii) all of the conditions set forth in Article 9 and Article 10 have been satisfied, or in the case of Article 10 irrevocably waived by Seller, other than those conditions that require deliveries or are tested at the time of Closing, which conditions would have been satisfied if the Closing had occurred, (iii) Seller has confirmed by written notice to Purchaser that it is ready, willing and able to consummate the Closing notwithstanding its termination right set forth in Section 14.01(d), (iv) Purchaser fails to consummate the Closing within the later of three (3) Business Days following the delivery of such notice and the date Closing was required to occur pursuant to Section 2.03(a), and (v) Seller therefore elects to terminate this Agreement pursuant to Section 14.01(d), then Purchaser shall pay to an account designated by Seller at least two (2) Business Days prior to the date of payment, by wire transfer of immediately available funds within five (5) Business Days after the date of such termination, an amount equal to ninety-six million two hundred fifty thousand dollars (\$96,250,000) (the "Purchaser Termination Fee"). Upon termination of this Agreement pursuant to Section 14.01(d) under the circumstances in which the Purchaser Termination Fee is payable, Seller's right to receive the Purchaser Termination Fee shall be the sole and exclusive remedy of Seller and its Affiliates against Purchaser and its Affiliates for any Losses suffered as a result of any failure to perform under this Agreement or failure of the Closing to be consummated in connection with the transactions contemplated by this Agreement.

(d) Without limiting or otherwise affecting other remedies that may be available to Purchaser, in the event of the termination of this Agreement pursuant to Section 14.01(c) or pursuant to Section 14.01(f), Seller shall pay to an account designated by Purchaser at least two (2) Business Days prior to the date of payment, by wire transfer of immediately available funds within five (5) Business Days following receipt of an invoice therefor all reasonable out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment banks, advisors and consultants to Purchaser or their respective Affiliates, and all out-of-pocket fees and expenses of financing sources for which Purchaser or its Affiliates may be responsible) incurred by Purchaser or its Affiliates in connection with this Agreement and the transactions contemplated hereby, up to an aggregate maximum amount of ***** dollars (\$*****);

(e) Each of Seller and Purchaser acknowledges that the agreements contained in this Section 14.02 are an integral part of the transactions contemplated hereby and that, without these agreements, neither Seller nor Purchaser would have entered into this Agreement. Each of the Parties acknowledges that the Purchaser Termination Fee is not a penalty, but is liquidated damages, in a

reasonable amount that will compensate Seller in the circumstances in which such fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance

on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, which amount would otherwise be impossible to calculate with precision. Notwithstanding anything to the contrary set forth in this Agreement, but subject to Section 15.03, Seller's right to receive payment of the Purchaser Termination Fee pursuant to Section 14.02(c) shall constitute the sole and exclusive remedy of Seller and any of its direct or indirect, former, current or future general or limited partners, stockholders, members, managers, directors, officers, employees, agents, Affiliates, Representatives or assignees (collectively, the "Seller Related Parties") against Purchaser, Purchaser Parent, any other source or potential source of Equity Financing or debt financing or any of their respective, direct or indirect, former, current or future general or limited partners, stockholders, members, managers, directors, officers, employees, agents, Affiliates, Representatives or assignees (collectively, the "Purchaser Related Parties") for all Losses suffered as a result of any breach of this Agreement by Purchaser or the failure of the transactions contemplated by this Agreement to be consummated, and upon payment of such amount, none of Purchaser or the Purchaser Related Parties shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated thereby (except that Purchaser Parent shall be obligated pursuant to the terms and conditions of the Purchaser Parent Guaranty).

(f) This Agreement may only be enforced against, and any claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement or the transactions contemplated hereby, may only be made against the entities that are expressly identified as parties hereto and no Purchaser Related Party (other than Purchaser Parent to the extent set forth in the Purchaser Parent Guaranty) or Seller Related Party shall have any liability for any obligations or liabilities of the Parties or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the transactions contemplated hereby. Without limiting the rights of any Party against the other Parties hereto, in no event shall any Party or any of its Affiliates seek to enforce this Agreement against, make any claims for breach of this Agreement against, or seek to recover monetary damages from, any Purchaser Related Party (other than Purchaser Parent to the extent set forth in the Purchaser Parent Guaranty) or any Seller Related Party, as the case may be.

ARTICLE 15 MISCELLANEOUS

Section 15.01 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally, by facsimile transmission, by reputable national overnight courier service or by registered or certified mail (postage prepaid) or by email to the Parties at the following addresses or facsimile numbers, as applicable:

If to Purchaser, to: c/o Global Infrastructure Management, LLC

12 East 49th Street, 38th Floor
New York, New York 10017
Attention:
Fax:
Email:

With a copy to: c/o Global Infrastructure Management, LLP

The Peak
5 Wilton Road, 6th Floor
London, SW1V 1AN
United Kingdom
Attention:
Fax:
Email:

With a copy to: Simpson Thacher & Bartlett LLP

425 Lexington Avenue
New York, New York 10017
Attn:
Fax:
E-mail:

If to Seller, to: NRG Energy Inc.

804 Carnegie Center Drive
Princeton, NJ 08540
Attn:
Fax:
E-mail:

With a copy to: Jones Day

51 Louisiana Avenue, N.W.
Washington, D.C. 20001
Attn:
Fax:
E-mail:

Notices, requests and other communications will be deemed given upon the first to occur of such item having been (a) delivered personally to the address provided in this [Section 15.01](#), (b) delivered by email or by confirmed facsimile transmission to the facsimile number provided in this [Section 15.01](#), or (c) delivered by registered or certified mail (postage prepaid), by reputable national overnight courier service in the manner described above to the address provided in this [Section 15.01](#) (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this [Section 15.01](#)). Any Party from time to time may change its address, facsimile number, email address or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

Section 15.02 Entire Agreement. This Agreement and the documents referenced herein supersede all prior discussions and agreements, whether oral or written, between the Parties with respect to the subject matter hereof, and contains the entire agreement between the Parties with respect to the subject matter hereof.

Section 15.03 Specific Performance. The Parties agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur and money damages may not be a sufficient remedy even if available. In addition to any other remedy at law or in equity, each of Purchaser and Seller shall be entitled to specific performance by the other Party of its obligations under this Agreement and immediate injunctive relief, without the necessity of proving the inadequacy of money damages as a remedy. While Seller may pursue both a grant of specific performance in accordance with this Section 15.03 and payment of the Purchaser Termination Fee under Section 14.02(c), in no event shall Seller be entitled to receive both a grant of specific performance requiring consummation of the transactions contemplated hereby and the payment of the Purchaser Termination Fee under Section 14.02(c).

Section 15.04 Expenses. Except for any filing and related fees associated with Governmental Approvals (including under the HSR Act) and fees and expenses associated with required Consents, which shall be borne solely by Seller, and except as otherwise expressly provided in this Agreement and regardless whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement.

Section 15.05 Public Disclosures. Neither Party nor any of their Affiliates shall make any written or other public disclosure, announcement or other similar statement regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other Party, except as required by Law, any regulatory authority or under the applicable rules and regulations of a stock exchange or market on which the securities of the disclosing Party or any of its Affiliates are listed; provided, however, that Seller and its Affiliates may disclose in marketing materials and otherwise its role in developing any of the Projects owned by the Company Entities or the NYLD Entities prior to the Closing.

Section 15.06 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition and delivered pursuant to Section 15.01. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same on any future occasion or any other term or condition of this Agreement on that or any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

Section 15.07 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party.

Section 15.08 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each Party and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third party beneficiary rights upon any other Person other than any Person entitled to indemnity under Article 13.

Section 15.09 Assignment.

(a) The obligations of the Parties under this Agreement are not assignable without the prior written consent of the other Party, which such Party may withhold in its discretion; provided, that, Purchaser may assign this Agreement, including the right to purchase the Acquired Interests, without the prior written consent of Seller, to (i) any Affiliate of Purchaser, or (ii) any financial institution providing purchase money

or other financing to Purchaser from time to time as collateral security for such financing, in each case so long as Purchaser remains fully liable for its obligations under this Agreement.

(b) If after the Effective Date, Seller effects the separation of a substantial portion of its business into one or more entities (each, a “NewCo”), whether existing or newly formed, including without limitation by way of spin-off, split-off, carve-out, demerger, recapitalization, reorganization or similar transaction, prior to such separation Seller shall cause any such NewCo to enter into an agreement with Purchaser whereby such NewCo will agree to obligations of Seller that are substantially identical to those set forth in this Agreement.

Section 15.10 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; provided, that the limitations on liability contained in Section 14.02 and provisions that, subject to the terms and limitations set forth in Section 15.03, payment of the Purchaser Termination Fee be the exclusive remedy for Seller and the limitation on liabilities of the Purchaser Related Parties contained in Section 14.02 and Section 15.03 are to be construed as integral provisions of this Agreement and that such remedies and limitations shall not be severable in any manner that increases a Party’s Liability hereunder.

Section 15.11 Governing Law. This Agreement and its enforcement, and any controversy arising out of or relating to the making or performance of this Agreement, or the transactions contemplated hereby shall be governed by and construed in accordance with the law of the State of New York, without regard to New York’s principles of conflicts of law.

Section 15.12 Consent to Jurisdiction.

(a) For all purposes of this Agreement, and for all purposes of any Action arising out of or relating to the transactions contemplated hereby or for recognition or enforcement of any judgment, each Party hereto (including, with respect to Seller, NYLD and NYLD LLC, on behalf of itself and each Seller Related Party) submits to the exclusive personal jurisdiction of the courts of the State of New York and the federal courts of the United States sitting in New York County, and hereby irrevocably and unconditionally agrees that any such Action shall exclusively be heard and determined in such New York court or, to the extent permitted by Law, in such federal court. Each Party hereto agrees that a final judgment in any such Action may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law.

(b) Each Party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so:

(i) any objection which it may now or hereafter have to the laying of venue of any Action arising out of or relating to this Agreement or any related matter in any New York state or federal court located in New York County, and

(ii) the defense of an inconvenient forum to the maintenance of such Action in any such court.

(c) Each Party hereto irrevocably consents to service of process by registered mail, return receipt requested, as provided in Section 15.01. Nothing in this Agreement will affect the right of any Party hereto to serve process in any other manner permitted by Law.

Section 15.13 Waiver of Jury Trial. To the fullest extent permitted by Law, each Party hereby waives all rights to a trial by jury in any legal action to enforce or interpret the provisions of this Agreement or that otherwise relates to this Agreement.

Section 15.14 Limitation on Certain Damages. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY (INCLUDING ARTICLE 13), NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT, SPECULATIVE, EXEMPLARY, OR PUNITIVE DAMAGES (COLLECTIVELY, “ EXCLUDED DAMAGES”) FOR ANY REASON WITH RESPECT TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER BASED ON STATUTE, CONTRACT, TORT OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY’S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT; PROVIDED, THAT (A) THE FOREGOING SHALL APPLY SOLELY TO THE EXTENT THAT ANY SUCH EXCLUDED DAMAGES WERE NOT A REASONABLY FORESEEABLE CONSEQUENCE OF A BREACH OF THIS AGREEMENT AND (B) ANY LOSSES ARISING OUT OF THIRD PARTY CLAIMS FOR WHICH A PARTY IS ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT SHALL NOT CONSTITUTE EXCLUDED DAMAGES.

Section 15.15 Disclosures. Any Party may, at its option, include in the Disclosure Schedules items that are not material in order to avoid any misunderstanding, and any such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgment or representation that such items are material, establish any standard of materiality or define further the meaning of such terms for purposes of this Agreement. In no event shall the inclusion of any matter in the Disclosure Schedules be deemed or interpreted to broaden Seller’s or Purchaser’s representations, warranties, covenants or agreements contained in this Agreement. The mere inclusion of an item in the Disclosure Schedules shall not be deemed an admission by a Party that such item represents a material exception or fact, event, or circumstance.

Section 15.16 Facsimile Signature; Counterparts. This Agreement may be executed by facsimile signature in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature page follows]

NRG ENERGY, INC. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE ACCORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized representative of each Party as of the date first above written.

PURCHASER:

GIP III Zephyr Acquisition Partners, L.P., a Delaware limited partnership

By: Global Infrastructure GP III, L.P., its general partner

By: Global Infrastructure Investors III, LLC, its general partner

By: /s/ Jonathan Bram

Name: Jonathan Bram

Title: Partner

SELLER:

NRG ENERGY, INC., a Delaware corporation

By: /s/ Mauricio Gutierrez

Name: Mauricio Gutierrez

Title: President and Chief Executive Officer

NRG REPOWERING HOLDINGS LLC, a Delaware limited liability company

By: /s/ Gaetan Frotte

Name: Gaetan Frotte

Title: Treasurer

[Signature Page to Zephyr Purchase and Sale Agreement]

PURCHASE AND SALE AGREEMENT

dated as of February 6, 2018

by and between

NRG ENERGY, INC.,

a Delaware Corporation, as Seller,

NRG SOUTH CENTRAL GENERATING LLC,

a Delaware limited liability company, as the Company

and

CLECO ENERGY LLC,

a Louisiana limited liability company, as Purchaser,

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS, INTERPRETATION 2

- 1.01 Definitions 2
- 1.02 Interpretation. 17

ARTICLE 2 SALE OF MEMBERSHIP INTERESTS AND CLOSING 18

- 2.01 Purchase and Sale 18
- 2.02 Payment of Purchase Price 18
- 2.03 Closing. 18
- 2.04 Aggregate Net Working Capital Adjustment Amount 19

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SELLER AND THE COMPANY 21

- 3.01 Existence 22
- 3.02 Authority 22
- 3.03 No Consent 22
- 3.04 No Conflicts 22
- 3.05 Regulatory Matters 22
- 3.06 Legal Proceedings 23
- 3.07 Brokers 23
- 3.08 Compliance with Laws 23
- 3.09 The Company and the Subsidiaries. 23
- 3.10 No Undisclosed Liabilities 24
- 3.11 Taxes 25
- 3.12 The Company Contracts. 27
- 3.13 Real Property 27
- 3.14 Title 28
- 3.15 Environmental 28
- 3.16 Permits 30
- 3.17 Affiliate Transactions 30
- 3.18 Intellectual Property. 30
- 3.19 Insurance 31
- 3.20 Financial Statements 31
- 3.21 Absence of Certain Changes 32
- 3.22 Regulatory Status 32
- 3.23 Support Obligations 32
- 3.24 Employee and Benefit Matters 33
- 3.25 Bankruptcy 36
- 3.26 No Debt 36
- 3.27 Warranties 36

TABLE OF CONTENTS
(continued)

- 3.28 Inventory 36
- 3.29 Projects Condition 36
- 3.30 Anti-Terrorism Laws 37
- 3.31 Foreign Corrupt Practices Act and Certain Payments 37
- 3.32 No Other Warranties 38

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PURCHASER 38

- 4.01 Existence 38
- 4.02 Authority 39
- 4.03 No Consent 39
- 4.04 No Conflicts 39
- 4.05 Permits and Filings 39
- 4.06 Legal Proceedings 39
- 4.07 Purchase for Investment 39
- 4.08 Brokers 40
- 4.09 Governmental Approvals 40
- 4.10 Compliance with Laws 40
- 4.11 FPA/PUHCA 40
- 4.12 Due Diligence. 40
- 4.13 Financial Capacity 41
- 4.14 Trust Accounts 41

ARTICLE 5 COVENANTS OF SELLER 41

- 5.01 Regulatory and Other Permits. 41
- 5.02 Access to Information; Confidentiality 42
- 5.03 Exhibits and Schedules; Notification of Certain Matters 44
- 5.04 Conduct of Business. 45
- 5.05 Insurance 47
- 5.06 Risk of Loss; Casualty 48
- 5.07 Fulfillment of Conditions 50
- 5.08 Further Assurances 50
- 5.09 Post-Closing Access; Preservation of Records 50
- 5.10 Data Room 51
- 5.11 No Solicitation 51
- 5.12 Oxbow Property. 51
- 5.13 Audited Financials 51
- 5.14 Financing Cooperation 51
- 5.15 Equity Settlement of Certain Accounts 51

TABLE OF CONTENTS
(continued)

5.16	PJM Capacity Revenue	51
ARTICLE 6 COVENANTS OF PURCHASER 51		
6.01	Regulatory and Other Permits	52
6.02	Fulfillment of Conditions	54
6.03	Further Assurances	54
6.04	Support Obligations	54
6.05	Purchaser Parent Guaranty	55
6.06	Post-Closing Access; Preservation of Records	55
6.07	Offers of Employment and Terminations	56
ARTICLE 7 CONDITIONS TO OBLIGATIONS OF PURCHASER 58		
7.01	Bring-Down of Seller's and the Company's Representations and Warranties	58
7.02	Performance at Closing	59
7.03	Litigation	59
7.04	Assignment of Membership Interests	59
7.05	Approvals and Consents	59
7.06	Officers' Certificates	59
7.07	FIRPTA Certificate	60
7.08	Antitrust Authorizations	60
7.09	FPA Matters	60
7.10	LPSC Matters	60
7.11	Agreements	60
7.12	No Change	60
7.13	Mortgages	60
7.14	Assigned Contracts	60
7.15	CFIUS	60
ARTICLE 8 CONDITIONS TO OBLIGATIONS OF SELLER 61		
8.01	Bring-Down of Purchaser's Representations and Warranties	61
8.02	Performance at Closing	61
8.03	Approvals and Consents	61
8.04	Litigation	61
8.05	Deliveries	61
8.06	Antitrust Authorizations	61
8.07	FPA Matters	61
8.08	CFIUS	61
8.09	Agreements	61
ARTICLE 9 TAX MATTERS 61		

TABLE OF CONTENTS
(continued)

9.01	Certain Taxes	61
9.02	Allocation of Purchase Price	63
ARTICLE 10 SURVIVAL 64		
10.01	Survival of Representations, Warranties, Covenants and Agreements	64
ARTICLE 11 INDEMNIFICATION 64		
11.01	Indemnification by Seller	64
11.02	Indemnification by Purchaser	65
11.03	Period for Making Claims	66
11.04	Limitations on Claims	67
11.05	Procedure for Indemnification of Third Party Claims.	68
11.06	Rights of Indemnifying Party in the Defense of Third Party Claims.	68
11.07	Direct Claims	69
11.08	General	70
11.09	Indemnity Treatment	70
11.10	Mitigation	70
ARTICLE 12 TERMINATION 71		
12.01	Termination	71
12.02	Effect of Termination.	71
ARTICLE 13 MISCELLANEOUS 72		
13.01	Notices	72
13.02	Entire Agreement	73
13.03	Specific Performance	73
13.04	Time of the Essence	73
13.05	Expenses	73
13.06	Public Announcements	73
13.07	Waiver	74
13.08	Amendment	74
13.09	No Third Party Beneficiary	74
13.10	Assignment	74
13.11	Severability	74
13.12	Governing Law	74
13.13	Consent to Jurisdiction	75
13.14	Waiver of Jury Trial	75
13.15	Limitation on Certain Damages	75
13.16	Disclosures	76
13.17	Commercially Reasonable Efforts	76

TABLE OF CONTENTS
(continued)

13.18 Counterparts 76
13.19 Limitation on Liability; Waiver of Claims 76

TABLE OF CONTENTS

EXHIBITS

- Exhibit A Assignment and Assumption of Membership Interests
- Exhibit B Wire Transfer Instructions
- Exhibit C Aggregate Net Working Capital Calculation
- Exhibit D Form of Officer's Certificate of Seller
- Exhibit E Form of Officer's Certificate of the Company
- Exhibit F Form of Secretary's Certificate of Seller
- Exhibit G Form of Certificate of Non-Foreign Status of Seller
- Exhibit H Form of Officer's Certificate of Purchaser
- Exhibit I Form of Secretary's Certificate of Purchaser
- Exhibit J Purchaser Parent Guaranty
- Exhibit K Seller Knowledge Parties
- Exhibit L Cottonwood Lease
- Exhibit M Transition Services Terms

SCHEDULES

Seller Disclosure Schedules:

- Schedule 3.03 Seller Consents
- Schedule 3.05 Seller Approvals
- Schedule 3.06 Legal Proceedings
- Schedule 3.07 Brokers
- Schedule 3.08 Compliance with Laws
- Schedule 3.09 Ownership; Voting Trusts; Liens on Acquired Interests
- Schedule 3.11 Taxes
- Schedule 3.12(a) Company Contracts
- Schedule 3.12(b) Contracts Defaults
- Schedule 3.13 Real Property
- Schedule 3.15 Environmental Matters
- Schedule 3.16 Permits
- Schedule 3.17 Affiliate Transactions
- Schedule 3.18 Intellectual Property
- Schedule 3.19 Insurance
- Schedule 3.19(b) Unreported Insurance Claims/Transferred Insurance Policies
- Schedule 3.20 Financial Statements
- Schedule 3.21(c) Absence of Certain Changes
- Schedule 3.22(a) Regulatory Status

TABLE OF CONTENTS
(continued)

Schedule 3.23	Support Obligations
Schedule 3.24(a)	List of Business Employees
Schedule 3.24(b)	Collective Bargaining Agreements and Labor/Employment Issues
Schedule 3.24(e)	Company Employee Plans
Schedule 3.24(h)	Business Employee Payments
Schedule 3.27	Warranties
Schedule 3.29	Projects Condition

Purchaser Disclosure Schedules

Schedule 4.03	Purchaser Consents
Schedule 4.05	Purchaser Permits
Schedule 4.08	Brokers
Schedule 4.09	Governmental Approvals

Other Schedules

Schedule 1.01(a)	Companies
Schedule 1.01(b)	Permitted Exceptions and Permitted Liens
Schedule 1.01(c)	Existing Mortgages
Schedule 1.01(d)	PJM Capacity Revenue
Schedule 5.02	Contacting Co-Op Customers
Schedule 5.04(b)	Actions
Schedule 5.04(b)(viii)	Monthly Capital Expenditure Budgets
Schedule 5.04(b)(xvi)	Employee Positions
Schedule 6.01	LPSC Approval
Schedule 6.07(a)	Offers of Employment
Schedule 7.14	Assigned Contracts
Schedule 11.01(h)	Indemnified Litigation
Schedule 11.01(i)	Indemnified Cooperative Customer Litigation

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “Agreement”), dated as of February 6, 2018 (the “Effective Date”) is made and entered into by and among NRG Energy, Inc., a Delaware corporation (“Seller”), NRG South Central Generating LLC, a Delaware limited liability company (the “Company”), and Cleco Energy LLC, a Louisiana limited liability company (“Purchaser”). Seller, the Company and Purchaser are referred to, collectively, as the “Parties” and each, individually, as a “Party.” Capitalized terms used herein shall have the meanings set forth in Section 1.01.

RECITALS

WHEREAS, Seller owns one hundred percent (100%) of the outstanding membership interests of the Company;

WHEREAS, the Company owns one hundred percent (100%) of the membership interests of each of (i) NRG Sterlington Power LLC, a Delaware limited liability company (“Sterlington”), (ii) Big Cajun I Peaking Power LLC, a Delaware limited liability company (“BC Peaking”), (iii) Louisiana Generating LLC, a Delaware limited liability company (“LA Generating”), (iv) New Roads Holdings LLC, a Delaware limited liability company (“New Roads”), (v) Bayou Cove LLC, a Delaware limited liability company (“Bayou Cove”), which in turn owns one hundred percent (100%) of the membership interests of Bayou Cove Peaking Power LLC, a Delaware limited liability company (“Bayou Peaking”), and (vi) Cottonwood Development LLC, a Delaware limited liability company (“Cottonwood”), which in turn directly and indirectly owns one hundred percent (100%) of those membership and limited and general partnership interests in the entities set forth on Schedule 1.01(a) (those entities set forth in subsections (i) through (vi) above and on Schedule 1.01(a), the “Subsidiaries”); and

WHEREAS, Sterlington owns one hundred percent (100%) of that approximately 176 MW natural-gas-fired generating station located in Sterlington, LA (the “Sterlington Project”); and

WHEREAS, BC Peaking owns one hundred percent (100%) of that approximately 210 MW natural-gas-fired peaking facility located in Jarreau, LA (the “BC I Peaking Project”); and

WHEREAS, LA Generating owns (i) one hundred percent (100%) of that approximately 210 MW natural-gas-fired peaking facility located in Jarreau, LA (the “BC I Steam Project”), (ii) one hundred percent (100%) of that approximately 580 MW coal-fired generating station located in New Roads, LA (the “BC II Unit I Project”), (iii) one hundred percent (100%) of that approximately 540 MW natural-gas-fired generating station located in New Roads, LA (the “BC II Unit II Project”), and (iv) fifty-eight percent (58%) of that approximately 588 MW coal-fired generating station located in New Roads, LA (the “BC II Unit III Project” and, together with the BC II Unit I Project and the BC II Unit II Project, the “LA Generating Projects”); and

WHEREAS, Bayou Peaking owns seventy five percent (75%) of that approximately 300 MW natural-gas-fired peaking facility located in Jennings, LA (the “Bayou Project”); and

WHEREAS, Cottonwood, indirectly through those entities set forth in Schedule 1.01(a), owns one hundred percent (100%) of the approximately 1,263 MW natural-gas-fired generating station located in Deweyville, TX (the “Cottonwood Project” and, together with the Sterlington Project, the BC I Peaking Project, the LA Generating Projects and the Bayou Project, the “Projects” and the direct owner of each Project a “ProjectCo”); and

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, one hundred percent (100%) of the outstanding membership interests of the Company (the “Acquired Interests”), on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

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

ARTICLE 1 **DEFINITIONS, INTERPRETATION**

1.01 Definitions. As used in this Agreement, the following defined terms have the meanings indicated below:

“Accounts Payable (Affiliate)” means all accounts payable of any Company Entity owing to Seller or any Affiliate of Seller (other than any Company Entity), including in respect of amounts paid by, or accounts payable of, Seller or any such Affiliate, to third parties on behalf of any Company Entity, including any such amounts that relate to coal, gas and other fuels, P-Card, insurance, telecom, shipping and freight, travel and entertainment, office supplies and employment payables. The Accounts Payable (Affiliate) of any Company Entity as of December 31, 2017, should be considered \$0 in the event the balance is Equity Settled to \$0 prior to February 28, 2018 as set forth in section 5.15.

“Accounts Payable (Trade)” means all accounts payable of any Company Entity other than any payables owing to Seller or any Affiliate of Seller (other than any Company Entity).

“Accounts Receivable (Affiliate)” means all accounts receivables from Seller or any Affiliate of Seller (other than any Company Entity) in respect of amounts received by, or accounts receivable of, Seller or any such Affiliate, on behalf of any Company Entity. The Accounts Receivable (Affiliate) of any Company Entity as of December 31, 2017, should be considered \$0 in the event the balance is Equity Settled as set forth in section 5.15.

“Accounts Receivable (Trade)” means all trade accounts receivables, aged less than 60 days and net of the allowance for doubtful accounts, generated by or on behalf of any Company Entity in the ordinary course of business, but excluding insurance claims receivables, cash and cash equivalents, restricted cash and any receivables from Seller or any Affiliate of Seller (other than any Company Entity).

“Accrued Notice of Violation Settlement” means all amounts payable by any Company Entity pursuant to a 2012 settlement with the EPA, pursuant to which the Company Entities were required to, among other things, pay certain civil fines and make expenditures on environmental mitigation projects, including the construction of a solar project on the campus of the University of Louisiana at Lafayette.

“Acquired Interests” has the meaning set forth in the Recitals.

“Acquisition Proposal” has the meaning set forth in Section 5.11.

“Action or Proceeding” means any action, suit, proceeding, arbitration or investigation by or before any Governmental Authority or any tribunal (including arbitral tribunals) or other dispute resolution body.

“Affiliate” of a specified Person means any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with the Person specified.

“Affiliate Contract” means any Contract between any Seller or any of their Affiliates (other than any Company Entity) on the one hand, and any Company Entity, on the other hand.

“Aggregate Net Working Capital Amount” means Current Assets minus Current Liabilities, in each case as of 11:59 P.M. (Eastern time) on the Balance Sheet Effective Date, in each case calculated (i) in accordance with GAAP and (ii) to the extent not inconsistent with GAAP, the Company Accounting Principles. An example of the calculation of the Net Working Capital as of December 31, 2017 is set forth on Exhibit C.

“Aggregate Target Net Working Capital Amount” means eighty million seven hundred thousand dollars (\$80,700,000).

“Agreement” means this Purchase and Sale Agreement and the Exhibits, the Appendices and the Disclosure Schedules, as any of the same shall be amended or supplemented from time to time.

“2017 AIP Incentive Bonuses” means those annual incentive plan bonus compensation awards recognizing performance during the 2017 fiscal year that are scheduled to be paid to certain Transferred Non-Union Employees during the Lockbox Period.

“Allocation” has the meaning set forth in Section 9.02(a).

“Anti-Terrorism Law” means each of (a) Executive Order No. 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism; (b) Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act); (c) the Money Laundering Control Act of 1986, Public Law 99-570; (d) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. §§ 1 et seq., any executive order or regulation promulgated thereunder and administered by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury or the U.S. Department of State; and (e) any similar law (including any laws, rules and regulations concerning or relating to money laundering, bribery or corruption) enacted in the United States of America subsequent to the date of this Agreement

“Apportioned Obligations” has the meaning set forth in Section 9.01(a).

“Assignment and Assumption of Membership Interests” means the Assignment and Assumption of Membership Interests in substantially the form of Exhibit A attached hereto

“Balance Sheet Date” has the meaning set forth in Section 3.20.

“Balance Sheet Effective Date” means December 31, 2017.

“Base Purchase Price” has the meaning set forth in Section 2.02.

“Bayou Cove” has the meaning set forth in the Recitals.

“Bayou Peaking” has the meaning set forth in the Recitals.

“Bayou Project” has the meaning set forth in the Recitals.

“BC Peaking” has the meaning set forth in the Recitals.

“BC I Peaking Project” has the meaning set forth in the Recitals.

“BC II Unit I Project” has the meaning set forth in the Recitals.

“BC II Unit II Project” has the meaning set forth in the Recitals.

“BC II Unit III Project” has the meaning set forth in the Recitals.

“BC I Steam Project” has the meaning set forth in the Recitals.

“Business” means the business and operations of the Company Entities as currently conducted.

“Business Day” means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

“Business Employee” means each employee of Seller or any of its Affiliates who provides services during the majority of his or her business hours to the Business and who is set forth on Schedule 3.24(a); for the avoidance of doubt, the Cottonwood plant staff and employees that provide Commercial Operations support to the Business are not intended by the Parties to be Business Employees.

“Cap” has the meaning set forth in Section 11.04(c).

“CCR” has the meaning set forth in the definition of Coal Combustion Residuals.

“CCR Rule” means the final rule regulating disposal of coal combustion residuals from electric utilities (74 Fed. Reg. 21302; April 17, 2015) codified at 40 CFR Part 257 and 40 CFR Part 261, and any amendments, modifications, or substitutions thereto.

“CFIUS” means the Committee on Foreign Investment in the United States.

“Clean Water Act” means 33 U.S.C. §§ 1251 *et seq.*, and any amendments, modifications, or substitutions thereto.

“Closing” has the meaning set forth in Section 2.03(a).

“Closing Date” is the date on which the transactions contemplated hereunder are consummated.

“Closing Date Schedule Supplement” has the meaning set forth in Section 5.03(c).

“Coal Combustion Residuals” or “CCR” means those terms as defined at 40 CFR Part 257, and any amendments modifications, or substitutions thereto.

“COBRA” has the meaning set forth in Section 3.24(g).

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Collective Bargaining Agreement” means a collective bargaining agreement, work counsel agreement, memoranda of understanding or other Contract with a labor union or other labor organization that relates to any Business Employee.

“Commercial Operations” means any activities related to (i) buying and selling energy, capacity, ancillary services, fuel and transmission rights, (ii) day-ahead and real-time trading, (iii) physical dispatch of generation assets, (iv) entering into hedges, swaps and futures, (v) 24x7x365 coordination between the plants and the market

operator/reliability coordinator, (vi) fundamental analysis and forecasting, and (vii) and back office functions including settlements and accounting related to the aforementioned activities.

“Company” has the meaning set forth in the Recitals.

“Company Accounting Principles” means the accounting policies, practices, judgments and methodologies of the Company Entities used in the preparation of the Financial Statements.

“Company Contracts” means the following Contracts listed on Schedule 3.12(a) to which any Company Entity is a party and which are in effect on the date hereof: (a) each interconnection Contract; (b) each Contract for the purchase, sale or delivery of energy, capacity or ancillary services; (c) each Contract for the transmission of electricity; (d) each swap, exchange, commodity option or hedging Contract; (e) each operation, maintenance and management Contract that is material to the operation of any Project, and any other type Contract where the consequences of a termination of such Contract would reasonably be expected to have a material effect on the operation of any Project; (f) each Contract which provides for aggregate future payments to or from any Company Entity in excess of \$1,000,000 in any calendar year, other than those that can be terminated without material penalty by such Company Entity upon ninety (90) days’ notice or less; (g) each Contract under which any Company Entity is obligated to sell or lease real or personal property (other than sales of electric energy in the ordinary course of business) having a value in excess of \$500,000; (h) each Contract under which any Company Entity has (A) created, incurred, assumed or guaranteed any material outstanding Indebtedness, or (B) extended credit to any Person in an amount in excess of \$1,000,000 of committed credit; (i) each Affiliate Contract; (j) each Contract establishing any joint venture, strategic alliance or other similar collaboration; (k) each Contract providing for leveraged lease arrangements or tax indemnification arrangements; (l) each Contract providing for product warranty or repair obligations by a manufacturer or vendor of equipment owned or leased by any Company Entity with a fair market value of more than \$1,000,000; (m) each Contract with a Governmental Authority; (n) each Contract providing for any limit or restriction on the ability of any Company Entity to compete in any line of business or in any geographic area; (o) each Contract relating to a sale or lease of real or personal property having a value in excess of \$1,000,000 under which any Company Entity has indemnification obligations that have not completely lapsed; (p) each Contract that is a settlement agreement of any material Action or Proceeding within the five (5) years preceding the Effective Date; (q) each Contract that is an employment or consulting agreement that involves an aggregate future or potential liability in excess of \$100,000; and (r) each other Contract that is material to any Company Entity or any Project and not otherwise within this definition.

“Company Employee Plan” means each Pension Plan, Multiemployer Plan and each other pension, cash balance, savings, profit-sharing, supplemental pension, supplemental savings, deferred compensation, cash or equity incentive, bonus, medical, dental, vision, long-term care, hospitalization, prescription drug or other health, flexible benefits, health care reimbursement account, dependent care account or other cafeteria, short- or long-term disability, vacation, sick leave or other paid time-off, severance, retention, tuition reimbursement, transportation or other fringe or any other employee plan, program or arrangement, whether written or verbal, and whether or not subject to ERISA, that is maintained or contributed to by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is required to contribute, in any case, for the benefit of any Business Employee.

“Company Entities” means the Company and the Subsidiaries.

“Condemnation Value” has the meaning set forth in Section 5.06(a).

“Confidentiality Agreement” means that certain Confidentiality Agreement, dated as of August 31, 2017, between Seller and Purchaser Parent.

“Consents” means consents, approvals, exemptions, waivers, authorizations, filings, registrations and notifications.

“Consequential Damages” has the meaning set forth in Section 13.15.

“Constitutive Documents” means the certificates of formation and the limited liability company agreements and limited partnership agreements, as amended (if applicable) of the Company and the Subsidiaries.

“Continuing Employees” has the meaning set forth in Section 6.07(a).

“Contract” means any written or oral agreement, purchase order, commitment, evidence of Indebtedness, mortgage, indenture, security agreement, guaranty, option, easement, lease, license, or other contract, entered into by a Person or by which a Person or any of its assets are bound, including any amendments or modifications thereto.

“Control” of a Person means the power, directly or indirectly, to direct or cause the direction of the management or policies of such Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

“Controlled Group Pension Plan” means any Pension Plan or Multiemployer Plan in which Seller or any ERISA Affiliate sponsors, maintains, participates in or is obligated to contribute to or in which any Seller or ERISA Affiliate has or has had any liability in the six year period immediately preceding the date hereof.

“Cooperative Customers” means Beauregard Electric Cooperative, Inc., Claiborne Electric Cooperative, Inc., Concordia Electric Cooperative, Inc., Jefferson Davis Electric Cooperative, Inc., Pointe Coupee Electric Membership Corporation, South Louisiana Electric Cooperative Association, Southwest Louisiana Electric Membership Corporation, Washington-St. Tammany Electric Corp., Inc. and Northeast Louisiana Power Cooperative, Inc.

“Cottonwood” has the meaning set forth in the Recitals.

“Cottonwood Energy” means Cottonwood Energy Company LP.

“Cottonwood Lease” has the meaning set forth in Section 7.11(ii).

“Cottonwood Monthly Overhead Cost” means eighty-four thousand five hundred dollars (\$84,500).

“Cottonwood Project” has the meaning set forth in the Recitals.

“Current Assets” means Accounts Receivable (Trade), Accounts Receivable (Affiliate), Working Capital Inventory and Prepaid Expenses, but excluding (i) any amounts subject to indemnification pursuant to Section 11.01(c), (d), (f), (g), (h), (i), (j) and (k), and (ii) the Energy Litigation Client Trust Account.

“Current Liabilities” means Accounts Payable (Trade), Accounts Payable (Affiliate), Accrued Notice of Violation Settlement, unpaid Taxes and other current liabilities of any Company Entity, but excluding any amounts subject to indemnification pursuant to Section 11.01(c), (d), (f), (g), (h), (i), (j) and (k).

“Debt Financing” means debt financing obtained or to be obtained by Purchaser for the purpose of funding all or a portion of the Base Purchase Price.

“Deductible” has the meaning set forth in Section 11.04(a).

“Disclosure Schedules” means the schedules attached to this Agreement, and dated as of the date hereof.

“Effective Date” has the meaning set forth in the Preamble.

“Effluent Limitations Guidelines” means the final rule regulating levels of toxic materials in wastewater that can be discharged from power plants codified at 40 CFR Part 423, and any amendments, modifications, or substitutions thereto.

“Energy Litigation Client Trust Account” means that client trust account held by Kean Miller LLP in the name of Seller containing ten million dollars (\$10,000,000).

“Environmental Laws” means any Law relating to pollution or the protection of human health, the environment or natural resources, or the generation, use, handling, processing, treatment, storage, transportation, Release or threatened Release of Hazardous Substances into the environment, including ambient air, surface water, ground water, subsurface or land, or otherwise relating to the presence, manufacture, processing, distribution, use, treatment storage, Release, transport or handling of any Hazardous Substances, including, but not limited to, the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Federal Water Pollution Control Act (including, but not limited to the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*) and the Oil Pollution Act (33 U.S.C. §§ 2701 *et seq.*)), the Safe Drinking Water Act (42 U.S.C. §§ 300f *et seq.*), the Federal Solid Waste Disposal Act (including, but not limited to, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 *et seq.*)), the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 *et seq.*), the Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 *et seq.*), the Surface Mining Control and Reclamation Act (30 U.S.C. §§ 1201 *et seq.*), the Endangered Species Act (16 U.S.C. §§ 1531 *et seq.*), the Federal Insecticide, Fungicide and Rodenticide Act (15 U.S.C. §§ 2601 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001 *et seq.*), and the Occupational Safety and Health Act (29 U.S.C. §§ 651 *et seq.*) (to the extent relating to human exposure to Hazardous Materials) and any other federal, state or local laws, ordinances, rules, codes, common law or regulations now or hereafter existing relating to any of the foregoing.

“Environmental Liabilities” means any and all Liabilities, claims, costs, fines, penalties or damages incurred or imposed (a) pursuant to any Order, notice of responsibility, directive, injunction, judgment or similar act (including settlements) by any Governmental Authority to the extent arising out of a violation or alleged violation of Environmental Law or Permit issued pursuant to Environmental Law or (b) pursuant to any complaint, claim or cause of action by a Governmental Authority or other third Person for personal injury, property damage, damage to natural resources, protection of human health and the environment, or investigation, remediation, cost recovery or response costs, to the extent arising out of or attributable to any violation of, or any remedial obligation under, any Environmental Law, Order, or Permit issued pursuant to Environmental Law.

“EPA” means the United States Environmental Protection Agency, or its successor.

“Equity Interests” means, with respect to an entity, capital stock, partnership or membership interests or units (whether general or limited), and any other similar interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, such entity.

“Equity Settle” means, in respect of Accounts Payable (Affiliate) and Accounts Receivable (Affiliate), one or more transactions which in aggregate effect cancel all such payables and receivables as may be outstanding on the Balance Sheet Effective Date, which transaction may include the settlement of a payable by converting the payable into additional equity or the settlement of a receivable through a reduction to equity, in each case without a transfer of cash or creation or modification of any other obligations as between the parties to such transaction or transactions.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person or any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes

such first entity, or that is a member of the same “controlled group” as such first entity pursuant to Section 4001(a)(14) of ERISA.

“Estimated Aggregate Net Working Capital Amount” has the meaning set forth in Section 2.04(a).

“Event of Loss” has the meaning set forth in Section 5.06.

“EWG Company” or “EWG Companies” has the meaning set forth in Section 3.22(a).

“Exempt Wholesale Generator” means an “exempt wholesale generator” under PUHCA and applicable FERC regulations, as amended from time to time.

“Existing Mortgages” means those mortgages set forth on Schedule 1.01(c).

“FERC” means the Federal Energy Regulatory Commission, or its successor.

“Final Aggregate Net Working Capital Amount” has the meaning set forth in Section 2.04(b).

“Final Purchase Price” has the meaning set forth in Section 2.02.

“Financial Statements” has the meaning set forth in Section 3.20.

“Financing Sources” means each Person (including each lender, agent and arranger) that has committed or will commit to provide or arrange, or otherwise entered into agreement in connection with, the Debt Financing or other financings in connection with the transactions contemplated hereby, including any commitment letters, engagement letters, credit agreements, loan agreements, joinder agreements or indentures relating thereto, together with their respective Affiliates and their respective Affiliates’ Representatives and their respective successors and assigns.

“Foreign Corrupt Practices Act” has the meaning set forth in Section 3.31.

“FPA” means the Federal Power Act, as amended, and FERC’s implementing regulations promulgated thereunder.

“Fundamental Representations” has the meaning set forth in Section 11.03(i).

“GAAP” has the meaning set forth in Section 1.02(c).

“Governmental Approval” means any consent or approval required by any Governmental Authority.

“Governmental Authority” means any federal, state, local or municipal governmental body; any governmental, quasi-governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, including EPA, Louisiana Department of Environmental Quality, the Texas Commission on Environmental Quality, NERC, LPSC, FERC and each Regional Entity; or any court or governmental tribunal.

“Hazardous Substances” means any chemical, substance, element, compound or mixture, whether solid, liquid or gaseous: (a) which is defined as “hazardous waste” “hazardous substance,” “hazardous material,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substance,” “toxic pollutant” or “pollutant” or “contaminant” under any Environmental Law; (b) which is otherwise hazardous, toxic, or injurious and is subject to regulation by any Governmental Authority; (c) petroleum hydrocarbons, petroleum constituents, petroleum products or by products (other than naturally occurring petroleum hydrocarbons); (d) polychlorinated

biphenyls (PCBs); (e) asbestos-containing materials (other than naturally occurring asbestos); (f) radioactive materials (other than naturally occurring radioactive materials); (g) urea formaldehyde foam insulation; (h) radon gas; (i) lead-based paint; or (j) flammable, ignitable, corrosive, or explosive substances or materials.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Indebtedness” means all obligations of a Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business and not past due), (d) under conditional sale or other title retention agreements, (e) under capital leases, (f) secured by a Lien on the assets of such Person, whether or not such obligation has been assumed by such Person, (g) with respect to reimbursement obligations for letters of credit and other similar instruments (whether or not drawn), (h) pursuant to interest rate, currency swap, commodity or other hedging transactions, (i) to purchase, redeem, retire or defease any Equity Interests or securities convertible into Equity Interests, (j) for any change-of-control payments, unpaid employee severance, pay or bonuses, (k) for any fees and expenses (including fees and expenses of investment bankers, counsel, accountants or other advisors) incurred in connection with the transactions contemplated by this Agreement; or (l) in the nature of guaranties of the obligations described in clauses (a) through (k) above of any other Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty, or (m) in respect of any other amount properly characterized as indebtedness in accordance with GAAP.

“Indemnified Party” means any Person claiming indemnification under any provision of Article 11.

“Indemnifying Party” means any Person against whom a claim for indemnification is being asserted under any provision of Article 11.

“Indemnity Reduction Amounts” has the meaning set forth in Section 11.10.

“Injunction” has the meaning set forth in Section 13.17.

“Intercompany Transfers” means any settlement of accounts payable and accounts receivable, (a) by any Company Entity, on the one hand, to any Seller or any of its Affiliates (other than any Company Entity), on the other hand, or (b) by any Seller or any of its Affiliates (other than any Company Entity), on the one hand, to any Company Entity, on the other hand.

“Interim Period” means the period from the Effective Date through the Closing Date.

“Interim Reports” has the meaning set forth in Section 5.04(e).

“Inventory” means any and all of the coal and other fuel supplies (including diesel fuel), spare, replacement or other parts, supplies, and other items of inventory intended to be used or consumed at any Project in the ordinary course of the Business, including chemicals, lubricants, fluids, oils, filters, connectors, seals, gaskets, maintenance shop supplies, and office supplies.

“IRS” means the United States Internal Revenue Service.

“IT Systems” has the meaning set forth in Section 3.18(d).

“Knowledge of Purchaser” or “Purchaser’s Knowledge” means the actual knowledge of and .

“Knowledge of Seller” or “Seller’s Knowledge” means the actual knowledge of those Persons set forth in Exhibit K after reasonable inquiry of their direct reports or such other Persons who would reasonably be expected to know such information.

“LA Generating” has the meaning set forth in the Recitals.

“LA Generating Projects” has the meaning set forth in the Recitals.

“Laws” means all laws (including without limitation Environmental Laws), statutes, treaties, rules, Orders, codes, ordinances, standards, regulations, restrictions, official guidelines, policies, directives, interpretations, Permits or other pronouncements having the effect of law of any Governmental Authority.

“Leakage” means, during the Lockbox Period, (a) any distributions or other transfers by any Company Entity of any cash, assets or value to, on behalf of or for the benefit of Seller or any of its Affiliates (other than a Company Entity), including (i) any dividends or other distributions, (ii) any payments or other transfers in respect of related party transactions with Seller or any of its Affiliates (other than a Company Entity) other than to the extent such payments or other transfers are in respect of trade payables to third parties that are not Affiliates of Seller (including, for the avoidance of doubt, any payments to Seller or any of its Affiliates (other than a Company Entity) to the extent (x) the amounts of such payments are in respect of costs payable to third parties that are not Affiliates of Seller and (y) such amounts are paid by Seller or any of its Affiliates (other than a Company Entity) to such third parties on behalf of a Company Entity), (iii) any provision of power, capacity or other goods or services by any Company Entity for which either (A) the Company Entity receives amounts that are less than the fair market value of such power, capacity or other goods or services (provided that, in the case of power, capacity or other goods and services provided to third parties other than Seller or any of its Affiliates, fair market value shall be measured by reference to the amounts received by Seller and its Affiliates in respect thereof) or (B) Seller or any of its Affiliates (other than a Company Entity) receives amounts in excess of those received by the Company Entities, (iv) any repayment of shareholder, member or other Affiliate loans, and (v) any waiver or release of any Indebtedness or other Liability owed to any Company Entity, (b) any payments by any Company Entity to any Person in respect of Indebtedness owed by any Company Entity, and (c) any payments by any Company Entity to any Person of any amount that is subject to indemnification (or would be subject to indemnification if not paid during the Lockbox Period) by Seller pursuant to Section 11.01.

“Leakage/Indebtedness Certificate” has the meaning set forth in Section 7.06.

“Liabilities” means any liability, Indebtedness, obligation, commitment, or expense, in each case, requiring either (i) the payment of a monetary amount, or (ii) any type or fulfillment of an obligation, and in each case whether accrued, absolute, contingent, asserted, matured, unmatured, secured or unsecured.

“Lien” means any (statutory or otherwise) lien, mortgage, pledge, security interest, mandatory deposit, purchase right, option, right of refusal, easement, right-of-way, covenant, condition, restriction, reservation, lease, charge or encumbrance of any kind (including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any lien or security interest), and including the filing of any financing statement under the UCC or comparable Law.

“Lockbox Period” means the period from January 1, 2018 through the Closing Date.

“Lockbox Start Date” means January 1, 2018.

“Losses” means any and all claims, obligations, damages, losses, Liabilities (including, without limitation, Environmental Liabilities), costs, and expenses (including interest payable as part thereof, settlement costs, non-cash consideration, and any reasonable legal, consultant, accounting or other expenses for investigating, pursuing or defending any actions or threatened actions).

“LPSC” means the Louisiana Public Service Commission.

“LTSA Rights Agreement” means an agreement between Seller and Purchaser containing the terms and conditions set forth in Exhibit M to the Cottonwood Lease and in form and substance reasonably satisfactory to each of Seller and Purchaser.

“Major Loss” has the meaning set forth in Section 5.06(b).

“Material Adverse Effect” with respect to Seller or any Company Entity, means any occurrence after the Effective Date set forth in clause (A) or clause (B) of this definition, and with respect to the Purchaser, means any occurrence set forth in clause (A) of this definition: (A) any fact, event, circumstance, condition, change or effect materially impairing the ability of such Person to consummate the transactions contemplated by this Agreement or to perform its obligations hereunder; or (B) any fact, event, circumstance, condition, change or effect that has, or would reasonably be expected to have, individually or in the aggregate, a materially adverse effect on the assets, properties, liabilities, financial condition or results of operations of the Company or any Subsidiary or of the Business taken as a whole; provided, however, that none of the following shall be or will be at the Closing deemed to constitute and shall not be taken into account in determining the occurrence of a Material Adverse Effect: any fact, event, circumstance, condition, change or effect resulting from (a) any economic change generally affecting the international, national or regional (i) electric generating industry or (ii) wholesale markets for electric power, except in either case to the extent such changes have a materially disproportionate effect on the Projects relative to other generation facilities in Louisiana and Texas; (b) any economic change in markets for commodities or supplies, including electric power, as applicable, used in connection with the Company or any Subsidiary; (c) any change in general regulatory or political conditions, including any engagements of hostilities, acts of war or terrorist activities, natural disasters or weather-related events (other than events that cause physical damage to any Project or transmission service directly from any Project) or changes imposed by a Governmental Authority associated with additional security; (d) any change in any Laws (including Environmental Laws), industry standards generally affecting the industry or markets in which the Company or any Subsidiary operate or GAAP, in each case that is initially proposed after the Effective Date, except in each case to the extent such changes have a materially disproportionate effect on the Projects relative to other generation facilities in Louisiana and Texas; or (e) any change in the financial, banking, or securities markets (including any suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange or Nasdaq Stock Market) or any change in the general national or regional economic or financial conditions; provided, however, that any fact, event, circumstance, condition, change or effect resulting from clauses (a) through (e) shall nonetheless be taken into consideration in determining whether a Material Adverse Effect has occurred to the extent such facts, events, circumstances, conditions, changes or effects have a materially disproportionate impact on the Company or the Subsidiaries, taken as whole, as compared to similarly situated businesses in the same industry and in the same geographical area.

“Multiemployer Plan” means any “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA that is or was sponsored, maintained or contributed to by Seller, the Company, any Subsidiary or any ERISA Affiliate of Seller.

“NERC” means the North American Electric Reliability Corporation.

“Neutral Auditor” means Ernst & Young or, if Ernst & Young is unable to serve, an impartial nationally recognized firm of independent certified public accountants other than Seller’s accountants or Purchaser’s accountants, mutually agreed to by Purchaser and Seller.

“New Roads” has the meaning set forth in the Recitals.

“Option” with respect to any Person means any security, right, subscription, warrant, option, “phantom” stock right or other Contract that gives the right to (i) purchase or otherwise receive or be issued any shares of capital stock or other security or equity interest of such Person or any security or right of any kind convertible into or exchangeable or exercisable for any shares of capital stock or other security or equity interest of such

Person, or (ii) receive or exercise any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock (or any other equity interest or security) of such Person, including any rights to participate in the equity or income of such Person or to participate in or direct the election of any directors or officers (or similar positions) of such Person or the manner in which any shares of capital stock (or any other security or equity interest) of such Person are voted.

“Order” means any writ, judgment, injunction, ruling, decision, order or similar direction of any Governmental Authority, whether preliminary or final.

“Other Real Property” has the meaning set forth in Section 3.13(a).

“Owned Real Property” has the meaning set forth in Section 3.13(a).

“Oxbow Property” means that Real Property described on Schedule 3.13 as the “Oxbow Property” which Seller shall, pursuant to Section 5.12, cause to be transferred by the Company Entities to Seller or an Affiliate of Seller (other than a Company Entity) prior to Closing.

“Oxbow Property Transfer” has the meaning set forth in Section 5.12.

“Party” or “Parties” has the meaning set forth in the preamble of this Agreement.

“Pension Plan” means any “employee benefit plan” within the meaning of Section 3(3) of ERISA, that is (or when in effect was) subject to Title IV of ERISA or Section 412 of the Code and is or was sponsored, maintained or contributed to by (i) Seller, the Company, any Subsidiary or any ERISA Affiliate of Seller.

“Permit” means all licenses, permits, consents, authorizations, approvals, ratifications, certifications, registrations, exemptions, variances, exceptions and similar consents granted or issued by any Governmental Authority.

“Permitted Exceptions” means, with respect to the Real Property, the following:

(a) all Liens for Taxes, which are not due and payable as of the Closing Date or, if due, are (i) not delinquent or (ii) being contested in good faith through appropriate proceedings and set forth on Schedule 1.01(b) and as to which adequate reserves in accordance with GAAP have been taken on the books of the Company or any Subsidiary;

(b) all building codes and zoning ordinances and other similar Laws of any Governmental Authority heretofore, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property;

(c) all easements (including drainage), rights-of-way, cemeteries and burial grounds, covenants, conditions, restrictions, reservations, licenses, agreements, and other similar matters which would not reasonably be expected to, individually or in the aggregate, materially detract from the value or continued use and operation of the subject property as presently operated consistent with past practice;

(d) all encroachments, overlaps, boundary line disputes, shortages in area, and other similar matters which would not reasonably be expected to, individually or in the aggregate, materially detract from the value or continued use and operation of the subject property as presently operated consistent with past practice;

(e) all electric, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature now located on, over or under the Real Property, and all licenses, easements, rights-of-way and other similar agreements relating thereto which would not reasonably be expected

to, individually or in the aggregate, materially detract from the value or continued use and operation of the subject property as presently operated consistent with past practice;

(f) all existing public and private roads and streets (whether dedicated or undedicated), and all railroad lines and rights-of-way affecting the Real Property which would not reasonably be expected to, individually or in the aggregate, materially detract from the value or continued use and operation of the subject property as presently operated consistent with past practice;

(g) all rights, but excluding any rights to use the surface of the Real Property, with respect to the ownership, mining, extraction and removal of minerals of whatever kind and character (including, without limitation, all coal, iron ore, oil, gas, sulfur, methane gas in coal seams, limestone and other minerals, metals and ores) that have been granted, leased, excepted or reserved, except in favor of Seller or any Company Entity, prior to the date hereof which would not, individually or in the aggregate, materially detract from the value or continued use and operation of the subject property as presently operated consistent with past practice; and

(h) inchoate mechanic's and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carrier's liens arising by operation of law in the ordinary course of business consistent with past practice of the Company or any Subsidiary (i) as to which there is no existing default on the part of the Company or any Subsidiary or (ii) that are being contested in good faith through appropriate proceedings and as set forth on Schedule 1.01(b) and as to which adequate reserves in accordance with GAAP have been taken on the books of the Company or any Subsidiary.

"Permitted Intercompany Transfers" means (1) any Intercompany Transfer consistent with historical practice that does not constitute Leakage and involves (a) any payment, repayment or prepayment solely related to the sale of energy, capacity or ancillary services (in each case net of any energy, capacity or ancillary service costs incurred by any Company Entity solely for the purpose of meeting its load support obligations pursuant to any Company Contract with an electric cooperative), (b) any net payment solely related to a Company Contract with a municipal utility, (c) any payment, prepayment or repayment solely related to the costs of fuel consumed by any Project for the production of electricity, (d) any payment, prepayment or repayment solely related to wages and related employee/employer expenses, including travel and entertainment expenses, (e) any payment, prepayment or repayment solely related to P-Card transactions of the Company Entities, (f) any payment, prepayment or repayment solely related to insurance and (g) any payment, prepayment or repayment solely to the extent related to the transmission required for the PJM 2017/2018 Capacity Revenue (2) any dividend or other distribution of cash in an amount not to exceed the revenues generated through the operation of the Cottonwood Project minus the plant-level costs (including, for avoidance of doubt, all costs that would be borne by the "Tenant" pursuant to the Cottonwood Lease as if it were in effect during the Lockbox Period) and, for each month during the Lockbox Period, the Cottonwood Monthly Overhead Cost incurred for the operation thereof by Cottonwood and those entities set forth in Schedule 1.01(a) during the Lockbox Period; provided that, for the avoidance of doubt, such revenues shall not include any amounts in respect of lease payments pursuant to the Cottonwood Lease.

"Permitted Liens" means any (a) Permitted Exceptions; (b) good faith deposits in the ordinary course of business in connection with bids, tenders, leases, contracts or other agreements, including rent security deposits; (c) pledges or deposits in the ordinary course of business to secure public or statutory obligations or appeal bonds; (d) in the case of personal property owned or held by the Company or any Subsidiary, covenants and other restrictions in the Company Contracts; and (e) any other Liens set forth on Schedule 1.01(b).

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business, entity, organization, trust, union, association or Governmental Authority.

“PJM 2017/2018 Capacity Revenue” means any PJM capacity revenue for the 2017/2018 delivery year that is related to the BC II Unit I Project and the BC II Unit II Project.

“PJM 2018/2019 Capacity Revenue” means any PJM net capacity revenue for the 2018/2019 delivery year that is related to the BC II Unit I Project and the BC II Unit II Project, including the revenue and offset costs set forth on Schedule 1.01(d).

“Post-Closing Aggregate Net Working Capital Adjustment Amount” has the meaning set forth in Section 2.04(f).

“Prepaid Expenses” means contractual amounts prepaid by any Company Entity to Cooperative Customers for trade group participation.

“Project” has the meaning set forth in the Recitals.

“ProjectCo” has the meaning set forth in the Recitals.

“Project Site Agreements” has the meaning set forth in Section 3.13(b).

“Proposed Aggregate Net Working Capital Amount” has the meaning set forth in Section 2.04(b).

“PUHCA” means the Public Utility Holding Company Act of 2005.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Approvals” has the meaning set forth in Section 4.09.

“Purchaser Consents” has the meaning set forth in Section 4.03.

“Purchaser Indemnified Parties” means Purchaser, its successors and assigns, Purchaser Parent, and each of their Representatives.

“Purchaser Parent” means Cleco Corporate Holdings LLC, a Louisiana limited liability company.

“Purchaser Parent Guaranty” means that guaranty of Purchaser Parent dated as of the Effective Date and attached hereto as Exhibit J.

“Put Option Agreement” means an agreement between Seller and Purchaser containing the terms and conditions set forth in Exhibit N to the Cottonwood Lease and in form and substance reasonably satisfactory to each of Seller and Purchaser.

“Real Property” means collectively the Owned Real Property and the Other Real Property, as such terms are defined in Section 3.13(a).

“Regional Entity” means SERC Reliability Corporation or its successor.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any Hazardous Substances.

“Representatives” means, as to any Person, its officers, directors, managers, employees, partners, members, stockholders, counsel, representatives, agents, accountants, advisers, engineers, and consultants.

“Restoration Costs” has the meaning set forth in Section 5.06(a).

“Restricted Party” means any Person listed (a) in the Exhibit to Executive Order No. 13224 of September 23, 2001 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism; (b) on the “Specially Designated Nationals and Blocked Persons” list maintained by the OFAC; (c) in any sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State or any country, region or territory which is itself the subject or target of any economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time pursuant to Anti-Terrorism Laws, (d) in any successor list to either of the foregoing; or (e) any Person operating, organized or resident in or owned or controlled by any such Person or Persons described in the foregoing clauses (at the time of this Agreement, the parties hereto acknowledge that Restricted Parties include Crimea, Cuba, Iran, North Korea, Sudan and Syria).

“Seller” has the meaning set forth in the preamble of this Agreement, and includes its respective successors and assigns.

“Seller Approvals” has the meaning set forth in Section 3.05.

“Seller Consents” has the meaning set forth in Section 3.03.

“Seller Employment Liabilities” has the meaning set forth in Section 6.07(d).

“Seller Indemnified Parties” means Seller, its successors and assigns, and its Representatives.

“Specific Environmental Indemnification Items” means any Losses incurred with respect to a LA Generating Project impoundment in connection with any prohibition on the placement of CCR or non-CCR waste-streams in an impoundment or closure of an impoundment required by the Clean Water Act, the CCR Rule, the Effluent Limitations Guidelines or similar state Environmental Laws and any challenge to the extent seeking such a prohibition or closure (including challenges to the compliance demonstration for the location restriction standards or to the liner certifications or safety/stability certifications pursuant to the CCR Rule); provided, however, that (x) no Purchaser internal costs incurred in respect of routine CCR rule compliance shall be included within the scope of Specific Environmental Indemnification Items, and (y) Purchaser shall work to minimize any such Losses, shall keep Seller apprised of any ongoing litigation or other adversarial proceedings and shall reasonably take into consideration Seller’s input in respect thereof.

“Special Item Cap” has the meaning set forth in Section 11.04(d).

“Special Item Deductible” has the meaning set forth in Section 11.04(d).

“Sterlington” has the meaning set forth in the Recitals.

“Sterlington Project” has the meaning set forth in the Recitals.

“Subsidiaries” has the meaning set forth in the Recitals.

“Support Obligations” has the meaning set forth in Section 6.04.

“Taking” has the meaning set forth in Section 5.06.

“Tax” or “Taxes” means any income, profits, gross or net receipts, property, sales, use, capital gain, transfer, excise, license, production, franchise, employment, social security, occupation, payroll, workmen’s compensation, custom duties, registration, capital, governmental pension or insurance, withholding, royalty, severance, stamp or documentary, value added, goods and services, business or occupation or other tax, charge,

assessment, duty, levy, unclaimed property or escheat obligation, compulsory loan or fee of any kind (including any interest, additions to tax, or civil or criminal penalties thereon) of the United States or any state or local jurisdiction therein required to be collected, or of any other nation or any jurisdiction therein, together with any obligations for the Taxes of any other person whether as successor, a member of a group, indemnitor, or otherwise, but excluding amounts paid or payable in respect of Permits.

“Tax Returns” means any report, form, return, statement or other information (including any amendments) required to be supplied to or filed with a Governmental Authority by a Person with respect to Taxes, including, but not limited to, information returns, any amendments thereof or schedule or attachment thereto and any documents with respect to or accompanying requests for the extension of time in which to file any such report, form, return, statement or other information.

“Termination Date” has the meaning set forth in Section 12.01(b).

“Title Policy” has the meaning set forth in Section 3.14.

“Transfer Taxes” has the meaning set forth in Section 9.01(d).

“Transferred Non-Union Employee” has the meaning set forth in Section 6.07(c).

“Transferred Union Employee” has the meaning set forth in Section 6.07(b).

“WARN Act” has the meaning set forth in Section 3.23(b).

“WARN Notices” has the meaning set forth in Section 6.07(h).

“Working Capital Inventory” means all spare parts and coal inventory of any Company Entity, net of any allowances or reserves.

“Year End Financial Statements” has the meaning set forth in Section 3.20.

1.02 Interpretation.

(a) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement, (iv) the terms “Article” or “Section” refer to the specified Article or Section of this Agreement, (v) the words “include” and “including” are not words of limitation and shall be deemed to be followed by the words “without limitation,” (vi) the use of the word “or” to connect two or more phrases shall be construed as inclusive of all such phrases (e.g., “A or B” means “A or B, or both”), (vii) the use of the conjunction “and/or” shall be construed as “any or all of” and (viii) references to Persons include their respective successors and permitted assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities.

(b) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

(c) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under United States generally accepted accounting principles (“GAAP”).

(d) Unless the context otherwise requires, a reference to any Law includes any amendment, modification or successor thereto.

(e) Any representation or warranty contained herein as to the enforceability of a Contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar Law affecting the enforcement of creditors’ rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(f) In the event of a conflict between this Agreement and any exhibit, schedule or appendix hereto, this Agreement shall control.

(g) The Article and Section headings have been used solely for convenience, and are not intended to describe, interpret, define or limit the scope of this Agreement.

(h) Conflicts or discrepancies, errors, or omissions in this Agreement or the various documents delivered in connection with this Agreement will not be strictly construed against the drafter of the contract language, rather, they shall be resolved by applying the most reasonable interpretation under the circumstances, giving full consideration to the intentions of the Parties at the time of contracting.

(i) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.

ARTICLE 2
SALE OF MEMBERSHIP INTERESTS AND CLOSING

2.01 Purchase and Sale. Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, all of the right, title and interest of Seller in and to the Acquired Interests at the Closing on the terms and subject to the conditions set forth in this Agreement.

2.02 Payment of Purchase Price. Upon the terms and subject to the conditions hereinafter set forth, in consideration of the delivery by Seller of the Acquired Interests, Purchaser shall by wire transfer of immediately available United States funds to an account or accounts that have been designated by Seller to Purchaser in writing prior to the Closing, pay to Seller at the Closing (a) one billion dollars (\$1,000,000,000) (the "Base Purchase Price"), *plus* (b) the Estimated Aggregate Net Working Capital Amount, *minus* (c) the Aggregate Target Net Working Capital Amount, *minus* (d) the aggregate amount of Leakage set forth in the Leakage/Indebtedness Certificate, *minus* (e) the aggregate amount of Indebtedness of the Company Entities as of the Closing Date set forth in the Leakage/Indebtedness Certificate. The Base Purchase Price shall be adjusted in accordance with Section 5.06 (such adjusted amount, the "Final Purchase Price").

2.03 Closing.

(a) The closing of the transactions described in Section 2.01 (the "Closing") will take place at the offices of Jones Day, counsel to Seller, at 250 Vesey Street, New York, NY 10281-1047, or at such other place as the Parties mutually agree, at 10 A.M. local time, on the first (1st) day of the calendar month ten (10) Business Days following the date on which the conditions set forth in Article 7 and Article 8 have been either satisfied or waived by the party for whose benefit such condition exists (or at such other time as the Parties mutually agree).

(b) At the Closing, the following shall occur:

(i) Purchaser shall pay an amount equal to (a) the Base Purchase Price, *plus* (b) the Estimated Aggregate Net Working Capital Amount, *minus* (c) the Aggregate Target Net Working Capital Amount, *minus* (d) the aggregate amount of Leakage set forth in the Leakage/Indebtedness Certificate, *minus* (e) the aggregate amount of Indebtedness of the Company Entities as of the Closing Date set forth in the Leakage/Indebtedness Certificate by wire transfer of immediately available funds to Seller's account as provided on Exhibit B; and

(ii) The Parties shall deliver, or cause to be delivered, to the other Parties the certificates and other deliverables pursuant to Article 7 and Article 8.

2.04 Aggregate Net Working Capital Adjustment Amount.

(a) Prior to the earlier of (x) the date that is five (5) Business Days prior to the scheduled Closing Date and (y) the date that is five (5) Business Days after completion of the audit contemplated by Section 5.13, Seller will prepare and deliver to Purchaser a worksheet setting forth Seller's good faith estimate of the Aggregate Net Working Capital Amount as of the Balance Sheet Effective Date (the "Estimated Aggregate Net Working Capital Amount"), as well as a computation thereof (which computation shall be prepared (i) in accordance with GAAP and (ii) to the extent not inconsistent with GAAP, the Company Accounting Principles).

(b) Within sixty (60) days after the Closing Date, Purchaser will prepare (at Purchaser's expense) and deliver to Seller a worksheet setting forth Purchaser's good faith computation of the actual Aggregate Net Working Capital Amount as of the Balance Sheet Effective Date (the "Proposed Aggregate Net Working Capital Amount"), which computation shall be prepared (i) in accordance with GAAP and (ii) to the extent not inconsistent with GAAP, the Company Accounting Principles, together with a reasonably detailed explanation of, and documentation reasonably sufficient to confirm the accuracy of the computation of, such Proposed Aggregate Net Working Capital Amount. If within thirty (30) days following delivery of such worksheet and supporting documentation, Seller does not object in writing thereto to Purchaser, then the Proposed Aggregate Net Working Capital Amount shall constitute the actual Aggregate Net Working Capital Amount as of the Closing Date for purposes of this Agreement (the "Final Aggregate Net Working Capital Amount"). If, within thirty (30) days following delivery of such worksheet and supporting documentation, Seller objects in writing thereto to Purchaser (describing in reasonable detail the specific line items and values that are in dispute and the reasons for such dispute, and proposing alternative values with respect to such specific line items) such Proposed Aggregate Net Working Capital Amount shall be subject to the objection and resolution provisions set forth in Section 2.04(e) below.

(c) If the Proposed Aggregate Net Working Capital Amount is not prepared and delivered by Purchaser within the sixty (60) day period set forth in Section 2.04(b) above, Seller shall be entitled (but not obligated) during the sixty (60) day period commencing on the sixty-first (61st) day after the Closing Date to prepare (at Seller's expense) and deliver to Purchaser a worksheet setting forth Seller's good faith computation of the Proposed Aggregate Net Working Capital Amount, which computation shall be prepared in the same format and on the same basis used to prepare the Estimated Aggregate Net Working Capital Amount, and based upon information available to Seller, and accompanied by the documentation that supports Seller's determinations and calculations. If within ten (10) days following delivery of such worksheet and supporting documentation, Purchaser does not object in writing thereto to Seller, then the Proposed Aggregate Net Working Capital Amount submitted by Seller pursuant to this Section 2.04(c) shall constitute the Final Aggregate Net Working Capital Amount. If, within ten (10) days following delivery of such worksheet and supporting documentation, Purchaser objects in writing thereto to Seller (describing in reasonable detail the specific line items and values that are in dispute and the reasons for such dispute, and proposing alternative values with respect to such specific line items), such Proposed Aggregate Net Working Capital Amount shall be subject to the objection and resolution provisions set forth in Section 2.04(e) below.

(d) If neither Purchaser nor Seller prepare and timely deliver a Proposed Aggregate Net Working Capital Amount in accordance with Section 2.04(b) or (c), above, the Estimated Aggregate Net Working Capital Amount delivered at Closing shall become the Final Aggregate Net Working Capital Amount for all purposes hereunder.

(e) If Seller timely objects to Purchaser's Proposed Aggregate Net Working Capital Amount pursuant to Section 2.04(b) or if Purchaser timely objects to Seller's Proposed Aggregate Net Working Capital Amount pursuant to Section 2.04(c), then Purchaser and Seller shall negotiate in good faith and attempt to resolve the particular items and values that are identified in the applicable written notice of objection over a

twenty (20) day period commencing on delivery of written notice of objection pursuant to Section 2.04(b) or (c), as the case may be. Should such negotiations not result in an agreement as to the Final Aggregate Net Working Capital Amount within such twenty (20) day period (or such longer period as Purchaser and Seller may mutually agree), then either Purchaser or Seller may submit such disputed items and values to the Neutral Auditor. Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. Purchaser and Seller, and their respective Representatives, shall cooperate fully with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall resolve such disputed items and determine the values to be ascribed thereto, and using those values (together with other items not in dispute) determine the Final Aggregate Net Working Capital Amount as of the Closing Date only (prepared on the same basis used to prepare the Estimated Aggregate Net Working Capital Amount). The Parties hereby agree that the Neutral Auditor shall only decide the specific disputed items, the values ascribed thereto and using those values (together with the other items included in the applicable Proposed Aggregate Net Working Capital Amount) determine the Final Aggregate Net Working Capital Amount, and the Neutral Auditor's decision with respect to such disputed items and values must be within the range of values assigned to each such item in the applicable Proposed Aggregate Net Working Capital Amount and the notice of objection, respectively. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Purchaser and Seller. The Neutral Auditor shall be directed to resolve the disputed items and amounts and deliver to Purchaser and Seller a written determination of the Final Aggregate Net Working Capital Amount (such determination to be made consistent with this Section 2.04(e), including a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditor by Purchaser and Seller) within thirty (30) days after being retained (or such longer period as the Neutral Auditor may reasonably require), which determination will be final, binding and conclusive on the Parties and their respective Affiliates and representatives, successors and assigns. Notwithstanding anything herein to the contrary, the dispute resolution mechanism contained in this Section 2.04(e) shall be the exclusive mechanism for resolving disputes, if any, regarding the Aggregate Net Working Capital, if any, and neither Seller nor Purchaser shall be entitled to indemnification pursuant to Article 11 for Losses resulting or arising from the amount of the Aggregate Net Working Capital Amount or the determination of Aggregate Net Working Capital.

(f) The "Post-Closing Aggregate Net Working Capital Adjustment Amount" shall be the amount equal to (i) the Final Aggregate Net Working Capital Amount minus (ii) the Estimated Aggregate Net Working Capital Amount. If the Post-Closing Aggregate Net Working Capital Adjustment Amount is a positive amount, then Purchaser shall pay in cash to Seller the amount of the Post-Closing Aggregate Net Working Capital Adjustment Amount. If the Post-Closing Aggregate Net Working Capital Adjustment Amount is a negative amount, then Seller shall pay in cash to Purchaser the amount equal to the absolute value of the Post-Closing Aggregate Net Working Capital Adjustment Amount. Any such net excess or deficit payment in respect of the Final Aggregate Net Working Capital Amount will be due and payable within fifteen (15) days after the Final Aggregate Net Working Capital Amount is finally determined as provided in this Section 2.04 and will be payable by wire transfer of immediately available funds to such account or accounts as shall be specified by Purchaser or Seller, as applicable. Any payments made pursuant to this Section 2.04(f) shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by applicable Law.

(g) Following the Closing, Seller and Purchaser shall cooperate and provide each other and, if applicable the Neutral Auditor, and their respective representatives, reasonable assistance and access to such books, records and employees (including those of the Company and the Subsidiaries) as are reasonably requested in connection with the matters addressed in this Section 2.04. Consistent with the foregoing, if Purchaser prepares the worksheet in accordance with Section 2.04(b), Purchaser shall, at its expense, provide or provide reasonable access (in a manner not unreasonably disruptive to its business) to Seller or the Neutral Auditor to review the books and records, documents and work papers related to the preparation of the worksheet and computation of the Final Aggregate Net Working Capital Amount and if Seller prepares the

worksheet in accordance with Section 2.04(c), then Seller shall, at its expense, provide or provide reasonable access (in a manner not unreasonably disruptive to its business) to Purchaser or the Neutral Auditor to review the books and records, documents and work papers related to the preparation of the worksheet and computation of the Final Aggregate Net Working Capital Amount. If Purchaser prepares the worksheet in accordance with Section 2.04(b), Seller and the Neutral Auditor shall be entitled to make reasonable inquiries and information requests of Purchaser regarding the worksheet setting forth the computation of the Final Aggregate Net Working Capital Amount and the calculations set forth therein and if Seller prepares the worksheet in accordance with Section 2.04(c), Purchaser and the Neutral Auditor shall be entitled to make reasonable inquiries and information requests of Seller regarding the worksheet setting forth the computation of the Final Aggregate Net Working Capital Amount and the calculations set forth therein.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER AND THE COMPANY

Seller and the Company each hereby represents and warrants to Purchaser as of the Effective Date and as of the Closing Date (unless specifically stated otherwise), as to the Company with respect to itself and the Subsidiaries only (and not with respect to the Seller), as follows:

3.01 Existence. Seller is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each of Seller and the Company has full power and authority to execute and deliver this Agreement and any other agreements to be executed and delivered by such Person hereunder, and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including, in the case of Seller, to own, hold, sell and transfer the Acquired Interests.

3.02 Authority. All actions or proceedings necessary to authorize the execution and delivery by Seller and the Company of this Agreement and the performance by such Person of its obligations hereunder, have been duly and validly taken. This Agreement has been duly and validly executed and delivered by Seller and the Company and constitutes the legal, valid and binding obligations of Seller and the Company enforceable against Seller and the Company in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

3.03 No Consent. Except as set forth on Schedule 3.03 of the Disclosure Schedules (the “Seller Consents”), the execution, delivery and performance by each of Seller and the Company of this Agreement does not require Seller or any Company Entity to obtain any consent, approval or action of or give any notice to any Person as a result or under any terms, conditions or provisions of any material Contract or material Permit by which it is bound. Without limiting the generality of the foregoing, the execution, delivery and performance of this Agreement will not require Seller or any Company Entity to obtain any consent, approval or action of or give any notice to any Person as a result or under any terms, conditions or provisions of the Contract listed in item (l)(1) of Schedule 3.12(a).

3.04 No Conflicts. The execution, delivery and performance of this Agreement by each of Seller and the Company does not and will not (a) conflict with, result in a breach of, or constitute (including with due notice or the passage of time) a default under, Seller’s certificate of incorporation or bylaws or the Company’s certificate of formation or operating agreement; (b) conflict with, result in a breach of, or constitute (including with due notice or the passage of time) a default under, any material Contract to which Seller, or Company Contract to which the Company or any Subsidiary, is a party; (c) result in the creation of any Lien upon any of the Acquired Interests or assets or properties of the Company or any Subsidiary; (d) accelerate or modify, or give any party the right to accelerate or modify, the time within which, or the terms under which, any duties or obligations are to be performed by Seller, the Company or any Subsidiary or any rights or benefits are to be received by any Person (including any penalty, premium or other obligation to arise or accrue), under any Contract to which Seller, the Company or any Subsidiary is a party; or (e) assuming receipt of the Consents specified in Section 3.05 and compliance with the HSR Act, violate any Law or Order to which Seller or any Company Entity is subject, except in the case of clauses (b) through (e) for such violations as would not, individually or in the aggregate, have a Material Adverse Effect on the Company Entities.

3.05 Regulatory Matters. No Governmental Approval on the part of Seller, the Company or any Subsidiary is required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, other than (a) required filings under the HSR Act, (b) requirements of any applicable provisions of the Securities Act or any other applicable securities Laws, (c) Consents required pursuant to the FPA as described in Section 7.09, (d) Consents set forth on Schedule 3.05 (“Seller Approvals”), (e) Consents that, if not obtained or made, would not be material to the Business, taken as a whole, (f) Consents that have already been obtained, or (g) requirements applicable as a result of the specific legal or regulatory status of Purchaser or any of its Affiliates or as a result of any other facts that specifically relate to the business or activities in which Purchaser or any of its Affiliates are or propose to be engaged, other than the Business.

3.06 Legal Proceedings. Except as set forth in Schedule 3.06, there are no Actions or Proceedings pending or, to the Knowledge of Seller, threatened, against any Company Entity that (a) affect any Company Entity or any of their assets or properties, including pertaining to condemnation or eminent domain or tax assessments affecting immovable property (excluding annual determinations of Tax assessed valuation), or (b) would reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement. No Company Entity is subject to any Order which materially restricts the operation of its business or which would reasonably be expected to have a Material Adverse Effect on the Company Entities.

3.07 Brokers. Except as set forth on Schedule 3.07 of the Disclosure Schedules, no Person has any claim against Seller, the Company or any Subsidiary for a finder's fee, brokerage commission or similar payment directly or indirectly in connection with the transactions contemplated by this Agreement.

3.08 Compliance with Laws. Except as set forth on Schedule 3.08, and except for Environmental Laws (which are addressed exclusively in Section 3.15), each Company Entity has complied in all material respects during the last three years with and is not in material violation of, and to Seller's Knowledge is not under investigation or threatened to be under investigation with respect to, any Law or Order applicable to its business or operations or the Business.

3.09 The Company and the Subsidiaries.

(a) Each of the Company and the Subsidiaries (except for Cottonwood Energy Company LP and Cottonwood Technology Partners LP) is a limited liability company validly existing and in good standing under the Laws of the State of Delaware and each has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets. Each of Cottonwood Energy Company LP and Cottonwood Technology Partners LP is a limited partnership validly existing and in good standing under the Laws of the State of Delaware and each has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets. The Company and the Subsidiaries are each duly qualified, licensed or admitted to do business and are in good standing in the State of Delaware and each ProjectCo is duly qualified, licensed and admitted to do business and is in good standing in the jurisdictions set forth on Schedule 3.09(a), which are the only jurisdictions in which the ownership, use or leasing of their assets, or the conduct or nature of their business, makes such qualification, licensing or admission necessary, except in those jurisdictions where the failure to be so qualified, licensed or admitted to do business would not reasonably be expected to result in a Material Adverse Effect.

(b) All of the issued and outstanding Acquired Interests of the Company are owned directly, beneficially and of record by Seller free and clear of all Liens, except as set forth on Schedule 3.09(b). All of the issued and outstanding equity interests of Sterlington, BC Peaking, LA Generating, New Roads and Cottonwood are owned directly, beneficially and of record by the Company. All of the issued and outstanding equity interests of Bayou Peaking are owned directly, beneficially and of record by Bayou Cove. All of the issued and outstanding equity interests of those entities directly or indirectly owned by Cottonwood are owned beneficially and of record as more fully set forth on Schedule 1.01(a). All of the Acquired Interests have been duly authorized, validly issued and are fully paid and non-assessable and have been issued in compliance with federal and state securities laws.

(c) There are no and have not been any material violations or breaches by any Company Entity or, to the Knowledge of Seller, any other party, to the Constitutive Documents. No Company Entity or, to the Knowledge of Seller, any other party, has given or received notice or other communication regarding any actual, alleged, possible or potential material violation or material breach of any Constitutive Document since the date of formation with respect to the Company and the Subsidiaries.

(d) There are no outstanding Options issued or granted by, or binding upon any Company Entity for any Person to purchase or sell or otherwise acquire or dispose of any equity interest or other security or interest in such Company Entity, other than Purchaser's rights under this Agreement. Except as set forth on Schedule 3.09(d), none of the Acquired Interests or the membership interests of the Subsidiaries are subject to any voting trust or voting trust agreement, voting agreement, pledge agreement, buy-sell agreement, right of first refusal, preemptive right or proxy.

(e) Except as set forth in Section 3.09(b), neither the Company nor the Subsidiaries have any other subsidiaries, equity interests, interests in joint ventures or general or limited partnerships or other investment or portfolio assets of a similar nature.

(f) Neither the Company nor the Subsidiaries conduct (i) any business other than the development, ownership, operation and management of the Projects or (ii) any operations other than those incidental to the ownership, operation, and management of the Projects.

(g) The books and records of the Company and the Subsidiaries are (i) in all material respects, accurate and complete and have been maintained in accordance with good business practices and (ii) state in reasonable detail and accurately and fairly reflect the activities and transactions of the Company and the Subsidiaries.

(h) The delivery of certificates representing the Acquired Interests, duly endorsed for transfer to Purchaser or accompanied by one or more membership interest powers duly endorsed for transfer to Purchaser will transfer to Purchaser good, valid and marketable title to the Acquired Interests, free and clear of all Liens, except as set forth in Schedule 3.09(b).

3.10 No Undisclosed Liabilities. The Company Entities have (i) no Liabilities that would be required under GAAP to be reflected or reserved against in a balance sheet of the Company Entities that are material to the financial position of the Company Entities, and (ii) to the Knowledge of Seller, no Liabilities that are material to the financial position of the Company Entities, in each case except for (a) Liabilities set forth, reflected in, reserved against or disclosed in the December 31, 2017 financial statements included in the Financial Statements, (b) Liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2017, (c) Liabilities under any Company Contract (other than as a result of a breach thereof by such Company Entity), and (d) Liabilities incurred in connection with the consummation of the transactions contemplated hereby.

3.11 Taxes.

(a) Except as set forth in Schedule 3.11:

to the date hereof.

(i) Each Company Entity has timely filed, or caused to be timely filed, all Tax Returns it was required to file on or prior

(i) All such Tax Returns are complete and accurate.

(i) All Taxes due and owing by the Company Entities have been paid.

(ii) There are no Liens for Taxes on any of the assets of any Company Entity other than Permitted Liens.

(iii) None of the Company Entities is currently taking advantage of an extension of time to file any Tax Return and no such extensions have been requested with respect to any Tax Returns currently due or pending.

(iv) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to the assessment of any Tax against the Company Entities nor has any request been made in writing for any such extension or waiver.

(v) Each Company Entity has been treated as a disregarded entity for U.S. federal income tax purposes at all times since its formation. No election has ever been filed to treat any Company Entity as an association taxable as a corporation for U.S. federal income Tax purposes.

(vi) The Company Entities are not members of any consolidated, combined, affiliated or unitary group of persons for purposes of determining income Tax liability or filing any tax returns.

(vii) No deficiencies for Taxes of the Company Entities or with respect to the Business or the Projects have been claimed, proposed or assessed by any Governmental Authority that have not been paid or finally determined by such Governmental Authority or a court of competent jurisdiction not to be due or payable or otherwise satisfied.

(viii) There are no pending or threatened audits, examinations, assessments or other actions for or relating to any liability in respect of Taxes for which the Company Entities, the Business or the Projects might be liable and there are no matters under discussion with any Governmental Authority or otherwise known to the Seller with respect to Taxes that are likely to result in additional liabilities of the Company Entities, the Business or the Projects for Taxes. No closing agreements with the IRS or any other taxing authority have been entered into by or with respect to the Company Entities, the Business or the Projects.

(ix) No claim has ever been made by a Governmental Authority in a jurisdiction where a Company Entity does not file a Tax Return that it is or may be subject to Taxation by that jurisdiction with respect to the Taxes that would be the subject of such Tax Return.

(x) There are no Tax sharing agreements or similar arrangements between any of the Company Entities and non-affiliates and no Company Entity shall have any liability under such Tax sharing agreements or similar arrangements.

(xi) The Company Entities have delivered or made available to Purchaser complete and accurate copies of all Tax Returns for all taxable years since December 31, 2013 and complete and accurate

copies of all examination reports and statements of deficiencies assessed against the Company Entities, the Business or the Projects since December 31, 2013.

(xii) The Company Entities and the Seller (to the extent relating to the Company Entities, the Business or the Projects) have withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

(xiii) The contracts, agreements, obligations and governance documents, including but not limited to the partnership agreement or operating agreement of any Company Entity taxed as a partnership for federal income tax purposes, do not now and shall not at Closing contain any provision of any kind that would preclude an election to step up the basis of the Company Entity's assets under section 754 of the Code or any other applicable provision of state, local or foreign Law by the Purchaser, its Affiliates or any other transferee.

(xiv) Neither the Company Entities nor the Seller (with respect to the Company Entities, the Business or the Projects) have requested or received any private letter ruling of the IRS or comparable rulings or guidance issued by any other taxing authority.

(xv) No Company Entity will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period or portion thereof beginning after the Closing Date as a result of any (i) installment sale or open transaction disposition made at or prior to the Closing, (ii) prepaid amount received at or prior to the Closing, or (iii) change in accounting method made prior to Closing that would be applicable to a period or portion thereof beginning after the Closing Date.

(b) No representation is being made about the income tax characteristics of any Project (including eligibility for tax credits or depreciation allowances for which such Project may qualify). The representations and warranties set forth in this Section 3.11 (i) are made only with respect to Tax periods and portions thereof ending on or prior to the Closing Date and (ii) shall not be construed as a representation or warranty, and shall not be relied upon for any claim of indemnification with respect to, any Taxes attributable to any Tax period (or portion thereof) beginning after the Closing Date, or any Tax positions taken by the Purchaser or its Affiliates (including the Company Entities) in any Tax period (or portion thereof) beginning after the Closing Date, except to the extent provided by the representations and warranties in Sections 3.11(vii), (xv), and (xvii).

3.12 The Company Contracts.

(a) Schedule 3.12(a) contains true, correct and complete list of all the Company Contracts and all amendments, modifications and supplements thereto. Each Company Contract constitutes the legal, valid, binding and enforceable obligation of the Company or the Subsidiary party thereto and to the Knowledge of Seller, the other parties thereto, except as may be limited by (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors, and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law). Each Company Contract is in full force and effect, except to the extent such non-compliance would not reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed on Schedule 3.12(b), no Company Entity, nor to Seller's Knowledge, any of the other parties thereto is in material breach, violation or default, and, to Seller's Knowledge, no event has occurred which with notice or lapse of time or both would constitute any such material breach, violation or default, or permit termination, modification, or acceleration by such other parties, under such Company Contract.

3.13 Real Property.

(a) All material real property owned by each Company Entity (the "Owned Real Property") or to which such Company Entity has rights under leases, easements, rights of way, licenses, common use agreements or similar agreements (the "Other Real Property") is described in Schedule 3.13. The Real Property is sufficient to enable the Company Entities to conduct the Business. The Parties acknowledge and agree that the Oxbow Property will not be included in the transactions contemplated by this Agreement and that Seller, pursuant to Section 5.12, shall cause the Oxbow Property to be transferred by the Company Entities to Seller or an Affiliate of Seller (other than any Company Entity) prior to the Closing and that, subject to such transfer, Schedule 3.13 shall be deemed to be updated to exclude the Oxbow Property.

(b) The agreements listed on Schedule 3.13 are all the material leases, easements, rights of way, licenses, common use agreements or similar agreements under which the Company Entities have rights to the Real Property (the "Project Site Agreements"). Each Project Site Agreement is in full force and effect and is the legal, valid and binding obligation of the Company Entity which is a party to such Project Site Agreement, subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application, heretofore or hereafter enacted or in effect, affecting the rights and remedies of creditors generally, and (b) the exercise of judicial or administrative discretion in accordance with general equitable principles, particularly as to the availability of the remedy of specific performance or other injunctive relief, and, to Seller's Knowledge, the other parties thereto. Seller has provided Purchaser with copies of all Project Site Agreements. Neither Seller nor any Company Entity has been informed in writing by any other party to any Project Site Agreement that the respective Company Entity is in material breach of its obligations with respect to such Project Site Agreement.

(c) Each Company Entity is in possession of all of its Owned Real Property and Other Real Property and has adequate rights of ingress and egress with respect thereto, including to all buildings, structures, facilities and other improvement thereon.

3.14 Title. Seller has provided Purchaser with, or access to, a true and correct copy of all title policies covering the Real Property (the “Title Policies”). Each Company Entity has good and marketable title (ownership and record title) to all Owned Real Property, and valid and subsisting rights in the Other Real Property, in each case subject only to (a) Permitted Liens, (b) matters disclosed in the Title Policies, and (c) matters consented to in writing by Purchaser.

3.15 Environmental. This Section 3.15 shall constitute the sole representations of Seller with respect to environmental matters. Except as set forth on Schedule 3.15:

(a) Except as would not reasonably be expected to result in Losses greater than one million dollar individually (\$1,000,000) or two million dollars (\$2,000,000) in the aggregate:

(i) (A) each Company Entity and each Project has complied in all material respects during the last five (5) years with and is in material compliance with applicable Environmental Laws, Permits issued pursuant to Environmental Laws, and environmental Orders (including Laws requiring a Company Entity to obtain, maintain, and comply with Permits), and (B) no Company Entity has received any written notice, notification, demand, citation or inquiry which remains uncured, no penalty has been assessed, and no Action or Proceeding is pending or threatened in writing from any Governmental Authority or other Person alleging that any Company Entity or any Project is in violation of any Environmental Laws, Permits issued pursuant to Environmental Laws or environmental Orders;

(ii) the Company Entities possess all material Permits currently required under applicable Environmental Laws to conduct the Business as conducted and operated during the 12-month period immediately prior to the date hereof, and each such Permit is valid and in full force and effect, not subject to any pending challenge or modification, and the applicable Company Entity is in compliance in all material respects with all its obligations with respect thereto and all applications for the renewal of such Permits have been duly filed on a timely basis with the appropriate Governmental Authority;

(iii) neither any Company Entity nor any Project is subject to any outstanding Order pursuant to any Environmental Law, nor is in receipt of any written notice, pending complaint or claim seeking to impose an Environmental Liability against any Company Entity or, within the last five (5) years, a request for information pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, Section 114 of the Clean Air Act or similar state Environmental Laws from a Governmental Authority, which arises from any Real Property or the operation of any Project, and no event has occurred that requires the revocation, suspension, limitation, adverse modification or termination of any Permit issued pursuant to Environmental Laws;

(iv) no Company Entity has arranged for, consented to the disposal of or Released any Hazardous Substances as a result of the operation of any Project in a manner that has given or gives rise to Environmental Liability for any Company Entity or requires investigation or remediation under Environmental Laws; and

(v) there has not been at any time any (1) presence of, Release of or off-site shipment of any Hazardous Substances by the Company Entities that has given or could give rise to Environmental Liabilities or obligations under any Environmental Laws or (2) landfill, underground or aboveground storage tanks, underground piping, surface impoundments, disposal areas on, under, at or in any way affecting any Project that has given or could give rise to Environmental Liability or obligation under any Environmental Laws. All activity to close, remove, remediate or dispose of any landfills, underground or aboveground storage tanks, surface impoundments or disposal areas by any Company Entity has been conducted in material compliance with Environmental Laws.

(b) None of the Company Entities has assumed by contract, agreement (including any administrative order, consent agreement, lease or sale-leaseback) or operation of law, or otherwise agreed to

(i) indemnify or hold harmless any other Person for any violation of Environmental Laws or Permits issued pursuant to Environmental Laws or any obligation or liability arising thereunder or (ii) assume any liability for any Release of any Hazardous Substance or implement institutional controls (including any deed restrictions) regarding any Hazardous Substance, and to the extent that any of the Company Entities is subject to any such agreement in subparts (i) or (ii) of this Section 3.15(b), it has no outstanding obligations.

(c) None of the Company Entities has entered into any Contract or commitment to transfer or sell any emission allowances or credits issued to any of the Company Entities.

(d) To Seller's Knowledge, Seller has delivered to Purchaser complete copies and results of all material environmental reports (including Phase I and Phase II environmental site assessments and letter reports), investigations, disclosures, studies, sampling results, analyses, assessments, tests, plans, and audits that relate to the business of the Company Entities and address any environmental, health and safety matters or liabilities, including those arising under any Environmental Laws or relating to the use, storage, treatment, transportation, manufacture, handling, production, or release of any Hazardous Substance.

3.16 Permits. The Company Entities have all Permits required to conduct the Business as currently conducted and operated on the date hereof, except where the failure to have or obtain such Permits would not materially restrict the operation of the Business. Without limiting the preceding sentence, the Permits listed on Schedule 3.16 comprise all the Permits required by Law to, in all material respects own and operate the Projects and the Business, in the manner owned and operated during the 12-month period immediately prior to the date hereof. To Seller's Knowledge, each such Permit is valid and in full force and effect and the applicable Company Entity is in compliance in all material respects with all its obligations with respect thereto. There are no proceedings pending or, to Seller's Knowledge, threatened which would reasonably be expected to result in the revocation or termination of any material Permit of any Company Entity, and, to Seller's Knowledge, no event has occurred that permits or requires the revocation, suspension, limitation or termination of, or the adverse modification, suspension, impairment or limitation in any material respect of, any material Permit of any Company Entity. Seller makes no representation or warranty in this Section 3.16 with respect to Permits required under any Environmental Law, which Permits are addressed in Section 3.15(a)(ii).

3.17 Affiliate Transactions. Except as disclosed on Schedule 3.17 of the Disclosure Schedules or under the Company Contracts, and except for this Agreement, there are no existing transactions, Contracts or Liabilities between or among the Company or any Subsidiary on the one hand, and Seller or any of Seller's Affiliates on the other hand.

3.18 Intellectual Property.

(a) Except as set forth in Schedule 3.18 of the Disclosure Schedules, there is not now and has not been during the past three (3) years any infringement or misappropriation by Seller of any valid patent, trademark, trade name, servicemark, copyright, trade secret or similar intellectual property which relates to the Acquired Interests or the assets of the Company or any Subsidiary and which is owned by any third party, and there is not now any existing or, to the Knowledge of Seller, threatened claim against Seller of infringement or misappropriation of any patent, trademark, trade name, servicemark, copyright trade secret or similar intellectual property which directly relates to the Acquired Interests or the assets of the Company or any Company Entity and which is owned by any third party.

(b) Each of the Company Entities owns or has the valid right to use pursuant to license, sublicense, agreement or permission, in each case free and clear of all Liens other than Permitted Liens, any intellectual property necessary for it to conduct the Business, other than such intellectual property the absence of which ownership or the right to use would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) There is no pending or, to the Knowledge of Seller, threatened claim by Seller against others for infringement or misappropriation of any trademark, trade name, servicemark, copyright, trade secret or similar intellectual property owned by Seller and which is utilized in the conduct of the Business.

(d) Except as set forth on Schedule 3.18, to the Knowledge of Seller, the information and communications technologies, including all of the material computer hardware, data processing systems, computer software, networks and other peripherals used by any Company Entity in the Business ("IT Systems") are owned by or licensed under third party contracts to such Company Entity. To the Knowledge of Seller, the Company Entities have taken conversely reasonable precautions to preserve the availability, security and integrity of the IT Systems and the data and information stored on the IT Systems. Other than for systems with respect to which Seller is providing transition services pursuant to the transition services agreement contemplated by Section 7.11(v), to the Knowledge of Seller, the IT Systems are sufficient in all material respects for the conduct of the business of the Company Entities as currently conducted.

3.19 Insurance.

(a) Schedule 3.19 of the Disclosure Schedules contains a true, correct and complete list of all insurance policies as of the date of this Agreement that insure the assets and properties and Business of the Company Entities or affect or relate to the ownership of any of the assets and properties of the Company Entities. Seller has provided the Purchaser with, or access to, detailed summaries of all the insurance policies set forth on Schedule 3.19 of the Disclosure Schedules. All such insurance policies are in full force and effect and all premiums due and payable on such insurance policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms thereof. None of Seller or any Company Entity has received any notice with respect to the assets and properties and Business of the Company Entities from any insurer under any insurance policy applicable to the assets and properties and business of the Company Entities disputing or disclaiming coverage, reserving rights with respect to a particular claim or such policy in general, or canceling or materially amending any such policy. All terms of such policies have been complied with by Seller and the Company Entities, as applicable, in all material respects. The insurance maintained by or on behalf of the Company Entities is adequate to comply with all applicable Laws and Company Contracts. Except as set forth on Schedule 3.19 of the Disclosure Schedules, there are no pending insurance claims.

(b) Except as set forth on Schedule 3.19(b), all claims or incidents that may give rise to a claim under an insurance policy of any Company Entity have been reported to such insurer. Schedule 3.19(b) contains a true, correct and complete list of all insurance policies as of the date of this Agreement that are held in the name of Seller or any Company Entity and that will transfer to the Purchaser post-Closing under Section 5.05.

3.20 Financial Statements. Schedule 3.20 sets forth the unaudited combined balance sheet for the Business as of September 30, 2017 (the “Balance Sheet Date”) and December 31, 2017, and the related income statements for the nine (9)-month period and twelve (12)-month period then-ended (the September 30, 2017 and December 31, 2017 financial statements, collectively, the “Year End Financial Statements”). The Year End Financial Statements and the unaudited financial statements as of and for the years ended December 31, 2016 and 2015, including balance sheets and the related statements of income, comprehensive income, changes in stockholders’ equity and cash flows (collectively with the Year End Financial Statements, the “Financial Statements”) (i) fairly present, in all material respects, the consolidated financial position and consolidated results of operations of the Company Entities, as of the respective dates set forth therein, (ii) have been prepared all in conformity with GAAP consistently applied during the period(s) involved except as otherwise noted therein, subject to normal and recurring year-end adjustments that have not been and are not expected to be material in amount, and (iii) have been prepared from the books and records of the Company Entities.

3.21 Absence of Certain Changes.

(a) Since the Balance Sheet Date, and through the date hereof, each Company Entity has conducted its respective business in the ordinary course, and there has not been (i) any damage, destruction or loss, whether or not covered by insurance, that would, individually or in the aggregate, have a Material Adverse Effect on the Company Entities or the Business, (ii) any declaration, setting aside or payment of any non-cash or in-kind dividend or other distribution of property other than cash or cash equivalents with respect to the Acquired Interests or (iii) any change in accounting methods, principles or practices affecting the Company Entities, except as required by GAAP.

(b) Since the Balance Sheet Date, except as contemplated by this Agreement there has not been any event or development that would, individually or in the aggregate, have a Material Adverse Effect on the Company Entities or the Business.

(c) Except as set forth on Schedule 3.21(c), from December 31, 2017, through the Effective Date, neither Seller nor any Company Entity has taken any action that would be prohibited by Section 5.04 or Section 5.07 (without regard to the time period referenced in those sections); provided that, solely for purposes of this Section 3.21(c), the Lockbox Period shall begin on February 1, 2018 and not January 1, 2018.

3.22 Regulatory Status.

(a) Each of Sterlington, BC Peaking, LA Generating, Bayou Peaking and Cottonwood Energy (each, an “EWG Company” and collectively, the “EWG Companies”) is an “exempt wholesale generator” under PUHCA and FERC’s implementing regulations. Each EWG Company is authorized by FERC to make sales of energy, capacity, and ancillary services at market-based rates pursuant to Section 205 of the FPA, has blanket authorization from FERC under Section 204 of the FPA to issue securities and assume liabilities, and has all other blanket authorizations and waivers from FERC that are customarily granted by FERC to entities with market-based rate authorization. Except for its market-based rate tariff, no EWG Company has any other tariff or rate schedule on file with FERC and is not required to have any other tariffs or rate schedules on file with FERC, except as set forth on Schedule 3.22(a). Each of the Company, NRG Bayou Cove LLC and Cottonwood is a “holding company” as defined in PUHCA solely because of its ownership of the applicable Subsidiary which it owns, and, as such, is exempt from regulation under PUHCA as set forth in 18 C.F.R. § 366.3(a).

(b) Cottonwood Energy is registered with NERC as a “Generator Owner” and “Generator Operator” with respect to the Cottonwood Project, and LA Generating (NCR 01265) is registered with NERC as a “Generator Owner” and “Generator Operator” with respect to the LA Generating Projects, the Sterlington Project, the BC I Peaking Project, and the Bayou Project. Each of Cottonwood Energy and LA Generating is in compliance with all requirements applicable to such registrations. Other than the foregoing registrations by Cottonwood Energy and LA Generating with respect to the Projects, to the Knowledge of Seller, no other entity is registered with NERC with respect to the Projects.

3.23 Support Obligations. Schedule 3.23 sets forth a true and complete list of all of the Support Obligations.

3.24 Employee and Benefit Matters

(a) A list of all Business Employees is set forth on Schedule 3.24(a), together with their employer of record, title, position, work location, annual base salary or hourly rate, bonus eligibility, date of hire, years of service, full-time or part-time status, exempt or non-exempt status, union status (including union local) and leave status (type of leave, date leave began and expected return date), which list shall be updated as of five Business Days prior to the Closing. No Company Entity has any employees or has had any employees during the past five (5) years.

(b) Except as disclosed on Schedule 3.24(b), (i) no Business Employee is represented by a labor union or other labor organization and (ii) there is no Collective Bargaining Agreement covering any Business Employees, and no such Collective Bargaining Agreement is being negotiated. In addition, except as disclosed on Schedule 3.24(b), during the past three years: (i) no petition has been filed or proceedings instituted by any labor union or other labor organization with any Governmental Authority seeking recognition as the bargaining representative of any Business Employee or group of Business Employees; (ii) no demand for recognition of Business Employees has been made by, or on behalf of, any labor union or other labor organization; (iii) no strike, work stoppage, lockout, picketing, arbitration, material grievance or other material adverse labor event involving any Business Employees or any other current or former employees, applicants, or independent contractors providing or that have provided services to the Company or the Subsidiaries has occurred and, to Seller's Knowledge, no such event is threatened; (iv) no unfair labor practice charge against Seller or any of its Affiliates involving any Business Employees or any other current or former employees, applicants, or independent contractors providing or that have provided services to the Company or the Subsidiaries has been filed or is pending before the National Labor Relations Board or any other labor relations authority; (v) there is no pending or, to Seller's Knowledge, threatened legal action by or before any Governmental Authority with respect to any Business Employees or any other current or former employees, applicants or independent contractors providing or that have provided services to the Company or any of the Subsidiaries; (vi) the Seller and its Affiliates are and have been in material compliance with all material Laws related to employment, employment practices, wages, hours, immigration, employment taxes and withholding, equal employment, prohibited discrimination, and other terms and conditions of employment (including affirmative action obligations, occupational health and safety and the classification and compensation of employees and independent contractors for purposes of the Fair Labor Standards Act and similar state Laws with respect to any Business Employees or any other current or former employees, applicants, or independent contractors providing or that have provided services to the Company or the Subsidiaries); and (vii) neither the Seller, any of its Affiliates, the Company nor any of the Subsidiaries or the Purchaser will incur any notice, information, consultation, consent or similar obligations with respect to any labor union, works council or other employee representative body in connection with the execution of this Agreement or the Transactions. To the Seller's Knowledge, there is no effort currently being made or threatened by, or on behalf of, any labor union or other labor organization to organize any Business Employees.

(c) There has been no action, during the past three (3) years, that would trigger notice or other obligations to any Business Employees under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2109 et seq. or the regulations promulgated thereunder (the "WARN Act") or similar Law.

(d) Except for such violations or failures as would not, individually or in the aggregate, materially affect the Company Entities or the Business, each Business Employee and each other common law employee, leased employee, consultant, partner or independent contractor who has provided services to the Company or any Subsidiary has been properly classified for all purposes (including for all tax, insurance, workers compensation and benefit plan eligibility purposes) and Seller and its Affiliates have paid and where required withheld all applicable taxes, insurance premiums and other amounts due and have timely made all appropriate filings in connection with services provided by such Persons.

(e) Schedule 3.24(e) contains a complete list of each Company Employee Plan. Neither the Company nor any of its Subsidiaries sponsors, maintains or contributes to, or has any liability with respect to, any Company Employee Plan or any Controlled Group Pension Plan. None of the Company Employee Plans is a stand-alone plan maintained primarily for the benefit of Business Employees. There does not now exist, nor do any circumstances exist that could result in, any liability of the Company or any of its Subsidiaries following the Closing related to any Company Plan or any Controlled Group Pension Plan. Without limiting the generality of the foregoing, except, in the case of clauses (i) through (iii) below, for such violations or failures as would not, individually or in the aggregate, materially affect the Company Entities or the Business:

(i) neither the Company, any Subsidiary nor any ERISA Affiliate has any withdrawal liability, within the meaning of Section 4201 of ERISA, or any contingent withdrawal liability under Section 4204 of ERISA, to any Multiemployer Plan, which liability could become a liability of the Company, any Subsidiary or any ERISA Affiliate or impose any lien or encumbrance against any of the Company's, Subsidiary's or any ERISA Affiliate's assets, and the closing of the transactions contemplated by this Agreement will not cause or result in any such withdrawal liability (contingent or actual);

(ii) all contributions that the Company, any Subsidiary or any of its ERISA Affiliates are required to have made to any Company Employee Plan, Pension Plan Multiemployer Plan have been timely made; and

(iii) no liability under Title IV of ERISA has been incurred or is expected to be incurred with respect to any Controlled Group Pension Plan (other than premiums or benefits incurred and paid when due), nor has there been any "reportable event" within the meaning of Section 4043(c) of ERISA with respect to any such Controlled Group Pension Plan.

(f) Except, in the case of any representation made in this Section 3.24(f), for such violations as would not, individually or in the aggregate, materially affect the Company Entities or the Business:

(i) each Company Employee Plan has been, in all respects, administered in compliance with its terms and applicable Laws, including ERISA and the Code, as applicable;

(ii) each Company Employee Plan that is intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the IRS for the most recent remedial amendment cycle or is entitled to rely upon a favorable opinion issued by the IRS for such cycle, and to Seller's Knowledge, there are no existing circumstances or any events that have occurred that could reasonably be expected to affect adversely the qualified status of any such Company Employee Plan;

(iii) there are no pending, or to Seller's Knowledge, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any Company Employee Plan or any trust related thereto;

(iv) no Company Employee Plan is, or within the last six (6) years has been the subject of an audit, investigation or other proceeding by a Governmental Authority and, to the Knowledge of the Company, no audit, investigation or proceeding is threatened or anticipated with respect to such plan;

(v) Seller, its Affiliates, the Company and the Subsidiaries have satisfied all material reporting and disclosure requirements under the Code and ERISA and other Laws that are applicable to the Company Plans;

(vi) the Company has not terminated any Company Employee Plan or taken any action with respect thereto that would result in a Lien on any of the assets or properties of the Company or any Subsidiary; and

(vii) no transaction prohibited by section 406 of ERISA and no “prohibited transaction” under section 4975(c) of the Code have occurred with respect to any Company Employee Plan that has not been corrected as required by Law.

(g) None of the Business Employees is eligible for retiree welfare benefits, other than as required pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”) or similar state law. Seller and each ERISA Affiliates have complied in all material respects with COBRA and similar state law and neither the Company, any Subsidiary nor any ERISA Affiliate will have any successor liability pursuant to COBRA or similar state law with respect to any Company Employee Plan or any other employee plan, program, or arrangement of any ERISA Affiliate.

(h) Except as set forth on Schedule 3.24(h), the signing of this Agreement or the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any Business Employee, other current or former employee or other service provider to the Company or any Subsidiary to severance pay, unemployment compensation or any other payment, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any Business Employee, other current or former employee or other service provider to the Company or any Subsidiary, (iii) directly or indirectly cause the Seller, any ERISA Affiliates, including the Company or any Subsidiary, to transfer or set aside any assets to fund any benefits under any Company Employee Plan, (iv) otherwise give rise to any material liability under any Company Employee Plan, (v) limit or restrict the right to amend, terminate or transfer the assets of any Company Employee Plan on or following the Closing or (vi) result in any payment that would constitute an “excess parachute payment” (as such term is defined in Section 280G(b)(1) of the Code) any Business Employee, other current or former employee or other service provider to the Company or any Subsidiary or that were or would not be deductible under Code Sections 162(m) or that would be required to be included by any Business Employee, other current or former employee or other service provider to the Company or any Subsidiary in gross income under Code Section 409A(a)(1)(A) as a result of a violation of Code Section 409A. Neither the Seller nor any ERISA Affiliates, including the Company or any Subsidiary, has an obligation to gross-up, indemnify or otherwise reimburse any Business Employee, other current or former employee or other service provider to the Company or any Subsidiary for any tax incurred by such service provider pursuant to Sections 280G or 409A of the Code.

(i) Except, or such violations or failures as would not, individually or in the aggregate, reasonably be expected to be material, (i) each Company Employee Plan that is a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) complies in all respects, in both form and operation, with the requirements of Section 409A of the Code, and (ii) no payment to be made under any Employee Plan is, or will be, subject to the penalties of Section 409A(a)(1) of the Code.

3.25 Bankruptcy. Seller has not authorized, filed, or acquiesced in the commencement of a proceeding under any bankruptcy, insolvency, reorganization or similar law, and there are no claims or proceedings pending or being contemplated by Seller or, to Seller's Knowledge, threatened against Seller, that would reasonably be expected to result in it being or becoming subject to any bankruptcy, insolvency, reorganization or similar proceeding.

3.26 No Debt. On the Closing Date and after giving effect to the payment of the Base Purchase Price, no Company Entity shall have any outstanding Indebtedness.

3.27 Warranties. Schedule 3.27 lists all material, currently-effective, express, written warranties made or given by any Person to any Company Entity in respect of the material equipment, operation and maintenance of the Projects, including material warranties regarding title or against defects in materials or workmanship, and, to Seller's Knowledge, such Company Entity holds and has the right to enforce all such warranties. Seller has furnished to Purchaser true, correct and complete copies of all of such warranties and any agreement or instrument assigning or transferring any such warranties.

3.28 Inventory. Each ProjectCo has on hand, and has good and valid title to, all Inventory and other tangible personal property used or held for use in the Business. The type and amount of such Inventory and other tangible personal property has since January 1, 2017 through the date hereof been, and through the Closing Date will be, materially sufficient to enable the Company Entities to conduct the Business in the ordinary course.

3.29 Projects Condition. As of the Closing, except as set forth in Schedule 3.29, the material tangible property held by each ProjectCo will be in good operating condition and repair, subject to ordinary wear and tear, and is suitable for immediate use in the manner intended in the ordinary course of business. Except as set forth in Schedule 3.29, to Seller's Knowledge, none of the tangible personal property of any ProjectCo is in need of repair or replacement other than as part of routine maintenance in the ordinary course of business.

3.30 Anti-Terrorism Laws. The Seller and each of the Company Entities has not, directly or indirectly, (i) knowingly conducted any business or engaged in making or receiving any contribution of funds, goods, or services to or for the benefit of any Restricted Party, (ii) knowingly dealt in, or otherwise engaged in any transaction relating to, any property or interest in property blocked pursuant to any Anti-Terrorism Law, or (iii) knowingly engaged in or conspired to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. To the Knowledge of Seller, the employees and agents of Seller and the Company Entities are in compliance with Anti-Terrorism Laws applicable to the Seller and the Company Entities in all material respects.

3.31 Foreign Corrupt Practices Act and Certain Payments.

(a) Neither the U.S. Government nor any other Person has notified Seller or any of the Company Entities in writing of any actual or alleged violation or breach of the Foreign Corrupt Practices Act of 1977 (the "Foreign Corrupt Practices Act"), nor to the Knowledge of Seller has there been any actual violation or breach thereof by Seller or any Company Entity. None of the Company Entities has undergone since January 1, 2014, or is undergoing any audit, review, inspection, investigation, survey or examination of records relating to the Company Entities' compliance with the Foreign Corrupt Practices Act. None of the Company Entities have been since January 1, 2014, and are not now under any administrative, civil or criminal investigation or indictment and are not party to any Action or Proceeding involving alleged false statements, false claims or other improprieties relating to any of the Company Entities' compliance with the Foreign Corrupt Practices Act, nor, to the Knowledge of Seller, is there any reasonable basis for such investigation or indictment.

(b) None of the Company Entities nor, to the Knowledge of Seller, any of their respective directors, executives or employees nor, to the Knowledge of Seller, any of the Company Entities' respective representatives or agents, in each case acting in their capacity on behalf of any of the Company Entities, (i) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) has used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees or any employees of a foreign or domestic government-owned entity, or (iii) has violated or is violating any provision of the Foreign Corrupt Practices Act or any other anticorruption Law applicable to any of the Companies, (iv) has made, offered, authorized or promised any payment, rebate, payoff, influence payment, contribution, gift, bribe, rebate, kickback, or any other thing of value to any government official or employee, political party or official, or candidate, regardless of form, to obtain favorable treatment in obtaining or retaining business or to pay for favorable treatment already secured, in each case, in violation of applicable Law, (v) has established or maintained, or is maintaining, any fund of corporate monies or other properties for the purpose of supplying funds for any of the purposes described in the foregoing clause (iv) or (vi) has made any bribe, unlawful rebate, payoff, influence payment, kickback or other similar unlawful payment of any nature. The books of account and other financial records of the Company Entities (x) in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company Entities in accordance with GAAP and applicable Law and (y) represent actual, bona fide transactions.

3.32 No Other Warranties. EXCEPT FOR THE WARRANTIES SET FORTH HEREIN, THE ACQUIRED INTERESTS ARE BEING SOLD HEREUNDER ON AN “AS IS,” “WHERE IS” BASIS. THE WARRANTIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, WRITTEN OR ORAL, EXPRESS OR IMPLIED; SELLER PROVIDES NO OTHER WARRANTIES WITH RESPECT TO THE ACQUIRED INTERESTS, THE COMPANY, THE SUBSIDIARIES, THE ASSETS OF THE COMPANY, OR THE ASSETS OF THE SUBSIDIARIES, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED. EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE 3, SELLER MAKES NO REPRESENTATION OR WARRANTY TO PURCHASER WITH RESPECT TO ANY FINANCIAL PROJECTIONS, FORECASTS OR FORWARD LOOKING STATEMENTS OF ANY KIND OR NATURE WHATSOEVER RELATING TO THE COMPANY, THE SUBSIDIARIES, THE ASSETS OF THE COMPANY, THE ASSETS OF THE SUBSIDIARIES, OR THE ACQUIRED INTERESTS.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as of the date hereof (unless specifically stated otherwise) as follows:

4.01 Existence. Purchaser is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Louisiana. Purchaser has the full power and authority to execute and deliver this Agreement and each other agreement required to be executed by it pursuant to the terms hereof, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby and to own or lease its assets and properties and to carry on its business as currently conducted.

4.02 Authority. All actions or proceedings necessary to authorize the execution and delivery by Purchaser of this Agreement, and the performance by Purchaser of its obligations hereunder, have been duly and validly taken. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

4.03 No Consent. Except as set forth on Schedule 4.03 of the Disclosure Schedules (the “Purchaser Consents”), the execution, delivery and performance by Purchaser of this Agreement does not require Purchaser to obtain any consent, approval or action of or give any notice to any Person as a result or under any terms, conditions or provisions of any material Contract by which it is bound.

4.04 No Conflicts. The execution, delivery and performance of this Agreement by Purchaser does not and will not (a) conflict with, result in a breach of, or constitute a default under, Purchaser’s articles of organization or operating agreement, or any material Contract to which Purchaser is a party; (b) result in the creation of any Lien upon any of the assets or properties of Purchaser or (c) accelerate or modify, or give any party the right to accelerate or modify, the time within which, or the terms under which, any duties or obligations are to be performed by Purchaser, or any rights or benefits are to be received by any Person, under any material Contract to which Purchaser is a party; or (d) assuming receipt of the Consents described in Section 4.09 below and compliance with the HSR Act, violates any Law to which Purchaser or Purchaser Parent is subject for such violations or breaches as would not, individually or in the aggregate, have a Material Adverse Effect on Purchaser.

4.05 Permits and Filings. Except as disclosed on Schedule 4.05 of the Disclosure Schedules, no Permit on the part of Purchaser is required in connection with the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby or thereby or any borrowing or other action by Purchaser or Purchaser Parent in connection with obtaining or maintaining sufficient financing to provide the payment of the Purchase Price.

4.06 Legal Proceedings. There are no Actions or Proceedings pending or, to the knowledge of Purchaser, threatened as of the date of this Agreement against Purchaser that affects Purchaser or any of its assets or properties which would reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement.

4.07 Purchase for Investment. Purchaser (a) is acquiring the Acquired Interests for its own account and not with a view to distribution, (b) is an “accredited investor” as such term is defined in Rule 501(a) under the Securities Act of 1933, (c) has sufficient knowledge and experience in financial and business matters so as to be able to evaluate the merits and risk of an investment in the Acquired Interests and is able financially to bear the risks thereof, and (d) understands that the Acquired Interests will, upon purchase, be characterized as “restricted securities” under state and federal securities laws and that under such laws and applicable regulations the Acquired Interests may be resold without registration under such laws only in certain limited circumstances. Purchaser agrees that it will not sell, convey, transfer or dispose of the Acquired Interests, unless such transaction is made pursuant to an effective registration statement under applicable federal and state securities laws or an exemption from the registration requirements of such securities laws.

4.08 Brokers. Except as set forth on Schedule 4.08, no Person has any claim against Purchaser for a finder's fee, brokerage commission or similar payment directly or indirectly in connection with the transactions contemplated by this Agreement.

4.09 Governmental Approvals. No Governmental Approval on the part of Purchaser is required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby except for (a) required filings under the HSR Act, (b) as set forth on Schedule 4.09 ("Purchaser Approvals"), including from the LPSC and CFIUS, (c) Consents that have already been obtained, and (d) Consents not required to be made or given until after Closing.

4.10 Compliance with Laws. Purchaser is not in material violation of any Law except where any such material violation would not in the aggregate reasonably be expected to have a Material Adverse Effect.

4.11 FPA/PUHCA. Purchaser is not a holding company under PUHCA.

4.12 Due Diligence.

(a) Seller and the Company Entities have provided Purchaser with such access to the facilities, books, records and personnel of the Company Entities as Purchaser has deemed necessary and appropriate in order for Purchaser to investigate to its satisfaction the Business and properties of the Company Entities sufficiently to make an informed investment decision to purchase the Acquired Interests and to enter into this Agreement. Purchaser (either alone or together with its Representatives) has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its purchase of the Acquired Interests and is capable of bearing the economic risks of such purchase. Purchaser's acceptance of the Acquired Interests on the Closing Date shall be based upon its own investigation, examination and determination with respect thereto as to all matters and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in this Agreement. Notwithstanding the foregoing, nothing in this Section 4.12 shall in any way diminish the liability of Seller with respect to a breach of a representation or warranty expressly set forth in this Agreement.

(b) Purchaser has relied solely on its own Representatives for its evaluation of its investment decision to purchase the Acquired Interests and to enter into this Agreement and not on the advice of Seller or its Representatives. Purchaser acknowledges that any financial projections that may have been provided to it are based on assumptions of future operating results based on assumptions about certain events (many of which are beyond the control of Seller). It understands that no assurances or representations can be given that the actual results of the operations of any Company Entity will conform to the projected results for any period. Except with respect to any representation or warranty expressly set forth in this Agreement, Purchaser specifically acknowledges that no representation or warranty has been made, and that Purchaser has not relied on any representation or warranty, as to the accuracy of any projections, estimates or budgets, future revenues, future results from operations, future cash flows, the future condition of any Project or any assets of any Company Entity, the future financial condition of such Company Entity, or any other information or documents made available to Purchaser, its Affiliates or its or their respective Representatives.

4.13 Financial Capacity. Purchaser has sufficient cash or other sources of available funds to, as of the Closing, immediately pay in cash the Purchase Price in accordance with the terms of ARTICLE 2 and for all other actions necessary for Purchaser to consummate the transactions contemplated in this Agreement and perform its obligations hereunder. Purchaser acknowledges that receipt or availability of funds or financing by Purchaser or any of its Affiliates shall not be a condition to Purchaser's obligations hereunder. Purchaser represents and warrants that all funds paid to Seller shall not have been derived from, or constitute, either directly or indirectly, the proceeds of any criminal activity under the anti-money laundering laws of the United States.

4.14 Trust Account. Purchaser acknowledges and agrees that Seller shall retain all right, title and interest in and to the Entergy Litigation Client Trust Account, including the proceeds held therein, and that such account is not intended to be included in the transaction contemplated herein.

ARTICLE 5 **COVENANTS OF SELLER**

Seller and the Company each covenants and agrees with Purchaser that Seller and the Company each will comply with all covenants and provisions of this Article 5, except to the extent Purchaser may otherwise consent in writing.

5.01 Regulatory and Other Permits.

(a) Seller shall, and shall cause its Affiliates including, as applicable, any Company Entity to, prepare, as soon as is practicable following the date of this Agreement, all necessary filings in connection with the transactions contemplated by this Agreement that may be required under the HSR Act or any other federal, state or local laws prior to the Closing Date (except pursuant to section 203 of the FPA, which is subject to Section 5.01(b) below) and shall use commercially reasonable efforts to obtain as promptly as reasonably practicable all Permits and all consents, approvals or actions of all Governmental Authorities and other Persons necessary to consummate the transactions contemplated hereby, including the Seller Approvals and Seller Consents. Seller shall, and shall cause its Affiliates including, as applicable, any Company Entity to, submit the required filings as soon as reasonably practicable. Seller shall, and shall cause its Affiliates to, as soon as is practicable following the date of this Agreement, assist Purchaser in the preparation and filing of a joint voluntary notice to CFIUS pursuant to 31 C.F.R. Part 800 with regard to the transactions contemplated by this Agreement. Seller shall, and shall cause its Affiliates to, request expedited treatment of any such filings, promptly make any appropriate or necessary subsequent or supplemental filings, and cooperate with Purchaser in the preparation of such filings in such manner as is reasonably necessary and appropriate. Seller shall consult with Purchaser and shall agree in good faith with Purchaser upon the timing of such filings.

(b) Seller shall take all commercially reasonable steps to cooperate with Purchaser to obtain Consent from FERC pursuant to section 203 of the FPA in order to consummate the transactions contemplated hereby. Seller and its Affiliates shall reasonably seek Purchaser's cooperation as necessary in such efforts, including in respect of any required execution of, or consenting to, FPA section 203-related applications or submissions with FERC, including any inquiries from staff, which applications or submissions shall be made as soon as reasonably practicable after the date of this Agreement.

(c) Subject to applicable confidentiality restrictions or restrictions required by law, Seller will notify Purchaser promptly upon the receipt by Seller or its Affiliates of (i) any comments or questions from any officials of any Governmental Authority in connection with any filings made pursuant to this Section 5.01 or the transactions contemplated by this Agreement and (ii) any request by any officials of any Governmental Authority for amendments or supplements to any filings made pursuant to any laws of any Governmental Authority or answers to any questions, or the production of any documents, relating to an investigation of the transactions contemplated by this Agreement by any Governmental Authority. Whenever

any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to this Section 5.01, Seller shall promptly inform Purchaser of such occurrence and cooperate in filing promptly with the applicable Governmental Authority such amendment or supplement. Without limiting the generality of the foregoing, Seller shall provide Purchaser (or its advisors), upon request, copies of all correspondence between Seller or any of its Affiliates (including any Company Entity) and any Governmental Authority relating to the transactions contemplated by this Agreement. Such materials and the information contained therein shall be given only to outside counsel of the recipient and shall not be disclosed by such outside counsel to employees, officers, or directors of the recipient without the advance written consent of Seller. In addition, to the extent reasonably practicable, all discussions, telephone calls, and meetings with a Governmental Authority regarding the transactions contemplated by this Agreement shall include representatives of both Seller and Purchaser. Subject to applicable Law, Seller shall consult and cooperate with Purchaser in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, and proposals made or submitted to any Governmental Authority regarding the transactions contemplated by this Agreement by or on behalf of Seller or Purchaser.

5.02 Access to Information; Confidentiality.

(a) Prior to the Closing Date, or, if earlier, the date this Agreement is terminated pursuant to Section 12.01, Purchaser may make or cause to be made such review of the Business and of its respective financial and legal condition as Purchaser deems reasonably necessary or advisable. Seller shall, and shall cause the Company Entities to, permit Purchaser and its authorized agents or Representatives, including its independent accountants, to have reasonable access to the properties, books and records of the Company Entities during normal business hours to review information and documentation relative to the properties, books, contracts, commitments and other records of the Company Entities; provided, that such investigation shall only be upon reasonable notice and shall not disrupt personnel and operations of the Business and shall be at Purchaser's sole cost and expense; provided, further, that none of Purchaser, its Affiliates or their respective Representatives, shall conduct any environmental site assessment, compliance evaluation or investigation with respect to any Project or Company Entity without the prior written consent of Seller (it being understood and agreed that Seller may have no such authority, whether contractual or otherwise, to consent to such undertakings with respect to any Project) and without ongoing consultation with Seller with respect to any such activity (it being understood and agreed that in no event shall any subsurface investigation or testing of any environmental media be conducted); provided, further, that, for the avoidance of doubt, none of Purchaser, its Affiliates or their respective Representatives shall have any right to access or review any Tax Return of Seller or any of its Affiliates (including any consolidated, combined or unitary Tax Return including any such entity), except for separate Tax Returns of the Company Entities. Notwithstanding the foregoing, Seller and its Affiliates will use commercially reasonable efforts to provide Purchaser with information contained in such returns, or derived from those returns without undue burden, that is reasonably requested by Purchaser and relevant to its tax due diligence. All requests for access to the offices, properties, books and records of the Company Entities shall be made to such Representatives of Seller as Seller shall designate, who shall be solely responsible for coordinating all such requests and all access permitted hereunder. It is further agreed that none of Purchaser, its Affiliates or their respective Representatives shall, prior to the Closing Date, contact any of the employees, customers, suppliers, parties that have business relationships with the Company Entities in connection with the transactions contemplated hereby, whether in person or by telephone, mail or other means of communication, without the specific prior authorization of Seller or its Representatives, except as provided on Schedule 5.02 with respect to communications with the co-op customers, nor contact any Governmental Authority or Representatives thereof, in each case except as provided in Article 6 (other than the required filings specified in Section 3.05). Any access to the offices, properties, books and records of the Company Entities shall be subject to the following additional limitations: (i) Purchaser, its Affiliates, and their respective Representatives, as applicable, shall give Seller notice of at least two (2) Business Days prior to conducting any inspections of the Company Entities, and a Representative of Seller shall have the right to be present when Purchaser, its Affiliates or their respective Representatives conducts its or their investigations

on such property; (ii) none of Purchaser, its Affiliates or their respective Representatives shall damage the property of the Company Entities or any portion thereof; and (iii) Purchaser, its Affiliates, and their respective Representatives, as applicable, shall (A) use reasonable best efforts to perform all on-site reviews and all communications with any Person in an expeditious and efficient manner; and (B) indemnify, defend and hold harmless Seller, the members of the Company Entities, their respective Affiliates, and each of their respective employees, directors and officers from and against all damages resulting from or relating to the activities of Purchaser, its Affiliates and their respective Representatives under this paragraph. The foregoing indemnification obligation shall survive the Closing or termination of this Agreement. Notwithstanding anything herein to the contrary, prior to the Closing Date, Seller shall not be required to provide any access or information to Purchaser, its Affiliates or any of their respective Representatives which Seller reasonably believes it or the Company Entities are prohibited from providing to Purchaser, its Affiliates or their respective Representatives by reason of applicable Law, which constitutes or allows access to information protected by attorney-client privilege, or which Seller or the Company Entities are required to keep confidential or prevent access to by reason of any Contract with a third party or which would otherwise expose any Seller or any of its Affiliates to a material risk of Liability. For purposes of this Section 5.02(a), Purchaser's Representatives shall include the Financing Sources.

(b) Purchaser, its Affiliates and their respective Representatives shall hold in confidence all confidential information obtained from Seller, the Company Entities or their respective Affiliates, officers, agents, Representatives or employees, whether or not relating to the Business, in accordance with the provisions of the Confidentiality Agreement which, notwithstanding anything contained therein, shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement in accordance with its terms. After the Closing Date, Seller, its Affiliates and their respective Representatives shall hold in confidence all information provided to Purchaser, its Affiliates or their respective officers, agents, Representatives or employees, relating to the Business, in accordance with the provisions of the Confidentiality Agreement to the same extent that would be required if Seller were a "Receiving Party" pursuant to the Confidentiality Agreement. Notwithstanding anything contained in this Agreement or the Confidentiality Agreement, the obligations of Seller set forth in the immediately preceding sentence shall remain in full force and effect following the execution of this Agreement and shall survive any termination of this Agreement in accordance with its terms

5.03 Exhibits and Schedules; Notification of Certain Matters.

(a) All exhibits and schedules and the Disclosure Schedules attached hereto are hereby incorporated herein by reference and made a part hereof.

(b) Neither the specification of any dollar amount in any representation nor the mere inclusion of any item in a schedule or in the Disclosure Schedules as an exception to a representation or warranty shall be deemed an admission by a Party that such item represents a material fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect on the Company Entities or Purchaser.

(c) Seller shall have the right (but not the obligation) to deliver to Purchaser, at least five (5) Business Days prior to the Closing Date, a supplement to the Seller Disclosure Schedule (the "Closing Date Schedule Supplement") to disclose any matter arising or discovered after the date hereof, that, if existing at, or arising or discovered prior to the date hereof, would have been required to be set forth in the Seller Disclosure Schedule for the representations and warranties of Seller set forth herein to be true and correct as of the date hereof, and the Seller Disclosure Schedule shall be deemed to be modified, supplemented and amended to include the items listed in the Closing Date Schedule Supplement for all purposes hereunder, other than to cure any breach or inaccuracy of any representation or warranty of Seller contained in this Agreement for purposes of ARTICLE 11. If any item set forth in the Closing Date Schedule Supplement discloses any event, circumstance or development that, individually or in the aggregate when taken together with other previously disclosed events, circumstances or developments, would prevent any of the conditions set forth in Section 7.01 to be satisfied, then Purchaser may terminate this Agreement by delivering notice of termination to Seller within twenty (20) Business Days of its receipt of such Closing Date Schedule Supplement; provided, that if Purchaser does not deliver such notice within such twenty (20) Business Day period, then Purchaser shall be deemed to have irrevocably waived their right to terminate this Agreement with respect to such item and their right to not consummate the transactions contemplated hereby with respect to such item, in each case, after giving effect to such item under any of the conditions set forth in Section 7.01, but shall not be deemed to have irrevocably waived their right to indemnification under Section 11.01 with respect to such item.

5.04 Conduct of Business.

(a) Seller covenants and agrees that, except (i) as otherwise expressly contemplated by this Agreement (including as described on Schedule 5.04(b) and the other matters contemplated by the other Schedules and Exhibits hereto), (ii) for the effect of the announcement and consummation of the transactions contemplated hereby, or (iii) as otherwise approved in writing by Purchaser (which approval shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Seller shall cause the Company Entities to be operated in the ordinary course of business consistent with Laws and Permits, past practice, and shall use commercially reasonable efforts to preserve, maintain and protect the assets and properties of the Company Entities and the Business; provided, that such efforts shall not include any requirement or obligation to make any payment or assume any Liability not otherwise required to be paid or assumed by the terms of an existing Contract or offer or grant any financial accommodation or other benefit not otherwise required to be made by the terms of an existing Contract.

(b) Without limiting Section 5.04(a), except as (A) set forth on Schedule 5.04(b), (B) otherwise contemplated by this Agreement, (C) required by applicable Law, or (D) with the express written approval of Purchaser (which approval shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Seller shall cause the Company and each Subsidiary not to, and the Company shall not and shall cause each other Company Entity not to:

(i) transfer any of the Acquired Interests to any Person or create or suffer to exist any Lien upon the Acquired Interests;

(ii) issue, grant, deliver or sell or authorize or propose to issue, grant, deliver or sell, or purchase or propose to purchase, any of its equity securities (other than the sale and delivery of the Acquired Interests pursuant to this Agreement), Options, warrants, calls, rights, exchangeable or convertible securities, commitments or agreements of any character, written or oral, obligating it to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any of its equity securities;

(iii) declare, set aside, make or pay any dividend or other distribution, in respect of the Acquired Interests to Seller;

(iv) except as required by GAAP, change any accounting methods, principles or practices, or make any material change in any Company Entity's cash management practices or accounts receivables or accounts payable policies, practices and procedures;

(v) make or change any Tax election (to be effective before or after the Closing Date), change an annual accounting period, adopt or change any accounting method with respect to Taxes, file any amended Tax Return with respect to any material Taxes, file any Tax Return that is prepared on a basis that is materially inconsistent with the elections, accounting methods, conventions and principles of taxation used for the most recent taxable periods for which comparable Tax Returns involving similar Tax items have been filed, enter into any closing agreement, settle or compromise any proceeding with respect to any material Tax claim or assessment, surrender any right to claim a refund of material Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company or any Subsidiary, or take any other similar action relating to the filing of any Tax Return or the payment of any material Tax;

(vi) take any action or enter into any commitment with respect to or in contemplation of any liquidation, dissolution, recapitalization, reorganization, or other winding up of business or operations of any Company Entity;

(vii) make any material change in its business or operations, except such changes as may be required to comply with any applicable Law, including any material change to the levels of Inventory maintained at any Project;

(viii) make any material capital expenditures (or enter into any Contracts in respect of material capital expenditures) other than capital expenditures paid to third parties other than Seller and its Affiliates to the extent contemplated by the monthly budgets set forth on Schedule 5.04(b)(viii);

(ix) form a subsidiary, or merge any Company Entity into or with any other Person or consolidate any Company Entity with any other Person;

(x) sell, lease, transfer or otherwise dispose of any assets pertaining to the Business with a value in excess of \$250,000 to any Person (other than to any Company Entity) or encumber any such assets other than Permitted Liens;

(xi) permit any Company Entity to (x) create, incur or assume any long-term debt, (y) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for any material obligations of any Person (other than any Company Entity) or (z) make any loans, advances or capital contributions to or investments in any Person (other than any Company Entity), other than obligations that will be discharged on or prior to Closing;

(xii) enter into, amend, modify, grant a waiver in respect of, cancel or consent to the termination of any Company Contract other than any amendment, modification or waiver which is not material to such Company Contract and is otherwise in the ordinary course of business;

(xiii) acquire, or enter into any Contract for any acquisitions (by merger, consolidation, or acquisition of stock or assets or any other business combination), of any Person or business or any division thereof;

(xiv) enter into or adversely amend, modify or waive any rights under, in each case, any Contract (or series of related Contracts) with Seller or any Affiliate of Seller, other than the entry into or amendment, modification, or waiver of any such Contracts on an arms' length basis which are not in the aggregate materially adverse to the Business;

(xv) except as required by the terms of any Collective Bargaining Agreement, enter into, amend or extend any Collective Bargaining Agreement with a labor union, works council or other employee representative body;

(xvi) except as required by the terms of any Collective Bargaining Agreement, enter into any offers of employment, employment, change in control, severance, retention or consulting agreements, arrangements or programs or materially amend the terms and conditions of employment for any Business Employee, other than the hiring of employees for the positions described on Schedule 5.04(b)(xvi);

(xvii) except as required by the terms of any Collective Bargaining Agreement, establish any new Company Employee Plan for the benefit of any Business Employee, amend, modify or terminate the material terms and conditions of any Company Employee Plan in respect of any Business Employee or otherwise increase the annual base salary, hourly rate, other compensation or benefits of any Business Employee;

(xviii) pay, discharge, settle or satisfy any claims, liabilities or obligations prior to the same being due in excess of \$250,000 in the aggregate;

(xix) amend the Constitutive Documents;

- (xx) fail to maintain insurance coverage substantially equivalent to its insurance coverage as in effect on the date hereof;
- (xxi) settle, resolve or compromise any material environmental claim with any Governmental Authority relating to any actual or alleged violations of applicable Environmental Law or Orders;
- (xxii) materially modify any Permits issued pursuant to Environmental Laws;
- (xxiii) permit to occur any Leakage; or
- (xxiv) agree to enter into any Contract or otherwise make any commitment to do any of the foregoing in this Section 5.04.

(c) Notwithstanding the foregoing or anything in this Agreement to the contrary, Seller and the Company Entities may take (or not take, as the case may be) any of the actions described in Section 5.04(b) above in connection with Permitted Intercompany Transfers. At Closing, Seller shall, and shall cause its Affiliates including any Company Entity to, terminate, at no penalty or other cost to any Company Entity, any Affiliate Contract identified by Purchaser on or prior to the Closing Date.

(d) During the Lockbox Period, Seller shall ensure that all accrued revenues and accrued costs relating to each Company Entity shall only be allocated to the Company Entity that generated or incurred such revenues and expenses and not to any other Company Entity.

(e) Within fifteen (15) Business Days after the end of each calendar month during the Interim Period, Seller shall provide Purchaser with reports (the "Interim Reports") detailing (i) all transactions between or among any Company Entity, on the one hand, and Seller and its Affiliates (other than a Company Entity), on the other hand, including all Permitted Intercompany Transfers, (ii) the income statements for each Company Entity, and (iii) the balance sheet for each Company Entity, in each case in respect of such calendar month. Within ten (10) Business Days after the Closing Date, Seller shall provide Purchaser with Interim Reports in respect of the period beginning on the day after the last calendar month in respect of which a report was delivered pursuant to the preceding sentence and ending on the Closing Date. During the Interim Period and post-Closing, Seller shall provide Purchaser and its Representatives reasonable access to such books, records, documents, work papers and employees (including those of the Company Entities) as are reasonably requested in connection with its review and verification of the Interim Reports.

(f) During the Interim Period, Seller shall, and shall cause Cottonwood and those entities set forth in Schedule 1.01(a) to, comply with all covenants of "Tenant" under the Cottonwood Lease as if it were in effect during the Interim Period, including the operation and maintenance standards set forth in Exhibit F to the Cottonwood Lease.

(g) During the Interim Period, Seller shall, and shall cause its Affiliates to, (i) use commercially reasonable efforts to maintain employment relationships with their employees (other than Business Employees, whose treatment during the Interim Period is governed by Sections 5.04(a) and 5.04(b)) who provide trading or other commercial services to the Company Entities, (ii) use reasonable efforts to ensure that such persons, while they remain employees, continue to devote the majority of their working time to the provision of such services; (iii) use reasonable efforts to replace any such employees whose employment with Seller and its Affiliates terminates, or who otherwise cease to spend the majority of their working time to the provision of such services, as soon as practicable following any such termination or cessation with other employees with similar experience providing such services in any wholesale power market in the United States; and (iv) not materially alter the methodology for compensating any such employees (including incentive compensation relating to their services for or on behalf of the Company Entities).

5.05 Insurance.

(a) From and after the Closing Date, except as provided in Section 5.05(b), (x) the Company Entities shall cease to be insured by, have access or availability to, be entitled to make claims on, be entitled to claim benefits or seek coverage under, any of Seller's or its Affiliates' insurance policies or any of their self-insured programs for any event or occurrence after the Closing; and (y) Purchaser shall be solely responsible for obtaining or providing insurance coverage for the Company Entities for any event or occurrence after the Closing sufficient to comply with any and all of the contractual and statutory obligations of the Company Entities.

(b) Seller shall transfer, or cause to be transferred, to Purchaser at the Closing the Company Entities' excess liability retroactive dates. Furthermore, Purchaser shall be entitled to make claims on and seek coverage under Seller's or its Affiliates' insurance policies, and negotiate and control the resolution and settlement with those insurers, for claims which arise relating to incidents that occurred before the Closing Date. This right is limited to recourse to such insurance policies to the extent such claims are covered by such insurance policies, and not recourse to any self-insured program of Seller or its Affiliates. Seller shall use commercially reasonable efforts to execute and deliver, or cause to be executed or delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as may be necessary to assist Purchaser with the foregoing.

5.06 Risk of Loss: Casualty. Except as otherwise provided in this Section 5.06, during the Interim Period, all risk of loss or damage to the property or assets of the ProjectCos including the Projects, shall, as between Purchaser and Seller, be borne by Seller unless such loss is caused or created by Purchaser. If during the Interim Period, the property or assets of the ProjectCos, including the Projects, are damaged by fire or other casualty (each such event, an "Event of Loss"), or are taken by a Governmental Authority by exercise of the power of eminent domain (each, a "Taking"), then the following provisions of this Section 5.06 shall apply:

(a) Following the occurrence of (i) any one or more Events of Loss, if the aggregate costs to restore, repair or replace the property or assets of the ProjectCos subject to such Event of Loss to a condition reasonably comparable to its or their condition prior to such Event of Loss, plus the amount of any lost profits reasonably expected to accrue after Closing as a direct result of such Event of Loss (such amount pursuant to this clause (i) to be determined by an independent third party appraiser mutually selected by the Parties (collectively, "Restoration Costs")) and/or (ii) any one or more Takings, if the value of the property subject to such Taking plus the amount of any lost profits reasonably expected to accrue after Closing as a direct result of such Taking, less any condemnation award received by Purchaser (provided, that any such condemnation award is made available to Purchaser) (such amount pursuant to this clause (ii) to be determined by an independent third party appraiser mutually selected by the Parties (collectively, the "Condemnation Value")), is, in the aggregate, less than or equal to one percent (1%) of the Base Purchase Price, in the case of each of clauses (i) and (ii), net of and after giving effect to (A) any insurance, condemnation award or other third party proceeds reasonably expected to be available to the applicable ProjectCos of Seller for such event, (B) any tax benefits related thereto, and (C) any amounts expended by the applicable Project Company or Seller prior to Closing to restore damage caused by such casualty event there shall be no effect on the transactions contemplated hereby.

(b) Subject to the termination right of Purchaser and Seller set forth in Section 5.06(d), upon the occurrence of any one or more Events of Loss and/or Takings involving aggregate Restoration Costs and Condemnation Value in excess of one percent (1%) of the Base Purchase Price (a "Major Loss"), Seller shall have, in the case of a Major Loss relating solely to one or more Events of Loss, the option, exercised by notice to Purchaser, to restore, repair or replace the damaged assets or properties prior to Closing to a condition comparable in all material respects to their condition prior to such Event of Loss or Taking, as the case may be. If Seller elects to so restore, repair or replace the assets or properties relating to a Major Loss,

which election shall be made by notice to Purchaser prior to the Closing Date and as soon as practicable following the occurrence of the Major Loss, Seller will complete or cause to be completed the repair, replacement or restoration of the damaged assets or property prior to the Closing and the Closing Date shall be postponed for the amount of time reasonably necessary to complete the restoration, repair or replacement of such property or assets as reasonably agreed between Purchaser and Seller (including, if necessary, the extension of the date contemplated by Section 12.01(b) (but for no more than thirty (30) days) to allow for the restoration, repair or replacement of such assets or properties). Seller shall use its commercially reasonable efforts to keep Purchaser reasonably informed with respect to such restoration, repair or replacement, including, subject to its reasonable discretion, allowing Purchaser to participate in meetings, communications and inspections pertaining thereto, in order to enable Purchaser to evaluate the quality and sufficiency thereof. If the Restoration Costs exceed \$2,000,000 in the aggregate, Seller will not grant its final acceptance of any such restoration, repair or replacement without Purchaser's prior written consent, which shall not be unreasonably withheld, delayed or conditioned. If Seller elects not to cause the restoration, repair or replacement of the property or assets affected by a Major Loss, or such Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, the provisions of Section 5.06(c) will apply.

(c) Subject to the termination right of Purchaser and Seller set forth in Section 5.06(d), in the event that Seller elects not to cause the restoration, repair or replacement of a Major Loss, or in the event that Seller, having elected to cause repair, replacement or restoration of the Major Loss, fails to cause its completion within the period of time agreed upon by the Parties pursuant to Section 5.06(b) (subject to extension for up to ninety (90) days for causes beyond Seller's control), or in the event that a Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, then the Parties shall, within thirty (30) days following Seller's election not to cause the restoration, repair or replacement, failure to complete, or the occurrence of such Major Loss, as the case may be, adjust the Purchase Price downward by the aggregate Restoration Cost and Condemnation Value, and proceed to Closing. To assist Purchaser in its evaluation of any and all Events of Loss, Seller shall provide Purchaser such access to the properties and assets and such information as Purchaser may reasonably request in connection therewith.

(d) In the event that the aggregate Restoration Costs and Condemnation Value with respect to one or more Events of Loss and/or Takings equals an amount in excess of seven and one half percent (7.5%) of the Base Purchase Price, then either Purchaser or Seller shall have the right to terminate this Agreement.

5.07 Fulfillment of Conditions. Seller (a) shall take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith to satisfy each condition to the obligations of Seller contained in this Agreement and (b) shall not, and shall not permit the Company, any Subsidiary or any of its other Affiliates to, take or fail to take any action that would reasonably be expected to result in the non-fulfillment of any such condition or materially delay or impair the approval of any Governmental Authority.

5.08 Further Assurances. During the Interim Period, and post-Closing, Seller shall use its commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as may be necessary to consummate the transactions contemplated by this Agreement, including such actions at its expense as are necessary in connection with obtaining any third-party consents and all Governmental Approvals required to be obtained by Seller. During the Interim Period, Seller shall cooperate with Purchaser and provide any information regarding Seller necessary to assist Purchaser in making any filings or applications required to be made with any Governmental Authority, including, without limitation, the transfer of environmental Permits to Purchaser, as applicable. Notwithstanding anything to the contrary contained in this Section 5.08, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of any documents or information in accordance herewith shall be solely subject to applicable rules relating to discovery and the remainder of this Section 5.08 shall not apply.

5.09 Post-Closing Access; Preservation of Records. From and after the Closing, Seller shall make or cause to be made available to Purchaser and its Representatives all books, records and documents of Seller relating to the Business (and the assistance of employees responsible for such books, records and documents) during regular business hours for the same purposes, to the extent applicable, as set forth in Section 6.06; provided, however, that access to such books, records, documents and employees shall not interfere with the normal operations of Seller and the reasonable out-of-pocket expenses of Seller incurred in connection therewith shall be paid by Purchaser; provided, further, that none of Purchaser, its Affiliates or their Representatives shall have any right to access or review any Tax Return of Seller or any of its Affiliates (including any consolidated, combined or unitary Tax Return including any such entity); provided, for the avoidance of doubt, that the foregoing limitation shall not limit Purchaser's right to receive information from Seller, including Tax Returns filed by Seller (but not any Tax Return of Seller or any of its Affiliates (other than Seller)) to the extent that such information or Tax Return is reasonably necessary for (i) investigating, settling, preparing for the defense or prosecution of, defending or prosecuting any Action or Proceeding, (ii) preparing reports to stockholders and Government Authorities or (iii) such other purposes for which access to such documents is determined by Purchaser to be reasonably necessary, including preparing and delivering any accounting or other statement provided for under this Agreement or otherwise, preparing Tax Returns, pursuing Tax refunds or responding to or disputing any Tax audit, or the determination of any matter relating to the rights and obligations of Seller or Purchaser or any of their Affiliates under this Agreement. Seller shall maintain and preserve all such Tax Returns, books, records and other documents for any applicable statutory or regulatory retention period, as the same may be extended and, in each case, shall offer to transfer such records to Purchaser at the end of any such period. Notwithstanding anything herein to the contrary, Seller shall not be required to provide any access or information to Purchaser, its Affiliates or any of their respective Representatives which Seller reasonably believes it is prohibited from providing to Purchaser, its Affiliates or their respective Representatives by reason of applicable Law, which constitutes or allows access to information protected by attorney-client privilege, or which Seller is required to keep confidential or prevent access to by reason of any Contract with a third party or which would otherwise expose Seller or any of its Affiliates to a material risk of Liability. For purposes of this Section 5.09, Purchaser's Representatives shall include the Financing Sources.

5.10 Data Room. Within ten (10) Business Days after the Closing, Seller shall deliver to Purchaser on CD ROM or flash drive an electronic copy of the documents and information contained in the virtual data room. Seller shall maintain the virtual data room and provide Purchaser access thereto until such delivery has been made.

5.11 No Solicitation. Seller shall not, and shall not authorize or permit the Company, any Subsidiary, any of its other Affiliates or any of its or their respective Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall immediately cease and cause to be terminated, and shall cause the Company, any Subsidiary, any of its other Affiliates, and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “Acquisition Proposal” shall mean any inquiry, proposal or offer from any Person concerning (a) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company or any Subsidiary; (b) the issuance or acquisition of equity securities of the Company or any Subsidiary; or (c) the sale, lease, exchange or other disposition of any significant portion of the Company’s or any Subsidiary’s properties or assets.

5.12 Oxbow Property. During the Interim Period, but in any event at least five (5) Business Days prior to the Closing, Seller shall cause New Roads to distribute up, transfer or otherwise assign to the Company and the Company to distribute up, transfer or otherwise assign to Seller or an Affiliate of Seller (other than a Company Entity) the Oxbow Property (the result of such distributions, transfers or assignments, the “Oxbow Property Transfer”) pursuant to documentation in form and substance reasonably satisfactory to Purchaser.

5.13 Audited Financials. As soon as practicable after the date hereof, the Seller shall prepare, and shall engage KPMG to conduct an SAS 100 review of combined financial statements for the Business as of and for the year ended December 31, 2017, including balance sheets and the related statements of income, comprehensive income, changes in stockholders’ equity and cash flows, which financial statements shall be delivered to Purchaser on or before April 30, 2018. Up to \$100,000 of the out-of-pocket costs of preparation of such financial statements may be paid for the Company Entities and any such payments (not to exceed \$100,000) shall not constitute Leakage.

5.14 Financing Cooperation. During the Interim Period, Seller shall use, and shall cause the Company Entities and its and their respective Representatives (including, as applicable, legal, tax, regulatory and accounting) to use, commercially reasonable efforts to cooperate as reasonably requested by Purchaser in connection with the arrangement of the Debt Financing (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company Entities). Purchaser shall reimburse Seller for any reasonable and documented, out-of-pocket third party expenses actually incurred by it in connection with fulfilling its obligations under this Section 5.14. In no event shall Purchaser or any of its Affiliates have any obligation to bring any Action or Proceeding against any Financing Source with respect to the Debt Financing or the consummation of the transactions contemplated hereby or thereby, and Seller hereby agrees that it shall not undertake any action (and shall not cause or permit any of its Affiliates to undertake any action) that seeks to cause Buyer to bring any such Action or Proceeding against any Financing Source.

5.15 Equity Settlement of Certain Accounts. No later than February 28, 2018, Seller will Equity Settle or cause to be Equity Settled to zero dollars (\$0), as of December 31, 2017, the account balances for Accounts Payable (Affiliate) and Accounts Receivable (Affiliate).

5.16 PJM Capacity Revenue. For the period beginning on the later of June 1, 2018, and the Closing Date and ending on May 31, 2019, Seller shall pass through to Purchaser any PJM 2018/2019 Capacity Revenue received by Seller within five (5) Business Days of receipt thereof from PJM. Any payment under this Section

5.16 shall be made by wire transfer of immediately available funds to such account as the Purchaser shall designate in writing to Seller. For the avoidance of doubt, any PJM 2018/2019 Capacity Revenue or other PJM net capacity revenue for prior delivery years related to the BC II Unit I Project and BC II Unit II Project that is received during the Lockbox Period shall be paid to the applicable Company Entity and be subject to the restrictions on Leakage set forth in Section 5.04.

5.17 Replacement Agreements. Seller shall use commercially reasonable efforts to assist Purchaser (or any Person designated by Purchaser) to enter into agreements with Waste Management National Services, Inc. and Solvay Chemicals, Inc. for the services and products described in the Waste Management Agreement (as defined on Schedule 3.12(a)) and the Solvay Chemicals Agreement (as defined in Schedule 3.12(a)), in each case on terms and conditions satisfactory to Purchaser.

ARTICLE 6

COVENANTS OF PURCHASER

Purchaser covenants and agrees with Seller that Purchaser will comply with all covenants and provisions of this Article 6 made by Purchaser, except to the extent Seller may otherwise consent in writing.

6.01 Regulatory and Other Permits.

(a) Except pursuant to section 203 of the FPA, which is subject to Section 6.01(e), and with respect to the LPSC, which is subject to Section 6.01(f), Purchaser shall, and shall cause Purchaser Parent to, prepare, as soon as is practicable following the date of this Agreement, all necessary filings in connection with the transactions contemplated by this Agreement that may be required under the HSR Act or any other federal, state or local laws prior to the Closing Date and shall use commercially reasonable efforts to obtain as promptly as reasonably practicable all Permits and all consents, approvals or actions of all Governmental Authorities and other Persons necessary to consummate the transactions contemplated hereby, including the Purchaser Approvals and Purchaser Consents. Purchaser shall, and shall cause Purchaser Parent to, submit the required filings as soon as reasonably practicable. Purchaser shall, as soon as is practicable following the date of this Agreement, prepare and file a joint voluntary notice with Seller to CFIUS pursuant to 31 C.F.R. Part 800 with regard to the transactions contemplated by this Agreement. Purchaser shall, and shall cause Purchaser Parent to, request expedited treatment of any such filings, promptly make any appropriate or necessary subsequent or supplemental filings, and cooperate with Seller in the preparation of such filings in such manner as is reasonably necessary and appropriate. Purchaser shall consult with Seller and shall agree in good faith with Seller upon the timing of such filings.

(b) Purchaser shall not, and shall cause Purchaser Parent not to, take any action that could reasonably be expected to adversely affect or materially delay or impair the approval of any Governmental Authority of any of the aforementioned filings.

(c) Subject to applicable confidentiality restrictions or restrictions required by law, Purchaser will notify Seller promptly upon the receipt by Purchaser or Purchaser Parent of (i) any substantive written comments or questions from any officials of any Governmental Authority in connection with any filings made pursuant to Section 5.01 or this Section 6.01 or the transactions contemplated by this Agreement and (ii) any request by any officials of any Governmental Authority for amendments or supplements to any filings made pursuant to any laws of any Governmental Authority or answers to any questions, or the production of any documents, relating to an investigation of the transactions contemplated by this Agreement by any Governmental Authority. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to Section 5.01 or this Section 6.01, Purchaser shall promptly inform Seller of such occurrence and cooperate in filing promptly with the applicable Governmental Authority such amendment or supplement. Without limiting the generality of the foregoing, Purchaser shall provide Seller (or its advisors), upon request, copies of all substantive correspondence between Purchaser and any

Governmental Authority relating to the transactions contemplated by this Agreement. Such materials and the information contained therein shall be given only to outside counsel of the recipient and shall not be disclosed by such outside counsel to employees, officers, or directors of the recipient without the advance written consent of Purchaser. In addition, to the extent reasonably practicable, Purchaser will provide Seller with reasonable prior notice of all scheduled discussions, telephone calls, and meetings with a Governmental Authority regarding the transactions contemplated by this Agreement and such meetings shall include representatives of Seller and Purchaser. Subject to applicable Law, Purchaser shall consult and cooperate with Seller in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, and proposals made or submitted to any Governmental Authority regarding the transactions contemplated by this Agreement by or on behalf of Seller or Purchaser.

(d) Purchaser shall, and shall cause Purchaser Parent to, promptly take, in order to consummate the transactions contemplated by this Agreement, all commercially reasonable actions to (i) secure the expiration or termination of any applicable waiting period from a Governmental Authority and (ii) resolve any objections asserted with respect to the transactions contemplated by this Agreement raised by any Governmental Authority, and to prevent the entry of any court order and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order that would prevent, prohibit, restrict, or delay the consummation of the transactions contemplated by this Agreement, subject to Section 13.17; provided, however, that absent Purchaser's prior written consent (which may be withheld in Purchaser's sole discretion) in no event shall Purchaser or Purchaser Parent be required to (A) execute settlements, undertakings, consent decrees, stipulations, or other agreements with any Governmental Authority, (B) sell, divest, or otherwise convey particular assets or categories of assets or businesses of Purchaser or the Company Entities, (C) agree to sell, divest or otherwise convey any particular assets or categories of assets or businesses of Purchaser or the Company Entities contemporaneously with or subsequent to the Closing, or (D) permit Seller to sell, divest, or otherwise convey any particular assets or categories of assets or businesses of the Company Entities prior to the Closing. Purchaser shall, and shall cause Purchaser Parent to, respond to and seek to resolve as promptly as reasonably practicable any objections asserted by any Governmental Authority with respect to the transactions contemplated by this Agreement.

(e) Subject to Section 6.01(d) and Section 13.17, Purchaser and Purchaser Parent shall reasonably cooperate with Seller in its taking commercially reasonable steps to obtain Consents from FERC pursuant to section 203 of the FPA in order to consummate the transactions contemplated hereby, including the execution of, or consenting to, FPA section 203-related applications or submissions with FERC, including any inquiries from staff, which applications or submissions shall be made as soon as reasonably practicable. With respect to communications by Purchaser with FERC (including, for these purposes, its staff) relating to the FPA section 203-related applications for submissions, Purchaser shall: (i) promptly notify Seller of any written communication to Purchaser from FERC and, subject to applicable Laws and Orders, jointly consult and agree on any response thereto; (ii) not agree to participate in a substantive meeting or discussion with FERC in respect of any filings, investigation or inquiry concerning the transaction contemplated by this Agreement unless Purchaser consults with Seller in advance and, to the extent permitted by FERC, gives the Seller the opportunity to attend and participate in such meeting or discussion; and (iii) subject to applicable Laws and Orders, furnish the Seller with copies of all materials substantive correspondence, filings, and written communications between Purchaser and FERC with respect to the transactions contemplated by this Agreement.

(f) Subject to Section 6.01(d) and Section 13.17, with respect to communications with the LPSC (including, for these purposes, its staff), Purchaser shall provide Seller with updates (on a weekly basis, at time to be reasonably agreed upon on an ongoing basis by Seller and Purchaser) of material developments and the prosecution of the requested approvals by Purchaser Parent from the LPSC contemplated by Schedule 6.01 and Section 7.10. To the extent that such communications extend to matters pertaining to Company Contracts with the Cooperative Customers identified in Schedule 3.12(a) with the notation "Requirements

Power Supply Contract,” “Form A,” “Form B” or “Form C,” Purchaser shall give Seller the opportunity to review and comment (to the extent reasonably practicable) with respect to the following: (i) material issues and developments; (ii) all material public filings; and (iii) discovery requests; provided that, with respect to advice and comment by Seller on such written discovery requests, Purchaser shall not be required to provide Purchaser Parent’s written discovery responses to Seller as part of such advice and comment.

6.02 Fulfillment of Conditions. Purchaser (a) shall take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each other condition to the obligations of Seller contained in this Agreement, and (b) shall not, and shall not permit any of its Affiliates to, take or fail to take any action that would reasonably be expected to result in the non-fulfillment of any such condition.

6.03 Further Assurances. During the Interim Period, Purchaser shall use commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as may be necessary to consummate the transactions contemplated by this Agreement, including such actions at its expense as are necessary in connection with obtaining any third-party consents and all Governmental Approvals required to be obtained by Purchaser. During the Interim Period, Purchaser shall cooperate with Seller and provide any information regarding Purchaser necessary to assist Seller in making any filings or applications required to be made with any Governmental Authority. Notwithstanding anything to the contrary contained in this Section 6.03, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of any documents or information in accordance herewith shall be solely subject to applicable rules relating to discovery and the remainder of this Section 6.03 shall not apply.

6.04 Support Obligations. Purchaser acknowledges that Seller and certain Affiliates have provided certain credit support pursuant to the support obligations and related agreements described on Schedule 3.23 (the “Support Obligations”). During the Interim Period, in each case, at Purchaser’s sole risk, cost and expense:

(a) Purchaser shall take all steps reasonably necessary, including offering substitute guarantees of Purchaser Parent, and Seller shall cooperate (it being understood that such cooperation shall not include any requirement to pay any consideration or offer or grant any financial accommodation) in all reasonable respects with Purchaser, to endeavor to ensure that, effective as of the Closing Date, (i) Seller and its Affiliates (other than any Company Entity) shall be released from one hundred percent (100%) of any and all obligations or Liabilities relating to or arising under or out of or in connection with each Support Obligation, and (ii) substitute arrangements, if required by a beneficiary of any Support Obligation, of Purchaser or Purchaser Parent shall be in effect, including by providing (or causing to be provided) letters of credit or similar support, and

(b) without limiting the foregoing, in the event that the requirements set forth in clause (a) of this Section 6.04 are not met as of the Closing Date, and subject to acceptance by Seller in its reasonable discretion, Purchaser or its relevant Affiliates shall, in lieu of providing substitute arrangements in respect of Support Obligations pursuant to clause (a)(ii) of this Section 6.04, enter into such indemnification and reimbursement agreements with Seller or any of its Affiliates as reasonably necessary to provide Seller and such Affiliates with an effective release or full indemnification with respect to all obligations and Liabilities of Seller and such Affiliates to be released pursuant to in clause (b) of this Section 6.04; provided that, Purchaser’s indemnification obligations under clause (i) shall not affect Seller’s indemnification obligations under Section 11.01.

6.05 Purchaser Parent Guaranty. Purchaser shall concurrently with the execution and delivery of this Agreement, cause to be executed and delivered to Seller the Purchaser Parent Guaranty.

6.06 Post-Closing Access; Preservation of Records. From and after the Closing, Purchaser and Purchaser Parent shall make or cause to be made available to Seller all books, records, Tax Returns and documents of the Company Entities (and the assistance of employees responsible for such books, records and documents) during regular business hours as may be reasonably necessary for (i) investigating, settling, preparing for the defense or prosecution of, defending or prosecuting any Action, (ii) preparing reports to stockholders and Government Authorities or (iii) such other purposes for which access to such documents is determined by Seller to be reasonably necessary, including preparing and delivering any accounting or other statement provided for under this Agreement or otherwise, preparing Tax Returns, pursuing Tax refunds or responding to or disputing any Tax audit, or the determination of any matter relating to the rights and obligations of Seller or any of its Affiliates under this Agreement; provided, however, that access to such books, records, documents and employees shall not interfere with the normal operations of Purchaser, its Affiliates or the Company Entities and the reasonable out-of-pocket expenses of Purchaser, its Affiliates and the Company Entities incurred in connection therewith shall be paid by Seller. Purchaser shall cause each Company Entity to maintain and preserve all such Tax Returns, books, records and other documents for any applicable statutory or regulatory retention period, as the same may be extended and, in each case, shall offer to transfer such records to Seller at the end of any such period. Notwithstanding anything herein to the contrary, Purchaser shall not be required to provide any access or information to Seller, its Affiliates or any of their respective Representatives which Purchaser reasonably believes they or the Company Entities are prohibited from providing to Seller, its Affiliates or their respective Representatives by reason of applicable Law, which constitutes or allows access to information protected by attorney-client privilege, or which Purchaser or the Company Entities are required to keep confidential or prevent access to by reason of any Contract with a third party or which would otherwise expose Purchaser or any of its Affiliates (including the Company Entities) to a material risk of Liability.

6.07 Offers of Employment and Terminations.

(a) At least sixty (60) days prior to the Closing Date, Purchaser shall, or shall cause any applicable relevant Affiliates or designated third-party operators to, make offers of employment to each Business Employee listed on Schedule 6.07(a), which offers shall comply with the requirements set forth in this Section 6.07. Without limiting the foregoing, Purchaser currently intends to offer employment to each Business Employee who performs operational services to the Company or any of the Subsidiaries in Louisiana. Notwithstanding the foregoing, except as otherwise required pursuant to the terms of a Collective Bargaining Agreement or other applicable Law, the Purchaser does not intend to offer employment to any Business Employee who, as of the Closing Date, is on short- or long-term disability or workers compensation, unless and until such Business Employee on short-term disability is able (in the judgment of the Purchaser) to return to active employment for the Company or Subsidiary within three (3) months following the Closing Date and Seller and its Affiliates shall retain all Liabilities in respect of such Business Employees unless and until such Business Employee becomes employed by the Company or any Subsidiary within such three (3) month period. Each such offer of employment shall be for a position having a comparable title and comparable duties as provided to the applicable offered Business Employee as of immediately prior to Closing. The Business Employees who accept the terms and conditions of such offers and who become employed by Purchaser, any of its relevant Affiliates or any designated third-party operators are hereinafter referred to as the "Continuing Employees." Seller shall release each Continuing Employee from any confidentiality agreement or other restrictive covenant agreement solely as it applies to Purchaser and solely with respect to matters relating to the Business, any of the Company Entities or the sale of the Projects that may interfere with such Continuing Employee's prospective employment with Purchaser, such Affiliate or such designated third-party operator.

(b) With respect to all Continuing Employees who are covered by a Collective Bargaining Agreement as of the Closing ("Transferred Union Employees"), Purchaser shall, or shall cause any applicable relevant Affiliates or designated third-party operators employing such Transferred Union Employees to, assume the terms and conditions of the applicable Collective Bargaining Agreement.

(c) With respect to all Continuing Employees who are not covered by a Collective Bargaining Agreement as of the Closing ("Transferred Non-Union Employees"), Purchaser shall be solely responsible for all pay and benefits and other costs, expenses, Liabilities, claims, wages, accrued vacation, sick or paid time off, severance, separation, Taxes, unemployment, and all other obligations and Liabilities of any nature whatsoever relating to the period on and after the Lockbox Start Date with respect to the Transferred Non-Union Employees, except for 2017 AIP Incentive Bonuses.

(d) Seller shall remain liable for all pay and benefits and other costs, expenses, Liabilities, claims, wages, Taxes and all other obligations and Liabilities of any nature whatsoever (including any Liabilities under any Company Employee Plan) relating to (i) the period prior to the Lockbox Start Date with respect to the Business Employees that become Continuing Employees relating in any way to their employment with Seller and (ii) relating to all periods before or after the Lockbox Start Date with respect to Business Employees who do not become Continuing Employees relating in any way to their employment with Seller (collectively, "Seller Employment Liabilities"); provided that, for the avoidance of doubt, Seller Employment Liabilities shall include 2017 AIP Incentive Bonuses.

(e) Purchaser shall ensure that each Transferred Non-Union Employee shall (i) be paid, for at least twelve (12) months following the Closing Date, an annual rate of salary or an hourly wage that is not less than what is being paid to such Continuing Employee immediately prior to the Closing, (ii) (A) as of the Closing, be immediately eligible to participate in Employee Plans of Purchaser, its relevant Affiliates or designated third-party operator (other than equity compensation plans) that are substantially similar, in the aggregate, to those Employee Plans (other than equity compensation plans) covering similarly situated

employees of Purchaser, its relevant Affiliates or designated third-party operator and (B) if applicable, receive a bonus opportunity for at least twelve (12) months following the Closing Date that is not less than what such Continuing Employee is eligible for immediately prior to the Closing, and (iii) as of the Closing, be credited by Purchaser, its Affiliates or designated third-party operator for all accrued vacation.

(f) Following the Closing Date, Purchaser agrees that for each Continuing Employee (i) Purchaser's, its relevant Affiliates' and their designated third-party operator's Employee Plans, which are analogous to the Company Employee Plans, shall recognize all previous service recognized by such Company Employee Plans for the purpose of determining eligibility for and entitlement to benefits (except where doing so would result in a duplication of benefits), including vesting, and such Continuing Employees shall be eligible to receive benefits under, and participate in, such analogous Employee Plans to the same extent as similarly situated employees of Purchaser, its relevant Affiliates or designated third-party operator; and (ii) Purchaser will cause its, or its relevant Affiliate's or designated third-party operator's, group health plan to recognize all documented and verifiable deductibles and coinsurance payments accrued by the Continuing Employees prior to the Closing Date (for the plan year in which Closing occurs) (or, in the alternative, at Purchaser's discretion, Seller shall provide to each Continuing Employee a cash payment in lieu of such recognition of deductible and coinsurance payments) and to waive any preexisting condition limitations, actively at work exclusions and waiting periods for the Continuing Employees. Notwithstanding the foregoing, (1) no Transferred Union Employee who is not participating as of the date hereof in a defined benefit plan of Seller and no Transferred Non-Union Employee shall be eligible for, entitled to or accrue any benefits under any defined benefit plan of Purchaser, its Affiliates or designated third party operators, and (2) Transferred Union Employees who are participating in a defined benefit plan of Seller as of the date hereof shall be eligible to participate in a cash balance defined benefit plan established or maintained by Purchaser, its Affiliates or designated third party operators and such Transferred Non-Union Employees shall receive credit for prior service with Seller and its Affiliates for purposes of determining pay credits under any such cash balance defined benefit plan of Purchaser, its Affiliates or designated third party operators in accordance with the terms of the applicable Collective Bargaining Agreement in effect at the time.

(g) Following the Closing Date, to the extent any Company Employee Plan is qualified under Section 401(a) of the Code, Purchaser shall take the necessary action to cause Purchaser's, its relevant Affiliate's or designated third-party operator's defined contribution plan or plans to accept a trustee-to-trustee transfer of account balances of the Continuing Employees from such Company Employee Plan, including outstanding plan loans of Continuing Employees from any Company Employee Plan, which is a qualified defined contribution plan, in which Continuing Employees are participating immediately prior to Closing Date.

(h) With respect to any "mass layoff" or "plant closing" as defined by the WARN Act or similar applicable state or local Law affecting any of the Business Employees or other individuals performing work or services related to or for the Business or the Company Entities, Seller shall, or shall cause its Affiliates or third party operators, as applicable, to: (i) comply fully with the WARN Act and any and all similar applicable state and local Laws, (ii) perform and discharge the obligation, if any, to serve in a timely manner and fashion all notices required by the WARN Act or similar applicable state or local Law to Business Employees ("WARN Notices") or other individuals performing work or services related to or for the Business or the Company Entities who may be legally classified as employees of Seller or any Affiliate of Seller or third party operator, as applicable, and (iii) cooperate with Purchaser in providing WARN Notices following the date hereof to the extent reasonably requested by Purchaser.

(i) Nothing in this Agreement is intended to, or shall, (i) establish, amend or modify any employee benefit plan (including any Employee Plan), (ii) affect the rights of Seller, Purchaser, or any of their respective Affiliates to amend, modify or terminate any employee benefit plan (including any Employee Plan) pursuant to the terms of such plan or any applicable Collective Bargaining Agreement, (iii) confer upon

any Business Employee any right to employment or continued employment for any period of time, or any right to a particular term or condition of employment, (iv) limit the right of Seller, Purchaser, or any of their respective Affiliates, as applicable, to change or eliminate any term or condition of employment or the compensation or benefits available to any Business Employee, or to terminate the employment of any such employee, or (v) without limiting anything in Section 6.07, confer any third-party beneficiary or other rights on any Person, including any Business Employee, other than the parties to this Agreement.

ARTICLE 7
CONDITIONS TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser hereunder to purchase the Acquired Interests are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Purchaser in its sole discretion):

7.01 Bring-Down of Seller's and the Company's Representations and Warranties. Other than the Fundamental Representations, the representations and warranties made by each of Seller and the Company in this Agreement shall be true and correct in all material respects (except for any of such representations and warranties that are qualified by materiality, including by reference to Material Adverse Effect or any similar qualification, which shall be true and correct in all respects) in each case on and as of the Effective Date and on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, except for such representations and warranties that are expressly stated to be made on and as of a specific earlier date, in which case as of such earlier date. The Fundamental Representations made by each of Seller and the Company in this Agreement (read for purposes of this Section 7.01 without regard to any materiality or Material Adverse Effect qualification or any similar qualification) shall be true and correct in all respects in each case on and as of the Effective Date and on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, except for such representations and warranties that are expressly stated to be made on and as of a specific earlier date, in which case as of such earlier date.

7.02 Performance at Closing. Seller and the Company shall have performed all agreements, covenants and obligations required by this Agreement to be so performed by Seller and the Company at or before the Closing, including the Oxbow Property Transfer.

7.03 Litigation. No Order shall have been entered which restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement and no Action or Proceeding shall have been instituted before any Governmental Authority of competent jurisdiction seeking to restrain, enjoin or otherwise prohibit or make illegal the consummation of any of the transactions contemplated by this Agreement.

7.04 Assignment of Membership Interests. Certificates representing the Acquired Interests, duly endorsed for transfer to Purchaser or accompanied by one or more membership interest powers duly endorsed for transfer to Purchaser shall have been delivered to Purchaser.

7.05 Approvals and Consents. All Seller Approvals shall have been obtained and shall be in full force and effect pursuant to final and non-appealable orders (not subject to any unfulfilled conditions to their effectiveness) and shall not impose terms or conditions that, individually or in the aggregate, are or would be reasonably expected to (directly or indirectly) materially and adversely effect, modify, alter or change this Agreement (or any of the rights, preferences or obligations thereunder) or otherwise materially burden the assets, liability, operation or business of any of the Company Entities after the Closing. All Seller Consents shall have been obtained and shall be in full force and effect and in form and substance reasonably satisfactory to the Purchaser, except where the failure to receive any such Seller Consent in form and substance reasonable satisfactory to Purchaser is a result of Purchaser's breach of its obligations under this Agreement.

7.06 Officers' Certificates. Seller shall have delivered to Purchaser (a) a certificate, dated the Closing Date and executed by an authorized officer or board member of Seller substantially in the form and to the effect of Exhibit D; (b) a certificate, dated the Closing Date and executed by an authorized officer or board member of the Company substantially in the form and to the effect of Exhibit E; (c) a certificate, dated the Closing Date and executed by the Secretary of Seller substantially in the form and to the effect of Exhibit F; and (d) a certificate (the "Leakage/Indebtedness Certificate"), dated the Closing Date and executed by an authorized officer or board member of Seller, certifying as to (i) the aggregate amount of Leakage during the Lockbox Period, together with a breakdown thereof, and (ii) the aggregate amount of Indebtedness of the Company Entities as of the Balance Sheet Effective Date and the Closing Date, in each case together with a breakdown thereof.

7.07 FIRPTA Certificate. Seller shall have caused to be delivered a certificate, dated as of the Closing Date and substantially in the form and to the effect of Exhibit G, which satisfies the requirements set forth in Treasury Regulation Section 1.1445-2, attesting that Seller is not a “foreign person” for U.S. federal income tax purposes.

7.08 Antitrust Authorizations. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or been terminated.

7.09 FPA Matters. FERC authorization under section 203 of the FPA required to consummate the transactions contemplated hereby shall have been obtained and shall be on such terms as could not reasonably be expected to require Purchaser to take actions specified in provisos (A), (B), (C), or (D) of Section 6.01(d) or otherwise to (i) materially impair the authority, right or ability of Purchaser to consummate the transactions, (ii) have a material adverse effect on the business, assets, properties, financial condition, results of operations or prospects of the Business or Purchaser, (iii) require any material modification to this Agreement or the transactions contemplated hereby or (iv) impose any material restrictions upon Purchaser’s ownership or operation of the Projects or Purchaser’s or Purchaser’s Affiliates’ ownership of their respective assets or operation of their respective businesses, including the ability to engage in wholesale sales of energy capacity and ancillary services at market based rates, or any restrictions on use of acquired contracts, or required divestitures.

7.10 LPSC Matters. All regulatory authorizations and regulatory waivers required by and from the LPSC to consummate the transactions and financing contemplated hereby shall have been obtained and shall be in full force and effect, and such regulatory authorizations and regulatory waivers shall be on terms and in form and substance satisfactory to Purchaser and Purchaser Parent each in its sole judgment and discretion.

7.11 Agreements. Seller shall have delivered to Purchaser (i) the insurance assignment documents reasonably requested by Purchaser prior to the Closing under Section 5.06, (ii) a lease agreement (the “Cottonwood Lease”) between Cottonwood Energy and a special-purpose entity that is a subsidiary of Seller, duly executed by the parties thereto, in substantially the form of Exhibit L, (iii) the guaranty contemplated by paragraph 26 of the Cottonwood Lease, duly executed by Seller, (iv) the issued letter of credit contemplated by paragraph 28 of the Cottonwood Lease, together with the agreement from the issuing bank thereof contemplated by paragraph 28(c) of the Cottonwood Lease, (v) a transition services agreement between Seller and Purchaser, duly executed by Seller, containing the terms and conditions set forth in Exhibit M and in form and substance reasonably satisfactory to Purchaser, (vi) the LTSA Rights Agreement, duly executed by Seller, and (vii) the Put Option Agreement, duly executed by Seller.

7.12 No Change. Since the Effective Date, there shall not have been a Material Adverse Effect with respect to the Company Entities or of the Business taken as a whole.

7.13 Mortgages. The Existing Mortgages and all Liens relating thereto shall have been terminated and released in full, pursuant to payoff letters or other documentation in form and substance reasonably satisfactory to Purchaser.

7.14 Assigned Contracts. Seller shall have caused the contracts set forth on Schedule 7.14 to be assigned by the Affiliate of Seller party thereto to a Company Entity designated by Purchaser, pursuant to assignment documentation in form and substance reasonably satisfactory to Purchaser

7.15 CFIUS. Purchaser shall have received pursuant to the U.S. Foreign Investment and National Security Act, either (i) notice from CFIUS of its determination not to undertake an investigation of the transactions contemplated by this Agreement or (ii) in the event that CFIUS initiates an investigation of the transactions contemplated by this Agreement, a written confirmation that CFIUS has determined there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement.

7.16 Solvay Chemicals Agreement. Seller shall have caused LA Generating to enter into an agreement with Solvay Chemicals, Inc. terminating all of LA Generating rights and obligations, and extinguishing all of LA Generating's liability, under the Solvay Chemicals Agreement (as defined on Schedule 3.12(a)) as of the earlier of (a) the Closing Date and (b) the date on which LA Generating enters into a replacement agreement for the products described in the Solvay Chemicals Agreement on terms and conditions satisfactory to Purchaser.

ARTICLE 8
CONDITIONS TO OBLIGATIONS OF SELLER

The obligations of Seller hereunder to sell the Acquired Interests are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Seller, in its sole discretion).

8.01 Bring-Down of Purchaser's Representations and Warranties. The representations and warranties made by Purchaser in Article 4 of this Agreement shall be true and correct in all material respects as of the Closing Date (except for any of such representations and warranties that are qualified by materiality which shall be true and correct in all respects) as though such representations and warranties were made on and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date.

8.02 Performance at Closing. Purchaser shall have performed all agreements, covenants and obligations required by the PSA to be so performed at or before the Closing.

8.03 Approvals and Consents. The Purchaser Approval set forth in item 2 of Schedule 4.09 to the extent required for the consummation of the transactions contemplated hereby shall have been obtained and shall be in full force and effect.

8.04 Litigation. No Order shall have been entered which restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement and no Action or Proceeding shall have been instituted before any Governmental Authority of competent jurisdiction seeking to restrain, enjoin or otherwise prohibit or make illegal the consummation of any of the transactions contemplated by this Agreement.

8.05 Deliveries. Purchaser shall have delivered to Seller:

(a) a certificate, dated the Closing Date and executed by an authorized officer or board member of Purchaser, substantially in the form and to the effect of Exhibit H; and

(b) a certificate, dated the Closing Date and executed by the Secretary of Purchaser substantially in the form and to the effect of Exhibit I.

8.06 Antitrust Authorizations. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or been terminated.

8.07 FPA Matters. FERC authorization under section 203 of the FPA required to consummate the transactions contemplated hereby shall have been obtained.

8.08 CFIUS. Seller shall have received from Purchaser a copy of either (i) a notice from CFIUS of its determination not to undertake an investigation of the transactions contemplated by this Agreement or (ii) in the event that CFIUS initiates an investigation of the transactions contemplated by this Agreement, a written confirmation that CFIUS has determined there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement.

8.09 Agreements. Purchaser shall have delivered to Seller (i) a transition services agreement between Seller and Purchaser, duly executed by Purchaser, containing the terms and conditions set forth in Exhibit M and in form and substance reasonably satisfactory to Seller, (ii) the Cottonwood Lease, duly executed by Purchaser, (iii) the LTSA Rights Agreement, duly executed by Purchaser and (iv) the Put Option Agreement, duly executed by Purchaser.

ARTICLE 9
TAX MATTERS

9.01 Certain Taxes.

(a) All real property Taxes, personal property Taxes and similar obligations of the Company and the Subsidiaries imposed by any Governmental Authority that are due or become due for Tax periods within which the Closing Date occurs shall be apportioned between the pre-Closing Date period, on the one hand, and the post-Closing Date period, on the other hand, as of the Closing Date, based upon the actual number of days of the Tax period that have elapsed before and including, and after, the Closing Date, and all income Taxes and Transfer Taxes imposed on the Company and the Subsidiaries shall be allocated between the pre-Closing Date period and the post-Closing Date period as though a taxable year of the Company and the Subsidiaries have ended on the Closing Date. Seller shall be responsible for the portion of such Taxes described in the preceding sentence (the "Apportioned Obligations") attributable to the pre-Closing Date period. Purchaser shall be responsible for such Apportioned Obligations attributable to the period beginning on or after the Closing Date. Each Party shall cooperate in assuring that Apportioned Obligations that are the responsibility of Seller pursuant to the preceding sentences are paid by Seller, and that Apportioned Obligations that are the responsibility of Purchaser pursuant to the preceding sentence shall be paid by Purchaser. If any refund, rebate or similar payment is received by the Company, the Subsidiaries, Seller and/or Purchaser for any Taxes that are Apportioned Obligations, such refund shall be apportioned between Seller and Purchaser as aforesaid on the basis of the obligations of the Company and the Subsidiaries during the applicable Tax period, provided any such Tax refund shall belong to Purchaser if it was included as an asset in the Final Aggregate Net Working Capital.

(b) Seller shall timely prepare and file with the appropriate authorities all Tax Returns required to be filed by the Company or the applicable Subsidiary with respect to any Tax periods ending on or before the Closing Date. Such Tax Returns shall be prepared and filed in a manner consistent with prior positions and past practice to the extent consistent with applicable Law. Seller shall provide Purchaser with a completed draft of such Tax Return if it relates to income Taxes or other material Taxes for Purchaser's review as soon as reasonably practicable once a draft is available. Seller will consider in good faith any reasonable changes to such Tax Return timely proposed by Purchaser and provide Purchaser with a copy of any such revised Tax Return as soon as reasonably practicable after filing. Seller shall timely remit (or cause to be timely remitted by the applicable Company Entity) any Taxes shown as due on any such Tax Return, except to the extent such Taxes do not exceed the liabilities for such Taxes specifically taken into account in determining the Final Aggregate Net Working Capital.

(c) Seller and Purchaser shall reasonably cooperate, and shall cause their respective Affiliates, employees and agents reasonably to cooperate, in preparing and filing all Tax Returns of the Company and each Subsidiary, including maintaining and making available to each other all records that are necessary for the preparation of any Tax Returns that the Party is required to file under this Article 9, and in resolving all disputes and audits with respect to such Returns.

(d) All sales, use, transfer, controlling interest transfer, recording, stock transfer, real property transfer, value-added and other similar Taxes and fees ("Transfer Taxes"), if any, arising out of or in connection with the consummation of the transactions contemplated by this Agreement shall be shared equally by Purchaser and Seller. Tax Returns that must be filed in connection with such Transfer Taxes shall

be prepared and filed by the Party primarily or customarily responsible under applicable local Law for filing such Tax Returns, and such party will use commercially reasonable efforts to provide such Tax Returns to the other Party at least ten (10) Business Days prior to the date such Tax Returns are due to be filed.

9.02 Allocation of Purchase Price.

(a) The Purchase Price (including for these purposes the amount of any assumed liabilities included as a part of the purchase price for U.S. federal income Tax purposes) shall be allocated among the Company Entity assets in the manner required by Section 1060 of the Code and the Treasury regulations promulgated thereunder (and any similar provision of state, local or non-U.S. Law) (the "Allocation"). A draft Allocation shall be prepared by Purchaser for the review and approval of Seller within sixty (60) days after the date of Closing. If within thirty (30) days after delivery of the Allocation, Seller notifies Purchaser in writing that Seller objects to the allocation set forth in the Allocation, Purchaser and Seller shall use commercially reasonable efforts to resolve such dispute within thirty (30) days thereafter. In the event that Purchaser and Seller are unable to resolve such dispute within such thirty (30) day period, Purchaser and Seller shall, within thirty (30) days after such thirty (30) day period, submit the disputed items to the Neutral Auditor for resolution under the procedures set forth in this Section. Purchaser and Seller shall make available to the Neutral Auditor, in connection with the foregoing, all relevant work papers relating to the Allocation calculation. Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. Purchaser and Seller, and their respective Representatives, shall cooperate fully with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall resolve such disputed items and determine the values to be ascribed thereto, and using those values (together with other items not in dispute) determine the final Allocation as of the Closing Date. The Parties hereby agree that the Neutral Auditor shall only decide the specific disputed items, the values ascribed thereto and using those values (together with the other items included in the draft Allocation) determine the final Allocation, and the Neutral Auditor's decision with respect to such disputed items and values must be within the range of values assigned to each such item in the draft Allocation and the notice of objection, respectively. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Purchaser and Seller. The Neutral Auditor shall be directed to resolve the disputed items and amounts and deliver to Purchaser and Seller a written determination of the final Allocation (such determination to be made consistent with this Section, including a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditor by Purchaser and Seller) within thirty (30) days after being retained (or such longer period as the Neutral Auditor may reasonably require), which determination will be final, binding and conclusive on the Parties and their respective Affiliates and representatives, successors and assigns. Notwithstanding anything herein to the contrary, the dispute resolution mechanism contained in this Section shall be the exclusive mechanism for resolving disputes, if any, regarding the Allocation and neither Seller nor Purchaser shall be entitled to indemnification pursuant to Article 11 for Losses resulting or arising from the Allocation.

(b) Purchaser and Seller shall file all Tax Returns (including, but not limited to, IRS Form 8594) consistent with the Allocation. Neither Purchaser nor Seller shall take any Tax position inconsistent with such Allocation and neither Purchaser nor Seller shall agree to any proposed adjustment to the Allocation by any Taxing authority without first giving the other party prior written notice; provided, however, that nothing contained herein shall prevent Purchaser or Seller from settling any proposed deficiency or adjustment by any Taxing authority based upon or arising out of the Allocation, and neither Purchaser nor Seller shall be required to litigate before any court any proposed deficiency or adjustment by any taxing authority challenging such Allocation.

(c) Not later than ten (10) Business Days prior to the filing of their respective IRS Forms 8594 relating to this transaction, each of Purchaser and Seller shall deliver to the other party a copy of its

IRS Form 8594. If the Final Purchase Price is adjusted pursuant to this Agreement, the Allocation shall be adjusted in a manner consistent with such adjustment.

(d) Seller and Purchaser agree that the final Allocation shall be used by Seller and Purchaser as the basis for reporting asset values and other items for purposes of all federal, state, and local Tax Returns, and that neither Seller nor Purchaser or their respective Affiliates will take positions inconsistent with such allocation in notices to any Governmental Authority, in audits or other proceedings with respect to Taxes, or in other documents or notices relating to the transactions contemplated by this Agreement.

ARTICLE 10 **SURVIVAL**

10.01 Survival of Representations, Warranties, Covenants and Agreements. The representations, warranties, covenants, agreements and obligations of Seller, the Company and Purchaser contained in this Agreement are material, were relied on by such Parties, and will survive the Closing Date as provided in Section 11.03. The right to indemnification, reimbursement or other remedy based upon such representations, warranties, covenants, agreements and obligations shall not be affected by any investigation conducted, or any Seller's Knowledge or Purchaser's Knowledge acquired at any time, whether before or after the execution of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant, agreement or obligation. Each Party shall be entitled to rely upon the representations and warranties of the other Party set forth herein notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any Party to complete the Closing.

ARTICLE 11 **INDEMNIFICATION**

11.01 Indemnification by Seller. Seller hereby indemnifies and holds harmless the Purchaser Indemnified Parties in respect of, and holds each of them harmless from and against, and will pay to the Purchaser Indemnified Parties the amount of, any and all Losses suffered, incurred or sustained by any of them or to which any of them become subject, resulting from, arising out of or relating to:

(a) the breach of any of the representations and warranties made by Seller or the Company to the Purchaser in Article 3 of this Agreement or any breach of any representation in respect thereof contained in any certificate delivered by Seller or the Company pursuant to this Agreement;

(b) any breach or failure to perform or comply with by Seller or the Company of any covenant or agreement of Seller or the Company contained in this Agreement;

(c) (i) one hundred percent (100%) of the Specific Environmental Indemnification Items up to and including five million dollars (\$5,000,000) and (ii) seventy-five percent (75%) of the Specific Environmental Indemnification Items in excess of five million dollars (\$5,000,000);

(d) seventy-five percent (75%) of any Losses arising exclusively from violations of Clean Air Act New Source Review resulting from capital, operation or maintenance projects undertaken prior to the Closing;

(e) (i) any Taxes of or required to be paid by the Company Entities with respect to any period or portion thereof ending on or before the Closing Date, (ii) Taxes of Seller (including, without limitation, capital gains Taxes arising as a result of the transactions contemplated by this Agreement) or any of Seller's Affiliates (excluding the Company Entities) for any Tax period; (iii) Taxes attributable to any restructuring or reorganization undertaken by Seller, its Affiliates or the Company Entities prior to the Closing; (iv) Taxes for which any of the Company Entities (or any predecessor of the foregoing) is held liable under

Section 1.1502-6 of the United States Treasury Regulations (or any similar provision of state, local or non-U.S. Law) by reason of such entity being included in a consolidated, affiliated, combined or unitary group at any time on or before the Closing Date; (v) Taxes imposed on or payable by third parties with respect to which any of the Company Entities has an obligation to indemnify such third party as a transferee or successor or pursuant to a transaction consummated on or prior to the Closing; and (vi) any Taxes arising out of or resulting from the payment of any debt of a Company Entity on or before the Closing; provided, however, that the Seller shall have no liability under this Section 11.01(d) for any Taxes to the extent such Taxes were specifically reflected in the Final Aggregate Net Working Capital Amount;

(f) the Oxbow Property or the Oxbow Property Transfer;

(g) the matter described in Item No. 2 (as defined on Schedule 3.08) or any of the facts or circumstances underlying such matter; provided that, for the avoidance of doubt, such Losses shall include any required disgorgement of revenues, refunds of rates, charges or collections, civil or criminal penalties imposed on the operations of the Company Entities, the Business or the Projects whether before or after Closing;

(h) the Actions or Proceedings set forth on Schedule 11.01(h) or any of the facts or circumstances underlying such Actions or Proceedings, including any Action or Proceeding brought by any Person based on similar facts or circumstances underlying such Actions or Proceedings;

(i) the Actions or Proceedings set forth on Schedule 11.01(i) or any of the facts or circumstances underlying such Actions or Proceedings, including any Action or Proceeding brought by any Cooperative Customer based on similar facts or circumstances underlying such Actions or Proceedings, in each case limited to damages awarded or settlement amounts owed to the Cooperative Customers in respect of the period prior to the Closing Date;

(j) the aggregate amount of Leakage to the extent the actual amount thereof exceeds the amount set forth in the Leakage/Indebtedness Certificate; and

(k) the aggregate amount of Indebtedness of the Company Entities as of the Closing Date to the extent the actual amount thereof exceeds the amount set forth in the Leakage/Indebtedness Certificate.

11.02 Indemnification by Purchaser. Purchaser hereby indemnifies and holds harmless the Seller Indemnified Parties in respect of, and holds each of them harmless from and against, and will pay to the Seller Indemnified Parties the amount of, any and all Losses suffered, incurred or sustained by any of them or to which any of them become subject, resulting from, arising out of or relating to

(a) the breach of any of the representations and warranties made by Purchaser to the Seller in Article 4 of this Agreement or any breach of any representation in respect thereof contained in any certificate delivered by Purchaser pursuant to this Agreement; or

(b) any breach or failure to perform or comply with by Purchaser of any covenant or agreement of Purchaser contained in this Agreement.

11.03 Period for Making Claims. No claim under this Agreement (except as provided below) may be made unless such Party shall have delivered, with respect to any claim for breach of any representation, warranty, covenant, agreement or obligation made in this Agreement, a written notice of claim prior to the date falling eighteen (18) months after the Closing Date; except that:

(i) the representations and warranties contained in Section 3.01 (Existence), Section 3.02 (Authority), Section 3.07 (Brokers), Sections 3.09(a), (b), (d), (f), and (h) (The Company and the Subsidiaries), Section 4.01 (Existence), Section 4.02 (Authority), and Section 4.08 (Brokers) shall survive the Closing indefinitely (collectively, with the representation and warranties contained in Section 3.11 (Taxes), the “Fundamental Representations”);

(ii) the representations and warranties in Section 3.11 (Taxes) and the indemnification under Section 11.01(a) pertaining thereto and under Section 11.01(e) shall survive until thirty (30) days after the expiration of the applicable Tax statute of limitations;

(iii) the representations and warranties contained in Section 3.15 (Environmental) shall survive the Closing for five (5) years following the Closing Date;

(iv) the representations and warranties contained in Section 3.13 (Real Property) and Section 3.14 (Title) shall survive the Closing for four (4) years following the Closing Date;

(v) the representations and warranties in Section 3.29 (Projects Condition) shall survive the Closing for a period beginning on the later of (x) that September 30 most closely following the Closing Date, and (y) the Closing Date and ending six (6) months after the later to occur of (x) and (y);

(vi) the Specific Environmental Indemnification Items in Section 11.01(c) shall survive the Closing for six (6) years following the Closing Date;

(vii) claims pursuant to Section 11.01(d) shall survive the Closing for five (5) years following the Closing Date;

(viii) claims pursuant to Sections 11.01(f), 11.01(g), 11.01(h), 11.01(i), 11.01(j), and 11.01(k) shall survive the Closing indefinitely; and

(ix) the covenants, agreements and obligations in this Agreement to be performed shall survive until the date on which they have been fully performed;

provided further, that, if written notice for a claim of indemnification has been provided by the Indemnified Party pursuant to Section 11.05(a) or Section 11.07 on or prior to the applicable survival expiration date, then the obligation of the Indemnifying Party to indemnify the Indemnified Party pursuant to this Article 11 shall survive with respect to such claim until such claim is finally resolved. With respect to any claims related to violations or possible violations of an applicable NERC reliability standard, no claim under this Agreement may be made unless such Party shall have delivered, with respect to any such claim for breach of any representation, warranty, covenant, agreement or obligation made in this Agreement, a written notice of claim prior to the date occurring six months after the conclusion of any Regional Entity compliance audit covering a period prior to the Closing Date.

11.04 Limitations on Claims.

(a) No Party shall have any obligation to indemnify an Indemnified Party until the aggregate amount of all Losses incurred by such Party that are subject to indemnification pursuant to Section 11.01(a) or Section 11.02(a), as applicable, equals or exceeds one percent (1%) of the Final Purchase Price (the “Deductible”) in which event the Indemnifying Party shall be obligated to pay in full all such Losses (commencing with the first dollar thereof); provided, however, that the Deductible shall not apply to Losses resulting from, arising out of or relating to (w) any breach of the Fundamental Representations, (x) any breach of the representations and warranties set forth in Section 3.15 (Environmental), Section 3.26 (No Debt), or the second sentence of Section 3.03, (y) any willful breach of any representation or warranty or (z) fraud.

(b) No Party shall have any obligation to indemnify an Indemnified Party in connection with any single item or group of related items that result in Losses that are subject to indemnification pursuant to Section 11.01(a) or Section 11.02(a), as applicable, in the aggregate of less than Fifty Thousand Dollars (\$50,000); provided, however, that such threshold shall not apply to Losses resulting from, arising out of or relating to (i) any breach of the Fundamental Representations, (ii) any breach of the representations and warranties set forth in Section 3.15 (Environmental) or Section 3.26 (No Debt), (iii) any willful breach of any representation or warranty, or (iv) fraud.

(c) Except as otherwise provided in Section 11.04(d), the aggregate liability of the Indemnifying Parties under this Article 11 resulting from breaches of representations or warranties herein and in any certificates delivered pursuant hereto shall be limited to an amount equal to twelve percent (12%) of the Final Purchase Price (the “Cap”); provided, however, that the Cap shall not apply to Losses resulting from, arising out of or relating to (i) any breach of the Fundamental Representations, (ii) any breach of the covenant set forth in Section 5.07 or the representation or warranty set forth in Section 3.26 (No Debt), (iii) Losses covered by Sections 11.01(b), 11.01(c) (which is subject to the Special Item Cap), 11.01(e), 11.01(f), 11.01(g), 11.01(h), 11.01(i), 11.01(j) or 11.01(k), (iv) any willful breach of any representation or warranty, or (v) fraud.

(d) Separate from the Cap established in Section 11.04(c), the aggregate liability of the Indemnifying Parties under this Article 11 resulting from Losses covered by Section 11.01(c) shall be limited to an amount equal to twenty-five million dollars (\$25,000,000) (the “Special Item Cap”); provided, however, that Seller shall have no obligation to indemnify a Purchaser Indemnified Party for any Losses covered by Section 11.01(c) that are incurred to defend an Action or Proceeding that does not result in a prohibition on the placement of CCR or non-CCR waste-streams in an impoundment or closure of an impoundment until the aggregate amount of such Losses equals or exceeds Two Million Dollars (\$2,000,000) (“Special Item Deductible”), in which event the Seller shall be liable for such Losses only to the extent they are in excess of the Special Item Deductible; provided, further, that neither the Special Item Cap nor the Special Item Deductible shall apply to Losses resulting from, arising out of or relating to (i) any willful breach of any representation or warranty or (ii) fraud.

(e) For purposes of this Article 11, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(f) In the event that any Losses are subject to indemnification pursuant to both (x) Section 11.01(a) in respect of a breach of Section 3.15 and (y) Section 11.01(c):

(i) if there occurs a prohibition on the placement of CCR or non-CCR waste-streams in an impoundment or closure of an impoundment, such Losses shall be indemnifiable pursuant to Section 11.01(c) and the Special Item Cap shall apply (subject to the second proviso set forth in Section 11.04(d)); and

(ii) if there does not occur a prohibition on the placement of CCR or non-CCR waste-streams in an impoundment or closure of an impoundment, such Losses shall be indemnifiable pursuant to Section 11.01(a) and the Cap shall apply (subject to the proviso set forth in Section 11.04(c)).

11.05 Procedure for Indemnification of Third Party Claims.

(a) Notice. Whenever any claim by a third party shall arise for indemnification under this Article 11, the Indemnified Party shall promptly notify the Indemnifying Party of the claim and, when known, the facts constituting the basis for such claim and, if known, the notice shall specify the amount or an estimate of the amount of the liability arising therefrom. The Indemnified Party shall provide to the Indemnifying Party copies of all material notices and documents (including court papers) received or transmitted by the Indemnified Party relating to such claim. The failure or delay of the Indemnified Party to deliver prompt written notice of a claim shall not affect the indemnity obligations of the Indemnifying Party hereunder, except to the extent the Indemnifying Party was actually materially disadvantaged by such failure or delay in delivery of notice of such claim.

(b) Settlement of Losses. If the Indemnified Party has assumed the defense of any claim by a third party which may give rise to indemnity hereunder pursuant to Section 11.06(d), the Indemnified Party shall not settle, consent to the entry of a judgment of or compromise such claim without the prior written consent (which consent shall not be unreasonably withheld or delayed) of the Indemnifying Party.

11.06 Rights of Indemnifying Party in the Defense of Third Party Claims.

(a) Right to Assume the Defense. In connection with any claim by a third party which may give rise to indemnity hereunder, except any third party claim seeking equitable relief or any claim relating to Taxes (which the Indemnifying Party shall not have the right to assume defense thereof), the Indemnifying Party shall have thirty (30) days after the date the Indemnifying Party is notified of such claim by the Indemnified Party to assume the defense of any such claim, which defense shall be prosecuted by the Indemnifying Party to a final conclusion or settlement in accordance with the terms hereof.

(b) Procedure. If the Indemnifying Party assumes the defense of any such claim, the Indemnifying Party shall (i) select counsel reasonably acceptable to the Indemnified Party to conduct the defense of such claim and (ii) take all steps necessary in the defense or settlement thereof, at its sole cost and expense. The Indemnified Party shall be entitled to participate in (but not control) the defense of any such claim, with its own counsel and at its sole cost and expense; provided, that, if the claim includes allegations for which the Indemnifying Party both would and would not be obligated to indemnify the Indemnified Party, the Indemnifying Party and the Indemnified Party shall in that case jointly assume the defense thereof. The Indemnified Party and the Indemnifying Party shall fully cooperate with each other and their respective counsel in the defense or settlement of such claim and make available to the other Party all information reasonably available (unless it would adversely affect the ability of a Party to assert attorney-client privilege, attorney work product privilege or similar privilege). The Party in charge of the defense shall keep the other Party apprised at all times as to the status of the defense or any settlement negotiations with respect thereto.

(c) Settlement of Losses. The Indemnifying Party shall not consent to a settlement of or the entry of any judgment arising from, any such claim or legal proceeding, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed).

(d) Decline to Assume the Defense. The Indemnified Party may defend against any such claim, at the sole cost and expense of the Indemnifying Party, in such manner as it may deem reasonably appropriate, including settling such claim in accordance with the terms hereof if (i) the Indemnifying Party does not assume the defense of any such claim resulting therefrom within thirty (30) days after the date the Indemnifying Party is notified of such claim by the Indemnified Party or (ii) the Indemnified Party reasonably

concludes that the Indemnifying Party is (a) not diligently defending the Indemnified Person, (b) not contesting such claim in good faith through appropriate proceedings or (c) has not taken such action (including the posting of a bond, deposit or other security) as may be necessary to prevent any action to foreclose a Lien against or attachment of any asset or property of the Indemnified Party for payment of such claim.

(e) Defense of Certain Claims. The Indemnified Party shall have the right to defend against and control any claim subject to indemnification pursuant to Section 11.01(c), 11.01(d) or 11.01(i), at its sole cost and expense (subject to, in the case Sections 11.01(c) and 11.01(d), the percentage allocations with respect to Losses set forth therein), in such manner as it may deem reasonably appropriate; for the avoidance of doubt, Section 11.05 shall apply to the defense of any claim pursuant to this Section 11.06(e). The Indemnifying Party shall be entitled to participate in (but not control) the defense of any such claim, with its own counsel and at its sole cost and expense. The Indemnified Party and the Indemnifying Party shall fully cooperate with each other and their respective counsel in the defense or settlement of such claim and make available to the other Party all information reasonably available (unless it would adversely affect the ability of a Party to assert attorney-client privilege, attorney work product privilege or similar privilege). The Indemnified Party shall keep the Indemnifying Party apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. Notwithstanding anything contained herein to the contrary, Purchaser and its Affiliates shall have full control, in their discretion and without any obligation to consult with Seller or its Affiliates, of all negotiations with respect to, and the execution of, any extensions of or amendments to any Contracts with any Cooperative Customer; provided that, to the extent that any such extension or amendment contains an affirmative obligation to make a payment to any such Cooperative Customer that would be subject to indemnification pursuant to Section 11.01(i), the prior written consent of Seller (which consent shall not be unreasonably withheld or delayed) shall be required. Purchaser and its Affiliates shall not enter into any such extension or amendment with a Cooperative Customer that contains a waiver of damages of the type claimed in the Actions or Proceedings set forth on Schedule 11.01(i) in respect of the period from the Closing Date through the date of such extension or amendment unless such extension or amendment also contains a waiver of such damages in respect of the period prior to the Closing Date; provided that the limitation in this sentence shall not apply if Seller's consent is required pursuant to the foregoing sentence and Seller withholds such consents.

11.07 Direct Claims. In the event that any Indemnified Party has a claim against any Indemnifying Party which may give rise to indemnity hereunder that does not involve a claim brought by a third party, the Indemnified Party shall promptly notify the Indemnifying Party of the claim and the facts constituting the basis for such claim and, if known, the amount or an estimate of the amount of the liability arising therefrom. The failure or delay of the Indemnified Party to deliver prompt written notice of a claim shall not affect the indemnity obligations of the Indemnifying Party hereunder, except to the extent the Indemnifying Party was actually materially disadvantaged by such failure or delay in delivery of notice of such claim. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from receipt of such claim notice that the Indemnifying Party disputes such claim, the amount of such claim shall be conclusively deemed a liability of the Indemnifying Party hereunder; however if the Indemnifying Party does notify the Indemnified Party that it disputes such claim within the required thirty (30) day period, the Parties shall attempt in good faith to agree upon the rights of the respective Parties with respect to such claim. If the Parties should so agree, a memorandum setting forth such agreement shall be prepared and signed promptly by both Parties. If such Parties shall not agree within the aforementioned thirty (30) day period, the Indemnified Party shall be entitled to take any action in law or in equity as such Indemnified Party shall deem necessary to enforce the provisions of this Article 11 against the Indemnifying Party; provided that, notwithstanding the foregoing, any disputes relating to the indemnity set forth in Section 11.01(i) shall be submitted following the expiry of such thirty (30) day period or by such earlier date as agreed by the parties to the Neutral Auditor for resolution under the procedures set forth in this Section 11.07. Purchaser and Seller shall make available to the Neutral Auditor, in connection with the foregoing, all relevant work papers relating to the Leakage calculation. Each Party agrees to promptly execute a reasonable engagement letter, if requested to do so by the Neutral Auditor. Purchaser and Seller, and their respective Representatives,

shall cooperate fully with the Neutral Auditor. The Neutral Auditor, acting as an expert and not an arbitrator, shall resolve such disputed items and determine the values to be ascribed thereto, and using those values (together with other items not in dispute) determine the final actual aggregate amount of Leakage. The Parties hereby agree that the Neutral Auditor shall only decide the specific disputed items, the values ascribed thereto and using those values determine the final actual aggregate amount of Leakage, and the Neutral Auditor's decision with respect to such disputed items and values must be within the range of values assigned to each such item in the Leakage/Indebtedness Certificate and Purchaser's claim for indemnification pursuant to Section 11.01(i), respectively. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Purchaser and Seller. The Neutral Auditor shall be directed to resolve the disputed items and amounts and deliver to Purchaser and Seller a written determination of the final actual aggregate amount of Leakage (such determination to be made consistent with this Section 11.07, including a worksheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditor by Purchaser and Seller) within thirty (30) days after being retained (or such longer period as the Neutral Auditor may reasonably require), which determination will be final, binding and conclusive on the Parties and their respective Affiliates and representatives, successors and assigns. Notwithstanding anything herein to the contrary, the dispute resolution mechanism contained in this Section 11.07 involving the Neutral Auditor shall be the exclusive mechanism for resolving disputes, if any, regarding any claim for indemnification pursuant to Section 11.01(i).

11.08 General.

(a) Absent fraud or willful breach, the indemnities set forth in this Article 11 shall be the exclusive remedies of Purchaser and Seller and their respective members, officers, directors, employees, agents and Affiliates due to misrepresentation, breach of warranty, nonfulfillment or failure to perform any covenant or agreement contained in this Agreement, and the Parties shall not be entitled to a rescission of this Agreement or to any further indemnification rights or claims of any nature whatsoever in respect thereof, all of which the Parties hereto hereby waive. The provisions of this Article 11 shall not, however, prevent or limit a cause of action under Section 13.03.

(b) Solely for purposes of calculating Losses for which an indemnity obligation arises under this Article 11, any express qualification or limitation set forth in the applicable representation, warranty, covenant, agreement or obligation as to materiality or "Material Adverse Effect" (or words of similar effect) contained therein shall be disregarded.

(c) Any indemnification payment hereunder shall be made by wire transfer of immediately available funds to such account or accounts as the Indemnified Party may designate in writing to the Indemnifying Party at least two (2) Business Days before the date payment of the Taxes to which such payment relates is due, or, if no Tax is payable, within fifteen days after written demand is made for such payment.

(d) An Indemnifying Party shall not be subrogated to any right of action (whether pursuant to contract, arising under applicable Law or otherwise) which the Indemnified Party may have against any other Person with respect to any matter giving rise to a claim for indemnification hereunder.

11.09 Indemnity Treatment. Any amount of indemnification payable pursuant to the provisions of this Article 11 shall, to the extent reasonable under the Tax Laws, be treated as an adjustment to the Purchase Price, unless otherwise directed by a Governmental Authority.

11.10 Mitigation. The amount which an Indemnifying Party is or may be required to pay to an Indemnified Party in respect of damages for which indemnification is provided under this Agreement shall be reduced by any amounts actually received (including amounts received under insurance policies) by or on behalf of any Indemnified Party or its Affiliates from third parties and any Tax benefit to the Indemnified Party or its Affiliates arising in connection with the payment of any such damages (such amounts and benefits are collectively referred to herein as “Indemnity Reduction Amounts”). If any Company Entity or Indemnified Party or its Affiliates receives any Indemnity Reduction Amounts in respect of a claim for which indemnification is provided under this Agreement after the full amount of such claim has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such claim and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such claim, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (i) the amount theretofore paid by the Indemnifying Party in respect of such claim, less (ii) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made. An insurer or other third party who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to any benefit they would not be entitled to receive in the absence of the indemnification provisions by virtue of the indemnification provisions hereof. Each of Seller and Purchaser, as appropriate, shall, or shall cause each Indemnified Party to, use its commercially reasonable efforts to pursue promptly any claims or rights it may have against all third parties which would reduce the amount of damages for which indemnification is provided under this Agreement and take all commercially reasonable actions to mitigate damages. Tax benefits under this Section 11.10 shall be determined assuming full utilization of any resulting deduction or loss in the Tax period in which the damage is sustained and using the highest combined marginal Tax rate in effect for federal and applicable state, local and foreign income Taxes for such Tax period.

ARTICLE 12 **TERMINATION**

12.01 Termination. This Agreement may be terminated at any time prior to Closing as follows:

(a) by mutual written consent of Purchaser and Seller;

(b) by either Seller or Purchaser if the Closing has not occurred on or before twelve (12) months after the date of this Agreement (the “Termination Date”) and the failure to consummate is not caused by a breach of this Agreement by the terminating party.

(c) by Purchaser if there has been a breach by Seller of any representation, warranty, covenant or agreement contained in this Agreement which (i) would result in a failure of a condition set forth in Section 7.01 or Section 7.02, and (ii) either (x) is a breach of Seller’s obligations to transfer the Acquired Interests at Closing in accordance with this Agreement or (y) such breach has not been cured within 30 days following written notification thereof; provided, however, that if, at the end of such 30 day period, Seller is endeavoring in good faith, and proceeding diligently, to cure such breach, Seller shall have an additional 30 days in which to effect such cure; and

(d) by Seller if there has been a breach by Purchaser of any representation, warranty, covenant or agreement contained in this Agreement which (i) would result in a failure of a condition set forth in Section 8.01 or Section 8.02, and (ii) such breach has not been cured within 30 days following written notification thereof; provided, however, that if, at the end of such 30 day period, Purchaser is endeavoring in good faith, and proceeding diligently, to cure such breach, Purchaser shall have an additional 30 days in which to effect such cure.

12.02 Effect of Termination.

(a) If this Agreement is validly terminated pursuant to Section 12.01, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of either Seller or Purchaser (or any of their respective Representatives or Affiliates) in respect of this Agreement, except that the applicable portions of Article 1, this Section 12.02, and the entirety of Article 11 and Article 13 will continue to apply following any termination; provided, however, that nothing in this Section 12.02 shall release any Party from liability for any breach of this Agreement by such Party prior to the termination of this Agreement (and any attempted termination by the breaching Party shall be void).

(b) Upon termination of this Agreement by Purchaser or Seller for any reason, all information received by Purchaser with respect to the Company, the Subsidiaries, the assets of the Company, the assets of the Subsidiaries or Seller shall remain subject to the provisions of Section 13.06 and the Confidentiality Agreement.

ARTICLE 13
MISCELLANEOUS

13.01 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally, by facsimile transmission, by reputable national overnight courier service or by registered or certified mail (postage prepaid) to the Parties at the following addresses or facsimile numbers, as applicable:

If to Purchaser, to: Cleco Corporate Holdings LLC
2030 Donahue Ferry Road
Pineville, Louisiana 71360-5226
Attn:
Fax:

With a copy to: Phelps Dunbar, L.L.P.
365 Canal Street
Suite 2000
New Orleans, Louisiana 70130-6534
Attn:
Fax:

If to Seller and the Company, to: NRG Energy Inc.
804 Carnegie Center Drive
Princeton, NJ 08540
Attn:
Fax:

With a copy to: Jones Day
51 Louisiana Avenue, NW
Washington, DC 20001
Attn:
Fax:

Notices, requests and other communications will be deemed given upon the first to occur of such item having been (a) delivered personally to the address provided in this Section 13.01, (b) delivered by confirmed facsimile transmission to the facsimile number provided in this Section 13.01, or (c) delivered by registered or certified mail (postage prepaid) or by reputable national overnight courier service in the manner described above to the address provided in this Section 13.01 (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section 13.01). Any Party from time to time may change its address, facsimile number or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

13.02 Entire Agreement. This Agreement and the documents referenced herein supersede all prior discussions and agreements, whether oral or written, between the Parties with respect to the subject matter hereof, and contains the entire agreement between the Parties with respect to the subject matter hereof.

13.03 Specific Performance. The Parties agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur and money damages may not be a sufficient remedy. In the event of any breach or threatened breach by the other Party of any covenant or obligation contained in this Agreement, the non-breaching Party shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without the necessity of posting bonds or similar undertakings in connection therewith, this being in addition to any other remedy which may be available to such non-breaching party at law or in equity, including monetary damages.

13.04 Time of the Essence. Time is of the essence with regard to all duties and time periods set forth in this Agreement.

13.05 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement. The parties acknowledge and agree that any filing fees required by FERC or in respect of the HSR Act shall be shared equally by the Parties.

13.06 Public Announcements. None of the Parties nor any of their Affiliates shall make any written or other public disclosure, announcement or other similar statement regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other Party, except as required by Law, any regulatory authority or under the applicable rules and regulations of a stock exchange or market on which the securities of the disclosing Party or any of its affiliates are listed provided, further, that the foregoing shall not restrict disclosures of information made by or on behalf of (i) Seller and/or its Affiliates or successors, or (ii) Purchaser and/or its Affiliates or successors, in each case, to their respective direct and indirect Affiliates, equity holders, partners, members, financing sources, counsel, accountants, consultants and other advisors (so long as, in each case, such disclosure has a valid business purpose and is effected in a manner consistent with customary practices (including with respect to confidentiality)). If any disclosure, announcement or similar statement is required by Law, regulatory authority or rules and regulations of a stock exchange or market, the disclosing Party shall give the non-disclosing Party prior notice of, and a reasonable opportunity to comment promptly on, the proposed disclosure and shall limit such disclosure to such information as reasonably required to comply with such applicable Law, regulatory authority Order or stock exchange or market rules and regulations.

13.07 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition and delivered pursuant to Section 13.01. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, or the waiver of the fulfillment of any such condition, shall not affect the right to indemnification or other remedy based on such representation, warranty, covenant or obligation. Notwithstanding anything to the contrary in this Agreement, this sentence of this Section 13.07, Section 13.08, Section 13.09, Section 13.13, Section 13.14 and Section 13.19 may not be waived in a manner materially adverse to the Financing Sources without the prior written consent of the Financing Sources, such consent not to be unreasonably withheld, conditioned or delayed.

13.08 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each Party. Notwithstanding anything to the contrary in this Agreement, Section 13.07, this sentence of this Section 13.08, Section 13.07, Section 13.09, Section 13.13, Section 13.14 and Section 13.19 may not be amended, supplemented, modified or terminated in a manner materially adverse to the Financing Sources without the prior written consent of the Financing Sources, such consent not to be unreasonably withheld, conditioned or delayed.

13.09 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each Party and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third party beneficiary rights upon any other Person other than any Person entitled to indemnity under Article 11, and the terms and provisions of this Agreement do not confer such beneficiary rights upon any other Person; provided that the Financing Sources shall be intended third party beneficiaries of Section 13.07, Section 13.08, this Section 13.09, Section 13.13, Section 13.14 and Section 13.19 and shall be entitled to enforce such provisions directly.

13.10 Assignment. The obligations of the Parties under this Agreement are not assignable without the prior written consent of the other Party, which such Party may withhold in its discretion; provided that, Purchaser may assign this Agreement, including the right to purchase the Acquired Interests, without the prior written consent of Seller, to (a) any Affiliate of Purchaser, or (b) any Financing Source providing financing to Purchaser from time to time as collateral security for such financing, in each case so long as Purchaser remains fully liable for its obligations under this Agreement.

13.11 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement shall not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

13.12 Governing Law. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF EXCEPT FOR SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

13.13 Consent to Jurisdiction.

(a) For all purposes of this Agreement, and for all purposes of any Action or Proceeding arising out of or relating to the transactions contemplated hereby or for recognition or enforcement of any judgment, each Party hereto submits to the personal jurisdiction of the courts of the State of New York and the federal courts of the United States sitting in New York County, and hereby irrevocably and unconditionally agrees that any such Action or Proceeding may be heard and determined in such New York court or, to the extent permitted by law, in such federal court. Each Party hereto agrees that a final judgment in any such Action or Proceeding may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement shall affect any right that any Party may otherwise have to bring any Action or Proceeding relating to this Agreement against the other Party or its properties in the courts of any jurisdiction. Notwithstanding the foregoing and subject to the waivers in Section 13.19, each Party agrees that it will not, and it will not permit any of its Affiliates or Representatives to, bring or support any Action or Proceeding of any kind or description, whether in law or in equity, whether in contract or tort or otherwise, against the Financing Sources in any way relating to this Agreement, the Debt Financing, the definitive documentation of the Debt Financing or any of the transactions contemplated hereby or thereby, including any dispute arising out of or relating in any way to the Debt Financing or the performance thereof, in any forum other than that courts of the State of New York and the federal courts of the United States sitting in New York County.

(b) Each Party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so:

(i) any objection which it may now or hereafter have to the laying of venue of any Action or Proceeding arising out of or relating to this Agreement or any related matter in any New York state or federal court located in New York County, and

(ii) the defense of an inconvenient forum to the maintenance of such Action or Proceeding in any such court.

(c) Each Party hereto irrevocably consents to service of process by registered mail, return receipt requested, as provided in Section 13.01. Nothing in this Agreement will affect the right of any Party hereto to serve process in any other manner permitted by Law.

13.14 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT OR THAT OTHERWISE RELATES TO THIS AGREEMENT (INCLUDING WITH RESPECT TO THE FINANCING SOURCES, THE DEBT FINANCING AND THE DEFINITIVE DOCUMENTATION FOR THE DEBT FINANCING AND ANY TRANSACTIONS CONTEMPLATED THEREBY).

13.15 Limitation on Certain Damages. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT, SPECULATIVE, EXEMPLARY, OR PUNITIVE DAMAGES (COLLECTIVELY, “CONSEQUENTIAL DAMAGES”) FOR ANY REASON WITH RESPECT TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER BASED ON STATUTE, CONTRACT, TORT OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY’S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT; PROVIDED, HOWEVER, THAT ANY LOSSES ARISING OUT OF THIRD PARTY CLAIMS FOR WHICH A PARTY IS ENTITLED TO INDEMNIFICATION UNDER THIS AGREEMENT SHALL NOT CONSTITUTE CONSEQUENTIAL DAMAGES. FOR THE AVOIDANCE OF DOUBT, AN ACTION FOR THE PAYMENT OF THE PURCHASE PRICE SHALL NOT BE CONSIDERED CONSEQUENTIAL DAMAGES.

13.16 Disclosures. Any Party may, at its option, include in the Disclosure Schedules items that are not material in order to avoid any misunderstanding, and any such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgment or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. In no event shall the inclusion of any matter in the Disclosure Schedules be deemed or interpreted to broaden Seller's or Purchaser's representations, warranties, covenants or agreements contained in this Agreement. The mere inclusion of an item in the Disclosure Schedules shall not be deemed an admission by a Party that such item represents a material exception or fact, event, or circumstance.

13.17 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement and applicable Law, the Parties shall use their respective commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws and regulations or otherwise to consummate and make effective the transactions contemplated by this Agreement as soon as practicable, including such actions or things as any other Party may reasonably request in order to cause any of the conditions to such other Party's obligation to consummate such transactions specified in ARTICLE 7 and ARTICLE 8 to be fully satisfied. Purchaser and Purchaser Parent shall not enter into any agreement or complete any transactions that would reasonably be expected to delay, hinder or prohibit the consummation of the transactions contemplated hereby, including causing the failure of the closing conditions set forth in ARTICLE 7 and ARTICLE 8 to be satisfied. Purchaser acknowledges that, for purposes of Section 6.01 only, for purposes of using its "commercially reasonable efforts," Purchaser shall, and shall cause Purchaser Parent and its and Purchaser Parent's respective directors, officers, employees, agents, attorneys, accountants and representatives to consult (subject to Section 6.01(e) and Section 6.01(f) above) and fully cooperate with and provide reasonable assistance to Seller in (a) obtaining all necessary Consents or other permission or action by, and giving all necessary notices to and making all necessary filings with and applications and submissions to, any Governmental Authority or other Person, (b) defending against all Actions or Proceedings challenging this Agreement or the consummation of the transactions contemplated hereby, (c) lifting any permanent or preliminary injunction or restraining order or other similar order issued or entered by any court or Governmental Authority (an "Injunction") of any type referred to in Section 7.03 and Section 7.09 in general, provided, that Purchaser shall not be required to seek rehearing of or appeal any ruling of the LPSC or FERC, and (d) consummating and making effective the transactions contemplated hereby

13.18 Counterparts. This Agreement may be executed by any number of counterparts (including by facsimile, PDF or other electronic transmission), each of which will be deemed an original, but all of which together will constitute one and the same instrument.

13.19 Limitation on Liability: Waiver of Claims. Notwithstanding anything to the contrary contained herein, Seller (on behalf of itself and any of its Affiliates and Representatives) hereby waives any rights or claims against any Financing Source in connection with this Agreement, the Debt Financing, the definitive documentation of the Debt Financing or in respect of any other document or theory of law or equity (whether in tort, contract or otherwise) or in respect of any oral or written representations made or alleged to be made in connection herewith or therewith and Seller (on behalf of itself and any of its Affiliates and Representatives) agrees not to commence any Action or Proceeding against any Financing Source in connection with this Agreement, the Debt Financing, the definitive documentation of the Debt Financing or in respect of any other document or theory of law or equity and agrees to cause any such Action or Proceeding asserted by Seller (on behalf of itself and any of its Affiliates and Representatives) or any of its Affiliates or Representatives in connection with this Agreement, the Debt Financing, the definitive documentation of the Debt Financing or in respect of any other document or theory of law or equity against any Financing Source to be dismissed or otherwise terminated. In furtherance and not in limitation of the foregoing waiver, it is acknowledged and agreed that no Financing Source shall have any liability for any claims or damages to Seller or any of its Affiliates or Representatives in connection with this Agreement, the Debt Financing, the definitive documentation of the Debt Financing or the transactions contemplated hereby

or thereby. This Section 13.19 is intended to benefit and may be enforced by the Financing Sources and shall be binding on all successors and assigns of Seller and its Affiliates.

[Signature page to follow]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized representative of each Party as of the date first above written.

“Purchaser”

CLECO ENERGY LLC,
a Louisiana limited liability company

/s/ William G. Fontenot _____

By: William G. Fontenot
Title: Manager

“Seller”

NRG ENERGY, INC.,
a Delaware corporation

/s/ Bruce Chung _____

By: Bruce Chung
Title: Sr. Vice President

“Company”

NRG South Central Generating LLC,
a Delaware limited liability company

/s/ Gaetan Frotte _____

By: Gaetan Frotte
Title: Treasurer

Signature Page to Purchase and Sale Agreement



**NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT GRANT**

%%FIRST_NAME%- %%%LAST_NAME%- %
 %%ADDRESS_LINE_1%- %
 %%ADDRESS_LINE_2%- %
 %%CITY%-, %%STATE%- %%%ZIPCODE%- %

Congratulations on your selection as a Participant under the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the “Plan”). You have been chosen to receive Restricted Stock Units (“RSUs”) under the Plan. This Notice of Restricted Stock Unit Grant (the “Grant Notice”) and the attached Restricted Stock Unit Agreement (collectively referred to as the “Agreement”) constitute an agreement between you and NRG Energy, Inc. (the “Company”) pursuant to Section 8 of the Plan. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall supersede and replace the conflicting terms of this Agreement. Capitalized terms used but not defined in this Agreement shall have the meaning assigned to them in the Plan. You are sometimes referred to as the “Participant” in this Agreement.

%%FIRST_NAME%- %%%LAST_NAME%- % is hereby granted RSUs as follows:

Date of Grant:	%%OPTION_DATE, 'Month DD, YYYY' %- %
Vesting Commencement Date:	Date of Grant
Vesting Period:	Please refer to <u>Section 2</u> of this Agreement
Total Number of RSUs:	%%TOTAL_SHARES_GRANTED, '999,999,999' %- %

Subject to Section 8 of this Agreement, if you do not remain an employee of the Company at all times during the Vesting Period, this Award shall terminate, and you will not be entitled to any Common Stock underlying the RSUs or any dividend equivalents that may have accrued with respect thereto.

If you disagree with any of the terms of this Award or choose not to accept this Award, please contact Peter Johnson at xxx-xxx-xxxx within 45 days of the Date of Grant. Otherwise, you will be deemed to have accepted this Award under the terms and conditions set forth in this Agreement and the Plan.



NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (this "Agreement"), dated as of the Grant Date set forth in the Notice of Restricted Stock Unit Grant (the "Grant Notice," and together with this Restricted Stock Unit Agreement, the "Agreement") to which this Agreement is attached, is made between NRG Energy, Inc. (the "Company") and the Participant, as set forth in the Grant Notice. The Grant Notice is included in, and made part of, this Agreement.

1. Grant of RSUs

Subject to the provisions of this Agreement and the provisions of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the "Plan"), the Company hereby grants to the Participant the number of Restricted Stock Units ("RSUs") set forth in the Grant Notice.

2. Vesting Schedule

Provided that you have been continuously employed by the Company during the vesting period, the RSUs will vest one-third each year beginning on the first anniversary of the Date of Grant. For the avoidance of doubt, the vesting period for the second and third portions of the RSUs begins when the previous one-third portion of the RSUs has completed vesting.

3. Conversion of RSUs and Issuance of Shares

As soon as reasonably practicable following vesting of the RSUs, subject to satisfaction of applicable tax withholding obligations in accordance with Section 12(g), the Company shall cause to be paid to the Participant one (1) share of NRG Energy, Inc. Common Stock for each RSU that vests on such vesting date, provided, however, that if the Participant incurs a Termination of Service as described in Section 8, then such payment shall be made within sixty (60) days after the vesting date described in the applicable subsection of Section 8, and, in accordance with Section 12(g), the Fair Market Value of the RSUs shall be determined as of such vesting date, less applicable taxes.

Notwithstanding the foregoing provisions of this Section 3 to the contrary, if at the time of the Participant's separation from service within the meaning of Code Section 409A, the Participant is a "specified employee" within the meaning of Code Section 409A, any payment hereunder that constitutes a "deferral of compensation" under Code Section 409A and that would otherwise become due on account of such separation from service, shall be delayed, and payment shall be made in full upon the earlier of (a) a date during the thirty-day period commencing six (6) months and one (1) day following such separation from service and (b) the date of the Participant's death.

4. Dividend Equivalent Rights

Cash dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant; provided that such cash dividends shall be deemed to be reinvested in shares of Common Stock immediately following the time declared at the then Fair Market Value of the Common Stock and shall vest and be paid at the same time that the shares of Common Stock underlying the RSUs vest and are delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant; provided that such stock dividends shall vest and be paid at the same time that the shares of Common Stock underlying the RSUs vest and are delivered to the Participant in accordance with the provisions hereof. Notwithstanding the foregoing, in the event that there are insufficient shares of Common Stock available in the Plan to settle the accrued dividends in shares of Common Stock, such shares of Common Stock shall be settled in cash in an amount equal to the Fair Market Value of such shares of Common Stock at the time of settlement. Except as otherwise provided

herein, the Participant shall have no rights as a stockholder with respect to any shares of Common Stock underlying any RSU unless and until the Participant has become the holder of record of such shares.

5. Transfer of RSUs

Unless otherwise permitted by the Committee or Section 14 of the Plan, the RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than pursuant to a will or the laws of descent and distribution. Any attempted disposition in violation of this Section 5 and Section 14 of the Plan shall be void.

6. Status of Participant

The Participant shall not be, and, except as otherwise provided herein, shall not have rights as, a stockholder of the Company with respect to any of the shares of Common Stock subject to this Award, unless the Award has vested and shares of Common Stock underlying the RSUs have been issued and delivered to the Participant. The Company shall not be required to issue or transfer any certificates for shares of Common Stock upon vesting of the Award until all applicable requirements of law have been complied with and such shares have been duly listed on any securities exchange on which the Common Stock may then be listed.

7. No Effect on Capital Structure

This Award shall not affect the right of the Company or any Subsidiary to reclassify, recapitalize or otherwise change its capital or debt structure or to merge, consolidate, convey any or all of its assets, dissolve, liquidate, windup, or otherwise reorganize.

8. Expiration and Forfeiture of Award

This Award shall vest and/or expire in the circumstances described in this Section 8. As used herein, "Termination of Service" means termination of a Participant's employment by, or service to, the Company, including any of its Subsidiaries.

(a) Death

Upon a Termination of Service by reason of death, the Award shall vest in full and the Common Stock underlying the RSUs shall be issued and delivered to the Participant's legal representatives, heirs, legatees, or distributees in accordance with Section 3.

(b) Retirement

Upon a Termination of Service in the event of Retirement, the Award shall continue to vest according to the vesting schedule; provided that Retirement occurs more than twelve (12) months following the Date of Grant. Upon vesting, the Award shall be issued and delivered to the Participant in accordance with Section 3.

(c) Disability

Upon a Termination of Service as a result of Disability, the Award shall vest in full, and the Common Stock underlying the RSUs shall be issued and delivered to the Participant in accordance with Section 3.

(d) Change in Control

Notwithstanding anything in this Section 8 to the contrary, if the Company terminates the Participant's employment without Cause in connection with a Change in Control, the RSUs shall vest in full immediately upon the later of such Change in Control or such termination of employment. Upon vesting, the Award shall be issued and delivered to the Participant in accordance with Section 3. The Company's termination of the Participant's employment may be treated as being in connection with a Change in Control only if such termination occurs during the period beginning six (6) months prior to the Change in Control and ending twenty-four (24) months following the Change in Control.

(e) Termination of Service other than as a result of Death, Retirement, Disability or Change in Control

Upon a Termination of Service by any reason other than death, Retirement, Disability or in connection with a Change in Control, including, without limitation, as a result of retirement or disability that does not meet the requirements set forth in the definitions of such terms in the Plan, voluntary resignation or termination for Cause, any unvested portion of this Award shall expire and be forfeited to the Company.

(f) Clawback as a result of misconduct

Unless otherwise determined by the Committee, if the Company is required to prepare a material restatement of its financial statements as a result of misconduct, and the Committee determines that the Participant knowingly engaged in the misconduct, was grossly negligent with respect to such misconduct, or acted knowingly or with gross negligence in failing to prevent the misconduct, or the Committee concludes that the Participant engaged in willful fraud, embezzlement or other similar activity (including acts of omission) materially detrimental to the Company, the Company may require the Participant (or the Participant's beneficiary) to reimburse the Company for all or any portion of this Award, and/or to forfeit the proceeds of any sale (including any sales to the Company) of any Company securities acquired by or on behalf of the Participant (or the Participant's beneficiary) pursuant to the Award granted under this Agreement during the 12-month period following the first public filing of the financial document requiring restatement or during the 12-month period following the date of the Participant's misconduct.

9. Committee Authority

Any question concerning the interpretation of this Agreement, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Committee in its sole discretion. Any decisions by the Committee regarding the Plan or this Agreement shall be final and binding.

10. Plan Controls

The terms of this Agreement are governed by the terms of the Plan, as it exists on the Date of Grant and as the Plan may be amended from time to time thereafter. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control.

11. Limitation on Rights; No Right to Future Grants

By entering into this Agreement and accepting this Award, the Participant acknowledges that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time, as provided in the Plan; provided that, except as provided in Section 18 of the Plan, no amendment to this Agreement shall adversely affect in a material manner the Participant's rights under this Agreement without his or her written consent; (b) the grant of this Award is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the value of this Award is an extraordinary item that is outside the scope of the Participant's employment contract, if any, unless expressly provided for in any such employment contract; (f) this Award is not part of normal or expected compensation for any purpose, including, without limitation, for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant will have no entitlement to compensation or damages as a consequence of any forfeiture of any portion of this Award pursuant to Section 8; (g) the future value of the Common Stock subject to this Award is unknown and cannot be predicted with certainty, (h) neither the Plan, this Award nor the issuance of the shares of Common Stock underlying this Award confers upon the Participant any right to continue in the employ or service of (or any other relationship with) the Company or any Subsidiary, nor do they limit in any respect the right of the Company or any Subsidiary to terminate the Participant's employment or other relationship with the Company or any Subsidiary, as the case may be, at any time with or without Cause, and (i) the grant of this Award will not be interpreted to form an employment relationship with the Company or any Subsidiary; and furthermore, the grant of this Award will not be interpreted to form an employment contract with the Company or any Subsidiary.

12. General Provisions

(a) Notice

Whenever any notice is required or permitted hereunder, such notice must be in writing and delivered in person or by mail (to the address set forth below if notice is being delivered to the Company) or electronically. Any notice delivered in person or by mail shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address set forth in this Agreement. Any notice delivered electronically shall be deemed to be delivered when transmitted and receipt is confirmed. Notices delivered to the Participant in person or by mail shall be addressed to the address for the Participant in the records of the Company. Notices delivered to the Company in person or by mail shall be addressed as follows:

Company:
NRG Energy, Inc.
Attn: Human Resources
804 Carnegie Center
Princeton, NJ 08450

The Company or the Participant may change, by written notice to the other, the address previously specified for receiving notices.

(b) No Waiver

No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right under this Agreement constitute a continuing waiver of the same or a waiver of any other right hereunder.

(c) Undertaking

The Participant hereby agrees to take whatever additional action, and execute whatever additional documents, the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Award pursuant to the express provisions of this Agreement.

(d) Entire Contract

This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and will, in all respects, be construed in conformity with the express terms and provisions of the Plan.

(e) Successors and Assigns

The provisions of this Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law.

(f) Securities Law Compliance

The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the shares of Common Stock underlying this Award. The Company intends to maintain this registration statement but has no obligation to the Participant to do so. If the registration statement ceases to be effective, the Participant will not be able to transfer or sell shares of Common Stock issued pursuant to this Award, unless exemptions from registration under

applicable securities laws are available. Such exemptions from registration are very limited and might be unavailable. Participant agrees that any resale of the shares of Common Stock issued pursuant to this Award shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules, and regulations may be amended from time to time. The Company shall not be obligated to either issue shares of Common Stock or permit the resale of any such shares if such issuance or resale would violate any such requirements.

(g) Taxes

The Participant acknowledges that the removal of restrictions with respect to RSUs will give rise to a withholding tax liability and that no shares of Common Stock are issuable hereunder until such withholding obligation is satisfied in full. The Participant agrees to remit to the Company the amount of any taxes required to be withheld. The Committee, in its sole discretion, may permit the Participant to satisfy all or part of such tax obligation by (i) withholding the number of shares of Common Stock otherwise issuable to the Participant hereunder and/or (ii) the Participant transferring to the Company unrestricted shares of Common Stock previously owned by the Participant for at least six (6) months prior to the vesting of the Award hereunder, that have a Fair Market Value equal to the amount of the withholding to be credited. Such value shall be based on the Fair Market Value of the Common Stock as of the date the amount of tax to be withheld is determined.

(h) Confidentiality

As partial consideration for the granting of this Award, the Participant agrees that he or she will keep confidential all information and knowledge that the Participant has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

(i) Governing Law

Except as may otherwise be provided in the Plan, the provisions of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law.

(j) Code Section 409A Compliance

To the extent that the Committee determines that the Award granted under this Agreement is subject to Section 409A of the Code and fails to comply with the requirements of such Section, notwithstanding anything to the contrary contained in the Plan or in this Agreement, the Committee reserves the right to amend, restructure, terminate or replace this Award in order to cause the Award to either not be subject to Section 409A of the Code or comply with the applicable provisions of such Section.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed as of the Date of Grant.

NRG ENERGY, INC.

Name: Mauricio Gutierrez

Title: President & CEO



NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN NOTICE OF RESTRICTED STOCK UNIT GRANT

%%FIRST_NAME%--% %%LAST_NAME%--%
 %%ADDRESS_LINE_1%--%
 %%ADDRESS_LINE_2%--%
 %%CITY%--%, %%STATE%--% %%ZIPCODE%--%

Congratulations on your selection as a Participant under the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the "Plan"). You have been chosen to receive Restricted Stock Units ("RSUs") under the Plan. This Notice of Restricted Stock Unit Grant (the "Grant Notice") and the attached Restricted Stock Unit Agreement (collectively referred to as the "Agreement") constitute an agreement between you and NRG Energy, Inc. (the "Company") pursuant to Section 8 of the Plan. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms shall supersede and replace the conflicting terms of this Agreement. Capitalized terms used but not defined in this Agreement shall have the meaning assigned to them in the Plan. You are sometimes referred to as the "Participant" in this Agreement.

%%FIRST_NAME%--% %%LAST_NAME%--% is hereby granted RSUs as follows:

Date of Grant:	%%OPTION_DATE,'Month DD, YYYY'%--%
Vesting Commencement Date:	Date of Grant
Vesting Period:	Please refer to <u>Section 2</u> of this Agreement
Total Number of RSUs:	%%TOTAL_SHARES_GRANTED,'999,999,999'%--%

Subject to Section 8 of this Agreement, if you do not remain an employee of the Company at all times during the Vesting Period, this Award shall terminate, and you will not be entitled to any Common Stock underlying the RSUs or any dividend equivalents that may have accrued with respect thereto.

If you disagree with any of the terms of this Award or choose not to accept this Award, please contact Peter Johnson at xxx-xxx-xxxx within 45 days of the Date of Grant. Otherwise, you will be deemed to have accepted this Award under the terms and conditions set forth in this Agreement and the Plan.



NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement, dated as of the Date of Grant set forth in the Notice of Restricted Stock Unit Grant (the “Grant Notice,” and together with this Restricted Stock Unit Agreement, the “Agreement”) to which this Agreement is attached, is made between NRG Energy, Inc. (the “Company”) and the Participant, as set forth in the Grant Notice. The Grant Notice is included in, and made part of, this Agreement.

1. Grant of RSUs

Subject to the provisions of this Agreement and the provisions of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the “Plan”), the Company hereby grants to the Participant the number of Restricted Stock Units (“RSUs”) set forth in the Grant Notice.

2. Vesting Schedule

Provided that you have been continuously employed by the Company during the vesting period, the RSUs will vest one-third each year beginning on the first anniversary of the Date of Grant. For the avoidance of doubt, the vesting period for the second and third portions of the RSUs begins when the previous one-third portion of the RSUs has completed vesting.

3. Conversion of RSUs and Issuance of Shares

As soon as reasonably practicable following vesting of the RSUs, subject to satisfaction of applicable tax withholding obligations in accordance with Section 12(g), the Company shall cause to be paid to the Participant one (1) share of NRG Energy, Inc. Common Stock for each RSU that vests on such vesting date, provided, however, that if the Participant incurs a Termination of Service as described in Section 8, then such payment shall be made within sixty (60) days after the vesting date described in the applicable subsection of Section 8, and, in accordance with Section 12(g), the Fair Market Value of the RSUs shall be determined as of such vesting date, less applicable taxes.

Notwithstanding the foregoing provisions of this Section 3 to the contrary, if at the time of the Participant’s separation from service within the meaning of Code Section 409A, the Participant is a “specified employee” within the meaning of Code Section 409A, any payment hereunder that constitutes a “deferral of compensation” under Code Section 409A and that would otherwise become due on account of such separation from service, shall be delayed, and payment shall be made in full upon the earlier of (a) a date during the thirty-day period commencing six (6) months and one (1) day following such separation from service and (b) the date of the Participant’s death.

4. Dividend Equivalent Rights

Cash dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant; provided that such cash dividends shall be deemed to be reinvested in shares of Common Stock immediately following the time declared at the then Fair Market Value of the Common Stock and shall vest and be paid at the same time that the shares of Common Stock underlying the RSUs vest and are delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant; provided that such stock dividends shall vest and be paid at the same time that the shares of Common Stock underlying the RSUs vest and are delivered to the Participant in accordance with the provisions hereof. Notwithstanding the foregoing, in the event that there are insufficient shares of Common Stock available in the Plan to settle the accrued dividends in shares of Common Stock, such shares of Common Stock shall be settled in cash in an amount equal to the Fair Market Value of such shares of Common Stock at the time of settlement. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Common Stock underlying any RSU unless and until the Participant has become the holder of record of such shares.

5. Transfer of RSUs

Unless otherwise permitted by the Committee or Section 14 of the Plan, the RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than pursuant to a will or the laws of descent and distribution. Any attempted disposition in violation of this Section 5 and Section 14 of the Plan shall be void.

6. Status of Participant

The Participant shall not be, and, except as otherwise provided herein, shall not have rights as, a stockholder of the Company with respect to any of the shares of Common Stock subject to this Award, unless the Award has vested and shares of Common Stock underlying the RSUs have been issued and delivered to the Participant. The Company shall not be required to issue or transfer any certificates for shares of Common Stock upon vesting of the Award until all applicable requirements of law have been complied with and such shares have been duly listed on any securities exchange on which the Common Stock may then be listed.

7. No Effect on Capital Structure

This Award shall not affect the right of the Company or any Subsidiary to reclassify, recapitalize or otherwise change its capital or debt structure or to merge, consolidate, convey any or all of its assets, dissolve, liquidate, windup, or otherwise reorganize.

8. Expiration and Forfeiture of Award

This Award shall vest and/or expire in the circumstances described in this Section 8. As used herein, "Termination of Service" means termination of a Participant's employment by, or service to, the Company, including any of its Subsidiaries.

(a) Death

Upon a Termination of Service by reason of death, the Award shall vest in full and the Common Stock underlying the RSUs shall be issued and delivered to the Participant's legal representatives, heirs, legatees, or distributees in accordance with Section 3.

(b) Retirement

Upon a Termination of Service in the event of Retirement, the Award shall continue to vest according to the vesting schedule; provided that Retirement occurs more than twelve (12) months following the Date of Grant. Upon vesting, the Award shall be issued and delivered to the Participant in accordance with Section 3.

(c) Disability

Upon a Termination of Service as a result of Disability, the Award shall vest in full, and the Common Stock underlying the RSUs shall be issued and delivered to the Participant in accordance with Section 3.

(d) Change in Control

Notwithstanding anything in this Section 8 to the contrary, if the Company terminates the Participant's employment without Cause in connection with a Change in Control, the RSUs shall vest in full immediately upon the later of such Change in Control or such termination of employment. Upon vesting, the Award shall be issued and delivered to the Participant in accordance with Section 3. The Company's termination of the Participant's employment may be treated as being in connection with a Change in Control only if such termination occurs during the period beginning six (6) months prior to the Change in Control and ending twenty-four (24) months following the Change in Control.

(e) Eligible Termination

Upon a Termination of Service by reason of an Eligible Termination (as defined below), the number of RSUs that shall vest and be delivered to the Participant shall be the pro-rated percentage of the total number of RSUs awarded that is equal to the percentage of time during the aggregate vesting period for all RSUs awarded that the Participant was actually continuously employed by the Company (the "Pro-Rated Award"). The Pro-Rated Award shall vest on the fifteenth (15th) day of the

month that follows the month in which the Release (as defined below) becomes irrevocable; provided, that in the event the aggregate consideration and revocation period applicable to the Release spans two (2) calendar years, vesting of the Pro-Rated Award shall occur in the second calendar year. Notwithstanding the foregoing, in the event the Release becomes irrevocable in December, the Pro-Rated Award shall vest on December 31. Upon vesting, the Pro-Rated Award shall be issued and delivered to the Participant in accordance with Section 3.

For purposes of this Section 8(e), “Eligible Termination” means an involuntary Termination of Service in connection with the sale of a business segment, restructuring or reduction in workforce. In order to be deemed an Eligible Termination, the Participant must execute and not revoke a general release of claims in favor of the Company in a form and with terms and conditions drafted by and acceptable to the Company, which is executed, and not revoked, by the Participant as a condition to receiving the benefit described herein (the “Release”). For the avoidance of doubt: (i) an involuntary Termination of Service by reason of a Change in Control, Cause, death, or Disability is not an Eligible Termination and (ii) in the event an Eligible Termination occurs and the Participant also meets the requirements for Retirement, the Award shall vest in accordance with Section 8(b).

(f) Termination of Service other than as a result of Death, Retirement, Disability, Change in Control or Eligible Termination

Upon a Termination of Service by any reason other than death, Retirement, Disability, Eligible Termination or in connection with a Change in Control, including, without limitation, as a result of retirement or disability that does not meet the requirements set forth in the definitions of such terms in the Plan, voluntary resignation or termination for Cause, any unvested portion of this Award shall expire and be forfeited to the Company.

(g) Clawback as a result of misconduct

Unless otherwise determined by the Committee, if the Company is required to prepare a material restatement of its financial statements as a result of misconduct, and the Committee determines that the Participant knowingly engaged in the misconduct, was grossly negligent with respect to such misconduct, or acted knowingly or with gross negligence in failing to prevent the misconduct, or the Committee concludes that the Participant engaged in willful fraud, embezzlement or other similar activity (including acts of omission) materially detrimental to the Company, the Company may require the Participant (or the Participant’s beneficiary) to reimburse the Company for all or any portion of this Award, and/or to forfeit the proceeds of any sale (including any sales to the Company) of any Company securities acquired by or on behalf of the Participant (or the Participant’s beneficiary) pursuant to the Award granted under this Agreement during the 12-month period following the first public filing of the financial document requiring restatement or during the 12-month period following the date of the Participant’s misconduct.

9. Committee Authority

Any question concerning the interpretation of this Agreement, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Committee in its sole discretion. Any decisions by the Committee regarding the Plan or this Agreement shall be final and binding.

10. Plan Controls

The terms of this Agreement are governed by the terms of the Plan, as it exists on the Date of Grant and as the Plan may be amended from time to time thereafter. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control.

11. Limitation on Rights; No Right to Future Grants

By entering into this Agreement and accepting this Award, the Participant acknowledges that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time, as provided in the Plan; provided that, except as provided in Section 18 of the Plan, no amendment to this Agreement shall adversely affect in a material manner the Participant’s rights under this Agreement without his or her written consent; (b) the grant of this Award is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the value of this Award is an

extraordinary item that is outside the scope of the Participant's employment contract, if any, unless expressly provided for in any such employment contract; (f) this Award is not part of normal or expected compensation for any purpose, including, without limitation, for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant will have no entitlement to compensation or damages as a consequence of any forfeiture of any portion of this Award pursuant to Section 8; (g) the future value of the Common Stock subject to this Award is unknown and cannot be predicted with certainty, (h) neither the Plan, this Award nor the issuance of the shares of Common Stock underlying this Award confers upon the Participant any right to continue in the employ or service of (or any other relationship with) the Company or any Subsidiary, nor do they limit in any respect the right of the Company or any Subsidiary to terminate the Participant's employment or other relationship with the Company or any Subsidiary, as the case may be, at any time with or without Cause, and (i) the grant of this Award will not be interpreted to form an employment relationship with the Company or any Subsidiary; and furthermore, the grant of this Award will not be interpreted to form an employment contract with the Company or any Subsidiary.

12. General Provisions

(a) Notice

Whenever any notice is required or permitted hereunder, such notice must be in writing and delivered in person or by mail (to the address set forth below if notice is being delivered to the Company) or electronically. Any notice delivered in person or by mail shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address set forth in this Agreement. Any notice delivered electronically shall be deemed to be delivered when transmitted and receipt is confirmed. Notices delivered to the Participant in person or by mail shall be addressed to the address for the Participant in the records of the Company. Notices delivered to the Company in person or by mail shall be addressed as follows:

Company: NRG Energy, Inc.
Attn: Human Resources
804 Carnegie Center
Princeton, NJ 08450

The Company or the Participant may change, by written notice to the other, the address previously specified for receiving notices.

(b) No Waiver

No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right under this Agreement constitute a continuing waiver of the same or a waiver of any other right hereunder.

(c) Undertaking

The Participant hereby agrees to take whatever additional action, and execute whatever additional documents, the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the Award pursuant to the express provisions of this Agreement.

(d) Entire Contract

This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and will, in all respects, be construed in conformity with the express terms and provisions of the Plan.

(e) Successors and Assigns

The provisions of this Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law.

(f) Securities Law Compliance

The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the shares of Common Stock underlying this Award. The Company intends to maintain this registration statement but has no obligation to the Participant to do so. If the registration statement ceases to be effective, the Participant will not be able to transfer or sell shares of Common Stock issued pursuant to this Award, unless exemptions from registration under applicable securities laws are available. Such exemptions from registration are very limited and might be unavailable. Participant agrees that any resale of the shares of Common Stock issued pursuant to this Award shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules, and regulations may be amended from time to time. The Company shall not be obligated to either issue shares of Common Stock or permit the resale of any such shares if such issuance or resale would violate any such requirements.

(g) Taxes

The Participant acknowledges that the removal of restrictions with respect to RSUs will give rise to a withholding tax liability and that no shares of Common Stock are issuable hereunder until such withholding obligation is satisfied in full. The Participant agrees to remit to the Company the amount of any taxes required to be withheld. The Committee, in its sole discretion, may permit the Participant to satisfy all or part of such tax obligation by (i) withholding the number of shares of Common Stock otherwise issuable to the Participant hereunder and/or (ii) the Participant transferring to the Company unrestricted shares of Common Stock previously owned by the Participant for at least six (6) months prior to the vesting of the Award hereunder, that have a Fair Market Value equal to the amount of the withholding to be credited. Such value shall be based on the Fair Market Value of the Common Stock as of the date the amount of tax to be withheld is determined.

(h) Confidentiality

As partial consideration for the granting of this Award, the Participant agrees that he or she will keep confidential all information and knowledge that the Participant has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

(i) Governing Law

Except as may otherwise be provided in the Plan, the provisions of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law.

(j) Code Section 409A Compliance

To the extent that the Committee determines that the Award granted under this Agreement is subject to Section 409A of the Code and fails to comply with the requirements of such Section, notwithstanding anything to the contrary contained in the Plan or in this Agreement, the Committee reserves the right to amend, restructure, terminate or replace this Award in order to cause the Award to either not be subject to Section 409A of the Code or comply with the applicable provisions of such Section.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed as of the Date of Grant.

NRG ENERGY, INC.

Name: Mauricio Gutierrez

Title: President & CEO

NRG Energy, Inc.

**Amended and Restated Executive Change-in-Control
and General Severance Plan for Tier IA and Tier IIA Executives**

(Amended and Restated Effective January 1, 2018)

Contents

Article 1.Establishment and Term of the Plan 1

Article 2.Definitions 2

Article 3.Severance Benefits 6

Article 4.Ineligibility 10

Article 5.Restrictive Covenants 11

Article 6.Certain Change in Control Payments 14

Article 7.Legal Fees and Notice 14

Article 8.Successors and Assignment 15

Article 9.Miscellaneous 15

NRG Energy, Inc.
Amended and Restated Executive Change-in-Control
and General Severance Plan for Tier I and Tier II Executives

Article 1. Establishment and Term of the Plan

1.1 Establishment of the Plan. NRG Energy, Inc. (hereinafter referred to as the “Company”) hereby adopts this plan known as the “NRG Energy, Inc. Amended and Restated Executive Change-in-Control and General Severance Plan for Tier I and Tier II Executives” (the “Plan”). This Plan was amended and restated as of August 1, 2016, and the Company hereby further amends and restates the Plan, effective January 1, 2018. The Plan provides Severance Benefits to Tier IA Executives and Tier IIA Executives of the Company (each an “Executive” and collectively the “Executives”) upon certain terminations of employment from the Company.

The Company considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its stockholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control may arise and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

Accordingly, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company’s management to their assigned duties without distraction in circumstances arising from the possibility of a Change in Control of the Company.

1.2 Initial Term. This Plan commenced on July 23, 2009 (the “Effective Date”) and continued for a period of three (3) years (the “Initial Term”).

1.3 Successive Periods. The term of this Plan shall automatically be extended for one (1) additional year at the end of the Initial Term, and then again after each successive one (1) year period thereafter (each such one (1) year period following the Initial Term is referred to as a “Successive Period”). The Committee may terminate this Plan at the end of any Successive Period by giving the Executives written notice of intent to terminate the Plan, delivered at least six (6) months prior to the end of such Successive Period. If such notice is properly delivered by the Company, this Plan, along with all corresponding rights, duties, and covenants, shall automatically expire at the end of the Successive Period then in progress.

1.4 Change-in-Control Renewal. Notwithstanding the provisions of Section 1.3 above, in the event that a Change in Control of the Company occurs during any Successive Period, upon the effective date of such Change in Control, the term of this Plan shall automatically and irrevocably be renewed for a period of two (2) years from the effective date of such Change in Control. Further, this Plan may be assigned to the successor in such Change in Control, as further provided in Article 8 herein. This Plan shall thereafter automatically terminate following such two (2) year Change-in-Control renewal period; provided that such termination shall not affect or diminish the rights of Executives who become entitled to benefits or payments under this Plan.

Article 2. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- (a)“**Accountants**” shall have the meaning set forth in Article 6.
- (b)“**Base Salary**” means the greater of the Executive’s annual rate of salary, whether or not deferred, at: (i) the Effective Date of Termination or (ii) at the date of the Change in Control.
- (c)“**Beneficiary**” means the persons or entities designated or deemed designated by the Executive pursuant to Section 9.6 herein.
- (d)“**Board**” means the Board of Directors of the Company.
- (e)“**Cause**” shall mean one or more of the following:
 - (i)the Executive’s willful misconduct or gross negligence in the performance of the Executive’s duties to the Company that has or could reasonably be expected to have an adverse effect on the Company;
 - (ii)the Executive’s willful failure to perform the Executive’s duties to the Company (other than as a result of death or a physical or mental incapacity);
 - (iii)indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony or any crime involving moral turpitude;
 - (iv)the Executive’s performance of any material act of theft, fraud, malfeasance or dishonesty in connection with the performance of the Executive’s duties to the Company;
 - (v)breach of any written agreement between the Executive and the Company, or a violation of the Company’s code of conduct or other written policy; or
 - (vi) any other material breach of Article 5 of this Plan.

For purposes of this Plan, there shall be no termination for Cause pursuant to subsections (i) through (vi) above, unless a written notice, containing a detailed description of the grounds constituting Cause hereunder, is delivered to the Executive stating the basis for the termination. Upon receipt of such notice, the Executive shall be given thirty (30) days to fully cure and remedy the neglect or conduct that is the basis of such claim, provided that the Executive’s right to cure shall not apply if there are egregious, habitual or repeated breaches by the Executive.

- (f)“**Change-in-Control Severance Benefits**” means the Severance Benefit described in Section 3.2.

(g)“**Change in Control**” shall mean the first to occur of any of the following events:

(i)Any “person” (as that term is used in Sections 13 and 14(d)(2) of the Securities Exchange Act of 1934 (“Exchange Act”)) becomes the “Beneficial Owner” (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of fifty percent (50%) or more of the Company’s capital stock entitled to vote in the election of directors, excluding any "person" who becomes a "beneficial owner" in connection with a Business Combination (as defined in paragraph (iii) below) which does not constitute a Change in Control under said paragraph (iii); or

(ii)Persons who on the Effective Date constitute the Board (the “Incumbent Directors”) cease for any reason, including without limitation, as a result of a tender offer, proxy contest, merger, or similar transaction, to constitute at least a majority thereof, provided that any person becoming a director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person’s election or nomination for election was approved by a vote of at least two-thirds (2/3) of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a “person” (as defined in Sections 13(d) and 14(d) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director; or

(iii)Consummation of a reorganization, merger, consolidation, or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such Business Combination (including, without limitation, a company which, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding voting securities of the Company; or

(iv)The stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

(h)“**Code**” means the United States Internal Revenue Code of 1986, as amended, and any successors thereto.

(i)“**Committee**” means the Compensation Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation Committee.

(j)“**Company**” means NRG Energy, Inc., a Delaware corporation, or any successor thereto as provided in Article 8 herein.

(k)“**Confidential Information**” shall have the meaning set forth in Article 5(a).

- (l)“**Delay Period**” shall have the meaning set forth in Section 3.4(b).
- (m)“**Disability**” shall mean a disability that would entitle Executive to payment of monthly disability payments under any Company long-term disability plan.
- (n)“**Effective Date**” means the commencement date of this Plan as specified in Section 1.2 of this Plan.
- (o)“**Effective Date of Termination**” means the date on which a Qualifying Termination occurs, as defined hereunder, which triggers the payment of Severance Benefits hereunder.
- (p)“**Executive**” shall have the meaning set forth in Section 1.1.
- (q)“**Former Parent Company**” means Xcel Energy, Inc., a Minnesota corporation, or any successor thereto.
- (r)“**General Severance Benefits**” means the Severance Benefit described in Section 3.3.
- (s)“**Good Reason**” shall mean without the Executive’s express written consent the occurrence of any one or more of the following:
- (i)The Company materially reduces the amount of the Executive’s then current Base Salary or the target for his annual bonus; or
 - (ii)A material reduction in the Executive’s benefits under or relative level of participation in the Company’s employee benefit or retirement plans, policies, practices, or arrangements in which the Executive participates as of the Effective Date of this Plan; or
 - (iii)A material diminution in the Executive’s title, authority, duties, or responsibilities or the assignment of duties to the Executive which are materially inconsistent with his position; or
 - (iv)The failure of the Company to obtain in writing the obligation to perform or be bound by the terms of this Plan by any successor to the Company or a purchaser of all or substantially all of the assets of the Company within fifteen (15) days after a merger, consolidation, sale, or similar transaction.
- For purposes of this Plan, the Executive is not entitled to assert that his termination is for Good Reason unless the Executive gives the Board written notice of the event or events which are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Board to address the event or events and a period of not less than thirty (30) days after to cure or fully remedy the alleged condition.
- (t)“**Initial Term**” shall have the meaning set forth in Section 1.2.
- (u)“**Noncompete Period**” shall have the meaning set forth in Article 5(c).
- (v)“**Notice of Termination**” shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated.

- (w)“**Original Plan**” shall mean the NRG Energy, Inc. Amended and Restated Executive Change-in-Control and General Severance Plan, amended and restated effective December 9, 2008.
- (x)“**Parachute Payment Ratio**” shall have the meaning set forth in Article 6.
- (y)“**Plan**” shall have the meaning set forth in Section 1.1.
- (z)“**Qualifying Termination**” means:
- (i) If such event occurs within the time period that is six (6) months immediately prior to, or twenty-four (24) months immediately following a Change in Control:
 - (A)An involuntary termination of the Executive’s employment by the Company for reasons other than Cause, death, or Disability pursuant to a Notice of Termination delivered to the Executive by the Company; or
 - (B)A voluntary termination by the Executive for Good Reason pursuant to a Notice of Termination delivered to the Company by the Executive; or
 - (ii)If such event occurs at any other time:
 - (A)An involuntary termination of the Executive’s employment by the Company for reasons other than Cause, death, or Disability pursuant to a Notice of Termination delivered to the Executive by the Company.
- (aa)“**Release Effective Date**” shall have the meaning set forth in Section 3.1(d).
- (bb)“**Severance Benefits**” means the payment of Change-in-Control or General (as appropriate) Severance compensation as provided in Article 3 herein.
- (cc)“**Specified Employee**” means any Executive described in Section 409A(a)(2)(B)(i) of the Code.
- (dd)“**Successive Period**” shall have the meaning set forth in Section 1.3.
- (ee)“**Third Party Information**” shall have the meaning set forth in Article 5(a).
- (ff)“**Tier IA Executives**” shall include those employees of the Company with the Job Level of EVP prior to the Change in Control, or such other employee who is designated as a Tier IA Executive in the Company’s human resources information system immediately prior to the Change in Control other than the CEO.
- (gg)“**Tier IIA Executives**” shall include those employees of the Company with the Job Level of SVP prior to the Change in Control, or such other employee who is designated as a Tier IIA Executive in the Company’s human resources information system immediately prior to the Change in Control.
- (hh)“**Total Payments**” shall have the meaning set forth in Article 6.
- (ii)“**Work Product**” shall have the meaning set forth in Article 5(b).

Article 3. Severance Benefits

3.1 Right to Severance Benefits

- (a)**Change-in-Control Severance Benefits.** The Executive shall be entitled to receive from the Company Change-in-Control Severance Benefits, as described in Section 3.2 herein, if a Qualifying Termination of the Executive's employment has occurred within six (6) months immediately prior to or twenty-four (24) months immediately following a Change in Control of the Company.
- (b)**General Severance Benefits.** The Executive shall be entitled to receive from the Company General Severance Benefits, as described in Section 3.3 herein, if a Qualifying Termination of the Executive's employment has occurred other than during the six (6) months immediately prior to or twenty-four (24) months immediately following a Change in Control.
- (c)**No Severance Benefits.** The Executive shall not be entitled to receive Severance Benefits if the Executive's employment with the Company ends for reasons other than a Qualifying Termination.
- (d)**General Release and Acknowledgement of Restrictive Covenants.** As a condition to receiving Severance Benefits under either Section 3.2 or 3.3 herein, the Executive shall be obligated to execute a general waiver and release of claims in favor of the Company, its current and former affiliates and stockholders, and the current and former directors, officers, employees, and agents of the Company in a form drafted by and acceptable to the Company, and any revocation period for such release must have expired, in each case within sixty (60) days of the date of termination. The date upon which the executed release is no longer subject to revocation shall be referred to herein as the "Release Effective Date". The Executive must also execute a notice acknowledging the restrictive covenants in Article 5 within sixty (60) days of the date of termination. Any payments under Section 3.2 or 3.3 shall commence only after execution of the release and acknowledgement, and in the manner provided in Section 3.4. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.
- (e)**No Duplication of Severance Benefits.** If the Executive becomes entitled to Change-in-Control Severance Benefits, the Severance Benefits provided for under Section 3.2 hereunder shall be in lieu of all other Severance Benefits provided to the Executive under the provisions of this Plan and any other Company-related or Former Parent Company-related severance plans, programs, or agreements including, but not limited to, the Severance Benefits under Section 3.3 herein. Likewise, if the Executive becomes entitled to General Severance Benefits, the Severance Benefits provided under Section 3.3 hereunder shall be in lieu of all other Severance Benefits provided to the Executive under the provisions of this Plan and any other Company-related severance plans, programs, or other agreements including, but not limited to, the Severance Benefits under Section 3.2 herein.

3.2 Description of Change-in-Control Severance Benefits. In the event the Executive becomes entitled to receive Change-in-Control Severance Benefits, as provided in Section 3.1 herein, the Company shall provide the Executive with the following:

- (a) A lump-sum amount, paid upon the date that is sixty (60) calendar days following the Effective Date of Termination, equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through

and including the Effective Date of Termination, provided that to the extent the payment of any amounts pursuant to this Section 3.2(a) does not constitute “deferred compensation” for purposes of Code Section 409A, such amounts shall be paid upon the Release Effective Date. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.

- (b) A lump-sum amount, paid upon the date that is sixty (60) calendar days following the Effective Date of Termination, equal to: (i) two and ninety-nine one-hundredths (2.99) for Tier I Executives, or (ii) two (2) for Tier II Executives times the sum of the following: (A) the Executive’s Base Salary and (B) the Executive’s annual target bonus opportunity in the year of termination; provided that to the extent the payment of any amounts pursuant to this Section 3.2(b) does not constitute “deferred compensation” for purposes of Code Section 409A, such amounts shall be paid upon the Release Effective Date. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.
- (c) A lump-sum amount, paid upon the date that is sixty (60) calendar days following the Effective Date of Termination, equal to the Executive’s then current target bonus opportunity established under the bonus plan in which the Executive is then participating, for the plan year in which a Qualifying Termination occurs, adjusted on a pro rata basis based on the number of days the Executive was actually employed during the bonus plan year in which the Qualifying Termination occurs, provided that to the extent the payment of any amounts pursuant to this Section 3.2(c) does not constitute “deferred compensation” for purposes of Code Section 409A, such amounts shall be paid upon the Release Effective Date. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.
- (d) Payment of all or a portion of the Executive’s cost to participate in COBRA medical and dental continuation coverage for eighteen (18) months following the Executive’s Effective Date of Termination, such that Executive maintains the same coverage level and cost, on an after tax basis, as in effect immediately prior to the Executive’s Effective Date of Termination.

Notwithstanding the above, these medical benefits shall be discontinued prior to the end of the stated continuation period in the event the Executive is eligible to receive substantially similar benefits from a subsequent employer, as determined solely by the Committee in good faith. For purposes of enforcing this offset provision, the Executive shall be deemed to have a duty to keep the Company informed as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment, and shall provide, or cause to provide, to the Company in writing correct, complete, and timely information concerning the same.

- (e) Treatment of outstanding long-term incentives shall be in accordance with the governing plan document and award agreements, if any.

3.3 Description of General Severance Benefits. In the event the Executive becomes entitled to receive General Severance Benefits as provided in Section 3.1(b) herein, the Company shall provide the Executive with the following:

- (a) A lump-sum amount, paid upon the date that is sixty (60) calendar days following the Effective Date of Termination, equal to the Executive’s unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through

and including the Effective Date of Termination; provided that to the extent the payment of any amounts pursuant to this Section 3.3(a) does not constitute “deferred compensation” for purposes of Code Section 409A, such amounts shall be paid upon the Release Effective Date. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.

- (b) A lump-sum amount, paid upon the date that is sixty (60) calendar days following the Effective Date of Termination, equal to one and one-half (1.5) times the Executive’s Base Salary; provided that to the extent the payment of any amounts pursuant to this Section 3.3(b) does not constitute “deferred compensation” for purposes of Code Section 409A, such amounts shall be paid upon the Release Effective Date. Notwithstanding the foregoing, in any instance in which the period in which the Executive could adopt a release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.
- (c) Payment of all or a portion of the Executive’s cost to participate in COBRA medical and dental continuation coverage for eighteen (18) months following the Executive’s Effective Date of Termination, such that Executive maintains the same coverage level and cost, on an after tax basis, as in effect immediately prior to the Executive’s Effective Date of Termination.

Notwithstanding the above, these medical insurance benefits shall be discontinued prior to the end of the stated continuation period in the event the Executive is eligible to receive substantially similar benefits from a subsequent employer, as determined solely by the Committee in good faith. For purposes of enforcing this offset provision, the Executive shall be deemed to have a duty to keep the Company informed as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment, and shall provide, or cause to provide, to the Company in writing correct, complete, and timely information concerning the same.

- (d) Treatment of outstanding long-term incentives shall be in accordance with the governing plan document and award agreements, if any.

3.4 Coordination with Release and Delay Required by Code Section 409A.

- (a) To the extent any continuing benefit (or reimbursement thereof) to be provided is not “deferred compensation” for purposes of Code Section 409A, then such benefit shall commence or be made immediately after the Release Effective Date. To the extent any continuing benefit (or reimbursement thereof) to be provided is “deferred compensation” for purposes of Code Section 409A, then such benefits shall be reimbursed or commence upon the sixtieth (60) day following the Executive’s termination of employment. The delayed benefits shall in any event expire at the time such benefits would have expired had the benefits commenced immediately upon Executive’s termination of employment.
- (b) Notwithstanding any other payment schedule provided herein to the contrary, if the Executive is deemed on the date of termination to be a Specified Employee, then, once the release and acknowledgement required by Section 3.1(d) is executed and delivered and no longer subject to revocation, any payment that is considered deferred compensation under Code Section 409A payable on account of a “separation from service” shall be made on the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such “separation from service” of the Executive, and (B) the date of the Executive’s death (the “Delay Period”) to the extent required under Code Section 409A. Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 3.4(b) (whether they would have otherwise been

payable in a single sum or in installments in the absence of such delay) shall be paid to the Executive in a lump sum, and any remaining payments due under this Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

Article 4. Ineligibility

4.1 Comparable Position.

Subject to the provisions of Article 2(z)(i)(B), the Company may offer an Executive a comparable position, may require an Executive to apply for a comparable position with the Company or any affiliate, or may reassign an Executive to a new position or a reclassification of the Executive's current position; provided, that all such positions shall be located within reasonably the same geographic area where the Executive is located at the time a Qualifying Termination occurs. The Company shall determine, in its sole and reasonable discretion, what constitutes a comparable position under this Section 4.1. The failure of an Executive to accept the position, or apply for the position when required by the Company will render the Executive ineligible for benefits under this Plan.

4.2 Other Circumstances.

Unless otherwise determined by the Committee, an Executive shall also be ineligible for benefits under this Plan if the Executive:

- (a) voluntarily terminates employment or retires prior to the Qualifying Termination;
- (b) is receiving long-term Disability benefits;
- (c) is entitled to any other compensation or benefit which is determined, in the Company's sole discretion, to supersede the Severance Benefits offered under this Plan;
- (d) was discharged for Cause; and
- (e) was offered employment by a successor employer or by a purchaser in the event of a spin-off or sale of a subsidiary, business unit or business assets of the Company or its subsidiaries, whether or not the Executive accepts or declines the offer of employment.

Article 5. Restrictive Covenants

In the event the Executive becomes entitled to receive Change-in-Control Severance Benefits as provided in Section 3.2 herein or General Severance Benefits as provided in Section 3.3 herein, the following shall apply:

- (a) **Confidential Information.** The Executive acknowledges that the information, observations, and data (including trade secrets) obtained by him while employed by the Company concerning the business or affairs of the Company or any of its affiliates (“Confidential Information”) are the property of the Company or such affiliate. Therefore, except in the course of the Executive’s duties to the Company or as may be compelled by law or appropriate legal process, the Executive agrees that he shall not disclose to any person or entity or use for his own purposes any Confidential Information or any confidential or proprietary information of other persons or entities in the possession of the Company and its affiliates (“Third Party Information”), without the prior written consent of the Board, unless and to the extent that the Confidential Information or Third Party Information becomes generally known to and available for use by the public other than as a result of the Executive’s acts or omissions. Except in the course of the Executive’s duties to Company or as may be compelled by law or appropriate legal process, the Executive will not, during his employment with the Company, or permanently thereafter, directly or indirectly use, divulge, disseminate, disclose, lecture upon, or publish any Confidential Information, without having first obtained written permission from the Board to do so. As of the Effective Date of Termination, the Executive shall deliver to the Company, or at any other time the Company may reasonably request, all memoranda, notes, plans, records, reports, computer files, disks and tapes, printouts and software and other documents and data (and copies thereof) embodying or relating to Third Party Information, Confidential Information, or the business of the Company, or its affiliates which he may then possess or have under his control.
- (b) **Intellectual Property, Inventions, and Patents.** The Executive acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, trade secrets, designs, analyses, drawings, reports, patent applications, copyrightable work and mask work (whether or not including any Confidential Information), and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) which may relate to the Company’s or any of its affiliates’ actual or anticipated business, research and development, or existing or future products or services and which are conceived, developed, or made by the Executive (whether alone or jointly with others) while employed by the Company and its affiliates (“Work Product”), belong to the Company or such affiliate. The Executive shall promptly disclose such Work Product to the Board and, at the Company’s expense, perform all actions reasonably requested by the Board (whether during or after the Executive’s employment with the Company) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments). The Executive acknowledges that all applicable Work Product shall be deemed to constitute “works made for hire” under the U.S. Copyright Act of 1976, as amended. To the extent any Work Product is not deemed a work made for hire, then the Executive hereby assigns to the Company or such affiliate all right, title, and interest in and to such Work Product, including all related intellectual property rights.

The Executive is hereby advised that the above paragraph regarding the Company’s and its affiliates’ ownership of Work Product does not apply to any invention for which no equipment, supplies, facilities, or trade secret information of the Company or any affiliate was used and which was developed entirely on the Executive’s own time, unless: (i) the invention relates to the business of the Company or any affiliate or to the Company’s or any affiliate’s actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by the Executive for the Company or any affiliate.

- (c) **Noncompete.** In further consideration of the compensation to be paid to the Executive hereunder, the Executive acknowledges that during the course of his employment with the Company and its affiliates he shall become familiar with the Company's trade secrets and with other Confidential Information concerning the Company and its affiliates and that his services shall be of special, unique, and extraordinary value to the Company and its affiliates, and therefore, the Executive agrees that, during the Executive's employment with the Company and for one (1) year thereafter (the "Noncompete Period"), the Executive shall not directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, be employed in an executive, managerial, or administrative capacity by, or in any manner engage in any company engaged in the business of wholesale or retail power generation, or any other business which competes with the businesses of the Company or its affiliates, as such businesses exist or are in process during the Executive's employment with the Company, within any geographical area in which the Company or its affiliates engage or have definitive plans to engage in such businesses. Nothing herein shall prohibit the Executive from being a passive owner of not more than two percent (2%) of the outstanding stock of any class of a corporation which is publicly traded, so long as the Executive has no active participation in the business of such corporation. Notwithstanding the foregoing, the provisions of this Article 5(c) shall not apply in the case of termination of the Executive's employment pursuant to any material breach of the Company's obligations under Article 3 which remains uncured for more than twenty (20) days after notice is received from the Executive of such breach, which such notice shall include a detailed description of the grounds constituting such breach.
- (d) **Nonsolicitation.** During the Noncompete Period, the Executive shall not directly or indirectly through another person or entity: (i) induce or attempt to induce any employee of the Company or any of its affiliates to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any affiliate and any employee thereof; (ii) hire any person who was an employee of the Company or any affiliate during the last six (6) months of the Executive's employment with the Company; or (iii) induce or attempt to induce any customer, supplier, licensee, licensor, franchisee, or other business relation of the Company or any affiliate to cease doing business with the Company or such affiliate, or in any interfere with the relationship between any such customer, supplier, licensee, or business relation and the Company or any affiliate (including, without limitation, making any negative or disparaging statements or communications regarding the Company or its affiliates).
- (e) **Nondisparagement.** During the Noncompete Period, Executive shall not disparage the Company, its subsidiaries and parents, and their respective officers, managers and employees, or make any public statement (whether written or oral) reflecting negatively on the Company, its subsidiaries and parents, and their respective officers, managers, and employees, including, but not limited to, any matters relating to the operation or management of the Company, irrespective of the truthfulness or falsity of such statement, except as may otherwise be required by applicable law or compelled by process of law. By way of example and not limitation, Executive agrees that he will not make any written or oral statements that cast in a negative light the services, qualifications, business operations or business ethics of the Company or its employees. During the Noncompete Period, the Company shall not disparage Executive, or make any public statement (whether written or oral) reflecting negatively on Executive, including, but not limited to, any matters relating to the operation or management of the Company, irrespective of the truthfulness or falsity of such statement, except as may otherwise be required by applicable law or compelled by process of law. Nothing in this Article 5(e) shall restrict either party's ability to: (i) consult with counsel, (ii) make truthful statements under oath or to a government agency or official, or (iii) take any legal action with respect to his employment or termination of employment with the Company.

(f) **Duration, Scope, or Area.** If, at the time of enforcement of this Article 5, a court shall hold that the duration, scope, or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, or area reasonable under such circumstances shall be substituted for the stated duration, scope, or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope, and area permitted by law. Article 5(c) and 5(d) shall not apply to any Executive whose principal work location for the Company at the time of termination was in the State of California.

(g) **Company Enforcement.** In the event of a breach or a threatened breach by the Executive of any of the provisions of this Article 5, the Company would suffer irreparable harm, and in addition and supplementary to other rights and remedies existing in its favor, the Company shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, in the event of a breach or violation by the Executive of Article 5(c), the Noncompete Period shall be automatically extended by the amount of time between the initial occurrence of the breach or violation and when such breach or violation has been duly cured.

Article 6. Certain Change in Control Payments

Notwithstanding any provision of the Plan to the contrary, if any payments or benefits an Executive would receive from the Company under the Plan or otherwise in connection with the Change in Control (the “Total Payments”) (a) constitute “parachute payments” within the meaning of Section 280G of the Code, and (b) but for this Article 6, would be subject to the excise tax imposed by Section 4999 of the Code, then such Executive will be entitled to receive either (i) the full amount of the Total Payments or (ii) a portion of the Total Payments having a value equal to One Dollar (\$1) less than three (3) times such individual’s “base amount” (as such term is defined in Section 280G(b)(3)(A) of the Code), whichever of (i) and (ii), after taking into account applicable federal, state, and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by such employee on an after-tax basis, of the greatest portion of the Total Payments. Any determination required under this Article 6 shall be made in writing by the Company’s independent certified public accountants appointed prior to any change in ownership (as defined under Section 280G(b)(2) of the Code) or tax counsel selected by such accountants (the “Accountants”), whose determination shall be conclusive and binding for all purposes upon the applicable Executive. For purposes of making the calculations required by this Article 6, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and 4999 of the Code. If there is a reduction pursuant to this Article 6 of the Total Payments to be delivered to the applicable Executive, the payment reduction contemplated by the preceding sentence shall be implemented by determining the Parachute Payment Ratio (as defined below) for each “parachute payment” and then reducing the “parachute payments” in order beginning with the “parachute payment” with the highest Parachute Payment Ratio. For “parachute payments” with the same Parachute Payment Ratio, such “parachute payments” shall be reduced based on the time of payment of such “parachute payments,” with amounts having later payment dates being reduced first. For “parachute payments” with the same Parachute Payment Ratio and the same time of payment, such “parachute payments” shall be reduced on a pro rata basis (but not below zero) prior to reducing “parachute payments” with a lower Parachute Payment Ratio. For purposes hereof, the term “Parachute Payment Ratio” shall mean a fraction the numerator of which is the value of the applicable “parachute payment” for purposes of Section 280G of the Code and the denominator of which is the actual present value of such payment.

Article 7. Legal Fees and Notice

7.1 Payment of Legal Fees. Except as otherwise agreed to by the parties, the Company shall pay the Executive for costs of litigation or other disputes including, without limitation, reasonable attorneys’ fees incurred by the Executive in asserting any claims or defenses under this Plan, except that the Executive shall bear his own costs of such litigation or disputes (including, without limitation, attorneys’ fees) if the court (or arbitrator) finds in favor of the Company with respect to any claims or defenses asserted by the Executive.

7.2 Notice. Any notices, requests, demands, or other communications provided for by this Plan shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address he or she has filed in writing with the Company or, in the case of the Company, at its principal offices.

Article 8. Successors and Assignment

8.1 Successors to the Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) of all or a significant portion of the assets of the Company by agreement, in form and substance satisfactory to the Executive, to expressly assume and agree to perform under this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Regardless of whether such agreement is executed, the terms of this Plan shall be binding upon any successor in accordance with the operation of law and such successor shall be deemed the “Company” for purposes of this Plan.

8.2 Assignment by the Executive. This Plan shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount would still be payable to him or her hereunder had he or she continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the Executive’s Beneficiary. If the Executive has not named a Beneficiary, then such amounts shall be paid to the Executive in accordance with the Company’s regular payroll practices or to the Executive’s estate, as applicable.

Article 9. Miscellaneous

9.1 Employment Status. Except as may be provided under any other agreement between the Executive and the Company, the employment of the Executive by the Company is “at will” and may be terminated by either the Executive or the Company at any time, subject to applicable law.

9.2 Code Section 409A.

- (a) All expenses or other reimbursements under this Plan shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive (provided that if any such reimbursements constitute taxable income to the Executive, such reimbursements shall be paid no later than March 15th of the calendar year following the calendar year in which the expenses to be reimbursed were incurred), and no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year.
- (b) For purposes of Code Section 409A, the Executive’s right to receive any installment payment pursuant to this Plan shall be treated as a right to receive a series of separate and distinct payments.
- (c) Whenever a payment under this Plan specifies a payment period with reference to a number of days (e.g., “payment shall be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.
- (d) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Plan, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”
- (e) Notwithstanding any other provision of this Plan to the contrary, in no event shall any payment under this Plan that constitutes “deferred compensation” for purposes of Code Section 409A be subject to offset unless otherwise permitted by Code Section 409A.

(f) Notwithstanding any provisions in this Plan to the contrary, whenever a payment under this Plan may be made upon the Release Effective Date, and the period in which the Executive could adopt the release (along with its accompanying revocation period) crosses calendar years, no payments shall be made until the succeeding calendar year.

9.3 Entire Plan. This Plan supersedes any prior agreements or understandings, oral or written, between the parties hereto, with respect to the subject matter hereof, and constitutes the entire agreement of the parties with respect thereto. Without limiting the generality of the foregoing sentence, this Plan completely supersedes any and all prior employment agreements entered into by and between the Company and the Executive, and all amendments thereto, in their entirety. Notwithstanding the foregoing, if the Executive has entered into any agreements or commitments with the Company with regard to Confidential Information, noncompetition, nonsolicitation, or nondisparagement, such agreements or commitments will remain valid and will be read in harmony with this Plan to provide maximum protection to the Company. For the avoidance of doubt, the Original Plan shall remain outstanding, provided that following the Effective Date no additional employees shall become participants in the Original Plan and in no event shall any employee be entitled to participate in both this Plan and the Original Plan.

9.4 Severability. In the event that any provision or portion of this Plan shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Plan shall be unaffected thereby and shall remain in full force and effect.

9.5 Tax Withholding. The Company may withhold from any benefits payable under this Plan all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

9.6 Beneficiaries. The Executive may designate one (1) or more persons or entities as the primary and/or contingent beneficiaries of any amounts to be received under this Plan.

Such designation must be in the form of a signed writing acceptable to the Board or the Board's designee. The Executive may make or change such designation at any time.

9.7 Payment Obligation Absolute. The Company's obligation to make the payments provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else.

Except as provided in Article 3 of this Plan, the Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Plan, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Plan.

9.8 Contractual Rights to Benefits. Subject to approval and ratification by the Board, this Plan establishes and vests in the Executive a contractual right to the benefits to which he or she is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

9.9 Modification. No provision of this Plan may be modified, waived, or discharged with respect to any particular Executive unless such modification, waiver, or discharge is agreed to in writing and signed by such Executive and by an authorized member of the Committee, or by the respective parties' legal representatives and successors, provided, however, that the Committee may unilaterally amend this Plan without the Executive's consent if such amendment does not materially adversely alter or impair in any significant manner any rights or obligations of the Executive under the Plan.

9.10 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

9.11 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the state of New Jersey shall be the controlling law in all matters relating to this Plan.

IN WITNESS WHEREOF, the Company has executed this Plan on this 23rd day of January, 2018.

ATTEST

NRG Energy, Inc.

/S/ JENNIFER WALLACE

Jennifer Wallace
Senior Vice President, Administration

NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN NOTICE OF RELATIVE PERFORMANCE STOCK UNITS

%%FIRST_NAME%--% %%LAST_NAME%--%
%%ADDRESS_LINE_1%--%
%%ADDRESS_LINE_2%--%
%%CITY%--%, %%STATE%--% %%ZIPCODE%--%

Congratulations on your selection as a Participant under the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (“Plan”). This Notice of Relative Performance Stock Units (the “Grant Notice”) and the attached Relative Performance Stock Unit Agreement (collectively referred to as the “Agreement”) constitute an agreement between you and NRG Energy, Inc. (the “Company”) pursuant to Section 9 of the Plan. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall supersede and replace the conflicting terms of this Agreement. Capitalized terms used but not defined in this Agreement shall have the meaning assigned to them in the Plan. You are sometimes referred to as the “Participant” in this Agreement.

%%FIRST_NAME%--% %%LAST_NAME%--% is hereby granted Relative Performance Stock Units (“RPSUs”) as follows:

Date of Grant: %%OPTION_DATE,’Month DD, YYYY’%--%

Performance Period: January 2, 2018 through January 2, 2021

Target Award: %%TOTAL_SHARES_GRANTED,’999,999,999’%--%

Final Award: Target Award multiplied by “Payout Percentage” based on the Company’s total shareholder return relative to total shareholder return of peer group members and two indices, as set forth in this Agreement.

Payment of the Final Award shall be made in NRG Energy, Inc. Common Stock and shall be made no earlier than January 2, 2021 and no later than March 15, 2021, subject to the terms and conditions of the Agreement.

Subject to Section 8 of this Agreement, if your employment by, or service to, the Company is terminated at any time during the Performance Period, any award or right granted hereunder shall expire and be forfeited, and no Final Award or dividend equivalent related thereto shall be paid.

If you disagree with any of the terms of this award or choose not to accept this award, please contact Peter Johnson at xxx-xxx-xxxx within 45 days of the Date of Grant. Otherwise, you will be deemed to have accepted this award under the terms and conditions set forth in this Agreement and the Plan.

NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN RELATIVE PERFORMANCE STOCK UNIT AGREEMENT

This Relative Performance Stock Unit Agreement, dated as of the Date of Grant set forth in the Notice of Relative Performance Stock Units (the “Grant Notice,” and together with this Relative Performance Stock Unit Agreement, the “Agreement”) to which this Agreement is attached, is made between NRG Energy, Inc. (the “Company”) and the Participant, as set forth in the Grant Notice. The Grant Notice is included in, and made part of, this Agreement.

1. Performance Criteria and Award Determination

(a) General - Award Determination

Subject to the provisions of this Agreement and the provisions of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the “Plan”), the Company hereby grants to the Participant the number of Relative Performance Stock Units (“RPSUs”), set forth in the Grant Notice (“Target Award”), each of which will have a value equivalent to one (1) share of the Company’s Common Stock.

At the end of the Performance Period, the Participant shall be entitled to receive a payment, payable in shares of the Company’s Common Stock, equal to the Target Award times a “Payout Percentage” (the “Final Award”); provided, that if the Fair Market Value of the payment due to the Participant in satisfaction of the Final Award is greater than the amount that is six (6) times the Fair Market Value of the Target Award, determined as of the Date of Grant (the “Cap”), the Payout Percentage shall be adjusted such that Fair Market Value of such payment does not exceed the Cap. The “Payout Percentage” is based on the achievement of the performance criteria set forth in Section 1(b) of this Agreement, as determined and certified in writing by the Compensation Committee of the Company’s Board of Directors (the “Committee”).

(b) Performance Criteria and Relative TSR Comparison

Except as provided in Section 8 of this Agreement, a “Payout Percentage” is used to determine the Final Award under this Agreement. Subject to Section 1(c) of this Agreement, the “Payout Percentage” shall be based upon the Company’s total shareholder return (“TSR”) percentile ranking, as determined pursuant to Section 2 of this Agreement, and the Company’s TSR percentile ranking relative to “Chart A” below, where interpolation shall be used to determine the Company’s percentile ranking during the Performance Period, as described in Section 2(b).

Chart A	
TSR Performance Relative to Companies in the Peer Group	Payout Percentage (% of Target)
75th Percentile or Above	200%
55th Percentile - TARGET	100%
25th Percentile	25%
Below the 25th Percentile	0%

(c) Relative TSR Comparison if absolute TSR of Company is less than negative 15%

Notwithstanding the foregoing, if the Company’s absolute TSR for the Performance Period is less than negative fifteen percent (-15%), the Final Award will be based on the following chart.

Chart B	
TSR Performance Relative to Companies in Peer Group	Payout (% of Target)
75th Percentile or Above	200%
65th Percentile - TARGET	100%
25th Percentile	25%
Below the 25th Percentile	0%

2. Measuring Performance and relative TSR Ranking

(a) Performance Measure and RPSUs

For purposes of determining the Final Award, as soon as practicable after the completion of the Performance Period, (i) the TSRs of the Company and each of the companies and/or indices set forth on Exhibit A, which comprise the peer group for purposes of this Agreement (each company or index is referred to as a “Peer Group Member”), shall be calculated pursuant to Section 2(d) and (ii) the relative ranking of the Company’s TSR for the Performance Period, as compared to the TSR for each Peer Group Member for the Performance Period, shall be determined and expressed as a percentile ranking as described in Section 2(b).

(b) Total Shareholder Percentile Ranking

The Company’s TSR percentile ranking is based on the TSR to the Company’s stockholders during the Performance Period, inclusive of dividends paid, relative to the TSR during the Performance Period, inclusive of dividends paid, achieved by each of the Peer Group Members.

The Company’s TSR percentile ranking shall be determined as follows: the TSR percentile ranking shall be determined by ranking each Peer Group Member (excluding the Company) from the highest TSR to the lowest TSR. The Peer Group Member ranked highest will be assigned the one hundred percentile (100%) rank and the Peer Group Member ranked lowest will be assigned the zero percentile (0%) rank. Each Peer Group Member ranked in between will be assigned a percentile equal to one hundred divided by n minus one ($100/(n-1)$), plus the percentile assigned to the Peer Group Member ranked directly below it, where “n” is the total number of companies in the Peer Group. The Company’s TSR percentile ranking is then interpolated based on the Company’s TSR.

- i. In the event a bankruptcy proceeding is commenced during the Performance Period with respect to any Peer Group Member, or if at any time during the Performance Period a Peer Group Member is liquidated, such company shall be treated as having a TSR of negative one hundred (-100%) for the Performance Period for purposes of TSR percentile ranking.
- ii. In the event that a merger, acquisition or business combination of a Peer Group Member by or with another Peer Group Member is consummated during the Performance Period, then the entity that survives as a result of such merger, acquisition, or business combination will be considered a Peer Group Member for purposes of TSR percentile ranking for the Performance Period.
- iii. In the event that a merger, acquisition or business combination of a Peer Group Member by or with an entity that is not Peer Group Member is consummated during the Performance Period, and such Peer Group Member is the entity that survives as a result of such merger, acquisition, or business combination, then such Peer Group Member will continue to be considered a Peer Group Member for purposes of TSR percentile ranking for the Performance Period.
- iv. In the event that (i) a Peer Group Member ceases to be a publicly-traded company, or (ii) a merger, acquisition or business combination of a Peer Group Member by or with an entity that is not Peer Group Member is consummated during the Performance Period, and such Peer Group Member is not the entity that survives as a result of such merger, acquisition, or business combination, then such Peer Group Member shall be removed and treated as if it had never been in the peer group for purposes of TSR percentile ranking for the Performance Period.

(c) Performance Period

The Performance Period, for purposes of this Agreement, shall be determined by the Compensation Committee and shall be the period set forth in the Grant Notice.

(d) Performance Goal and TSR

For purposes of this Agreement, TSR for the Company and each of the Peer Group Members shall be measured by dividing (A) the sum of (1) the dividends paid (regardless of whether paid in cash or property) on the common stock of such company during the Performance Period, assuming reinvestment of such dividends in such stock (based on the closing price of such stock on the ex-dividend date), plus (2) the difference between the average closing price of a share of such company’s common stock on the principal exchange on which such stock trades for the twenty (20) trading days occurring immediately prior to and including the first day of the Performance Period (the “Beginning Average Value”) and the average closing price of a share of such stock on the principal exchange on which such stock trades for the twenty (20) trading days immediately prior to and including the last day of the Performance Period (the “Ending Average Value”) (appropriately adjusted for any stock dividend, stock split, spin-off, merger or other similar corporate events affecting such stock) (the “Change in Stock Price”), by (B) the Beginning Average Value.

For the avoidance of doubt, it is intended that the foregoing calculation of TSR shall take into account not only the reinvestment of dividends in a share of common stock of the Company or any Peer Group Member, as applicable, but also capital appreciation or depreciation in the shares deemed acquired by such reinvestment. All determinations under this Section 2(d) shall be made by the Committee.

Illustration of formula described above	
Total Shareholder Return	= $\frac{\text{Change in Stock Price} + \text{Dividends Paid}}{\text{Beginning Average Value}}$

3. *Settlement of Final Award*

As soon as reasonably practicable following completion of all determinations and certifications contemplated by Sections 1 and 2, but in no event later than March 15 of the year following the year in which the Performance Period ends, subject to satisfaction of applicable tax withholding obligations in accordance with Section 12(g), the Company shall cause to be paid to the Participant the number of shares of the Company's Common Stock equal to the product of the number of RPSUs representing the Final Award, as determined under Section 1 of this Agreement, multiplied by the Fair Market Value of a share of Common Stock as of the last trading day of the Performance Period, provided, however, that if the Participant incurs a Termination of Service as described in Section 8, then such payment shall be made within sixty (60) days after the date a Final Award, if any, is determined or becomes payable, as described in the applicable subsection of Section 8, and, in accordance with Section 12(g), the Fair Market Value of the RPSUs shall be determined as of such date, less applicable taxes.

Notwithstanding the foregoing provisions of this Section 3 to the contrary, if at the time of the Participant's separation from service within the meaning of Code Section 409A, the Participant is a "specified employee" within the meaning of Code Section 409A, any payment hereunder that constitutes a "deferral of compensation" under Code Section 409A and that would otherwise become due on account of such separation from service shall be delayed, and payment shall be made in full upon the earlier of (a) a date during the thirty (30) day period commencing six (6) months and one (1) day following such separation from service and (b) the date of the Participant's death.

4. *Dividend Equivalent Rights*

Cash dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to the Target Award; provided that such cash dividends shall be deemed to be reinvested in shares of Common Stock immediately following the time declared at the then Fair Market Value of the Common Stock and shall be paid at the same time that the Final Award is delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to the Target Award; provided that such stock dividends shall be paid at the same time that the Final Award is delivered to the Participant in accordance with the provisions hereof. Notwithstanding the foregoing, in the event that there are insufficient shares of Common Stock available in the Plan to settle the accrued dividend book entry account in shares of Common Stock, such accrued book entry account shall be settled in cash in an amount equal to the Fair Market Value of such shares of Common Stock at the time of settlement. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Common Stock underlying any RPSU unless and until the Participant has become the holder of record of such shares.

5. *Transfer of RPSUs*

Unless otherwise permitted by the Committee or Section 14 of the Plan, no award or right granted hereunder may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than pursuant to a will or the laws of descent and distribution. Any attempted disposition in violation of this Section 5 and Section 14 of the Plan shall be void.

6. *Status of Participant*

The Participant shall not be, and, except as otherwise provided herein, shall not have rights as, a stockholder of the Company with respect to any of the shares of Common Stock subject to, or underlying, the Target Award or Final Award, unless such shares have been issued and delivered to the Participant pursuant to the terms of this Agreement. The Company shall not be required to issue or transfer any certificates for shares of Common Stock until all applicable requirements of law have been complied with and such shares have been duly listed on any securities exchange on which the Common Stock may then be listed.

7. *No Effect on Capital Structure*

No award or right granted hereunder shall affect the right of the Company or any Subsidiary to reclassify, recapitalize or otherwise change its capital or debt structure or to merge, consolidate, convey any or all of its assets, dissolve, liquidate, windup, or otherwise reorganize.

8. Expiration and Forfeiture of Award

The Final Award, if any, shall be paid and/or expire in the circumstances described in this Section 8. As used herein, “Termination of Service” means termination of a Participant’s employment by, or service to, the Company, including any of its Subsidiaries.

(a) Death

Upon a Termination of Service by reason of death, a Final Award equal to one hundred percent (100%) of the Target Award shall be paid to the Participant’s legal representatives, heirs, legatees, or distributees in accordance with Section 3.

(b) Retirement

Upon a Termination of Service in the event of Retirement, the Participant shall continue to be eligible to receive a Final Award, if any, as though the Participant was continuously employed by the Company throughout the Performance Period. At the end of the Performance Period, the Company will determine the Final Award that the Participant would have received had the Participant been continuously employed by the Company throughout the Performance Period in accordance with Sections 1 and 2, and any such Final Award shall be paid to the Participant in accordance with Section 3.

(c) Disability

Upon a Termination of Service as a result of Disability, a Final Award equal to one hundred percent (100%) of the Target Award shall be paid to the Participant in accordance with Section 3.

(d) Change in Control

Notwithstanding any provision in this Section 8 to the contrary, if the Company terminates the Participant’s employment without Cause in connection with a Change in Control, the Final Award payable to the Participant, if any, shall be determined by the Committee and shall be paid to the Participant in accordance with Section 3. The Company’s termination of the Participant’s employment may be treated as being in connection with a Change in Control only if such termination occurs during the period beginning six (6) months prior to the Change in Control and ending twenty-four (24) months following the Change in Control.

(e) Termination of Service other than as a result of Death, Retirement, Disability, or Change in Control

Upon a Termination of Service by any reason other than death, Retirement, Disability or in connection with a Change in Control, including, without limitation, as a result of retirement or disability that does not meet the requirements set forth in the definitions of such terms in the Plan, voluntary resignation and termination for Cause, any award or right granted hereunder shall expire and be forfeited, and no Final Award or dividend equivalent related thereto shall be paid.

(f) Clawback as a result of misconduct

Unless otherwise determined by the Committee, if the Company is required to prepare a material restatement of its financial statements as a result of misconduct, and the Committee determines that the Participant knowingly engaged in the misconduct, was grossly negligent with respect to such misconduct, or acted knowingly or with gross negligence in failing to prevent the misconduct, or the Committee concludes that the Participant engaged in willful fraud, embezzlement or other similar activity (including acts of omission) materially detrimental to the Company, the Company may require the Participant (or the Participant’s beneficiary) to reimburse the Company for all or any portion of the Final Award, and/or to forfeit the proceeds of any sale (including any sales to the Company) of any Company securities acquired by or on behalf of the Participant (or the Participant’s beneficiary) pursuant to the Final Award paid under this Agreement during the twelve (12) month period following the first public filing of the financial document requiring restatement, or during the twelve (12) month period following the date of the Participant’s misconduct.

9. Committee Authority

Any question concerning the interpretation of this Agreement, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or the Grant Agreement shall be determined by the Committee in its sole discretion. Any decisions by the Committee regarding the Plan or this Agreement shall be final and binding.

10. Plan Controls

The terms of this Agreement are governed by the terms of the Plan, as it exists on the Date of the Grant and as the Plan may be amended from time to time thereafter. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control.

11. Limitation on Rights; No Right to Future Grants

By entering into this Agreement, the Participant acknowledges that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time, as provided in the Plan; provided that, except as provided in Section 18 of the Plan, no amendment to this Agreement shall adversely affect in a material manner the Participant's rights hereunder without his or her written consent; (b) the grant of any award hereunder is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the value of an award is an extraordinary item that is outside the scope of the Participant's employment contract, if any, unless expressly provided for in any such employment contract; (f) an award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant will have no entitlement to compensation or damages as a consequence of any forfeiture pursuant to Section 8; (g) the future value of the Common Stock subject to the award is unknown and cannot be predicted with certainty, (h) neither the Plan, the award nor the issuance of the shares underlying the award confers upon the Participant any right to continue in the employ or service of (or any other relationship with) the Company or any Subsidiary, nor do they limit in any respect the right of the Company or any Subsidiary to terminate the Participant's employment or other relationship with the Company or any Subsidiary, as the case may be, at any time with or without Cause, and (i) the grant of the award will not be interpreted to form an employment relationship with the Company or any Subsidiary; and furthermore, the grant of the award will not be interpreted to form an employment contract with the Company or any Subsidiary.

12. General Provisions

(a) Notice

Whenever any notice is required or permitted hereunder, such notice must be in writing and delivered in person or by mail (to the address set forth below if notice is being delivered to the Company) or electronically. Any notice delivered in person or by mail shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address set forth in this Agreement. Any notices delivered electronically shall be deemed to be delivered when transmitted and receipt is confirmed. Notices delivered to the Participant in person or by mail shall be addressed to the address for the Participant in the records of the Company. Notices delivered to the Company in person or by mail shall be addressed as follows:

Company: NRG Energy, Inc.
 Attn: Human Resources
 804 Carnegie Center
 Princeton, NJ 08450

The Company or the Participant may change, by written notice to the other, the address previously specified for receiving notices.

Company:

NRG Energy, Inc.

Attn: Human Resources

804 Carnegie Center

(b) *No Waiver*

No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right under this Agreement constitute a continuing waiver of the same or a waiver of any other right hereunder.

(c) *Undertaking*

The Participant hereby agrees to take whatever additional action, and execute whatever additional documents, the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the award pursuant to the express provisions of this Agreement.

(d) *Entire Contract*

This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and will in all respects be construed in conformity with the express terms and provisions of the Plan.

(e) *Successors and Assigns*

The provisions of this Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law.

(f) *Securities Law Compliance*

The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the shares of Common Stock underlying the RPSUs awarded under this Agreement. The Company intends to maintain this registration statement but has no obligation to the Participant to do so. If the registration statement ceases to be effective, the Participant will not be able to transfer or sell shares of Common Stock issued pursuant to the award, unless exemptions from registration under applicable securities laws are available. Such exemptions from registration are very limited and might be unavailable. Participant agrees that any resale of the shares of Common Stock issued pursuant to the award shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the respective rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules, and regulations may be amended from time to time. The Company shall not be obligated to either issue shares of Common Stock or permit the resale of any such shares if such issuance or resale would violate any such requirements.

(g) *Taxes*

The Participant acknowledges that the removal of restrictions with respect to an award will give rise to a withholding tax liability, and that no shares of Common Stock are issuable hereunder until such withholding obligation is satisfied in full. The Participant agrees to remit to the Company the amount of any taxes required to be withheld. The Committee, in its sole discretion, may permit the Participant to satisfy all or part of such tax obligation by (i) withholding the number of shares of Common Stock otherwise issuable to the Participant hereunder and/or (ii) the Participant transferring to the Company unrestricted shares of Common Stock previously owned by the Participant for at least six (6) months prior to the vesting of the award hereunder that have a Fair Market Value equal to the amount of the withholding to be credited. Such value shall be based on the Fair Market Value of the Common Stock as of the date the amount of tax to be withheld is determined.

(h) *Confidentiality*

As partial consideration for the granting of this award, the Participant agrees that he or she will keep confidential all information and knowledge that the Participant has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

(i) *Governing Law*

Except as may otherwise be provided in the Plan, the provisions of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law.

(j) Code Section 409A Compliance

To the extent that the Committee determines that the award granted under this Agreement is subject to Section 409A of the Code and fails to comply with the requirements of such Section, notwithstanding anything to the contrary contained in the Plan or in this Agreement, the Committee reserves the right to amend, restructure, terminate or replace this award in order to cause the award to either not be subject to Section 409A of the Code or comply with the applicable provisions of such Section.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed as of the Date of Grant.

NRG ENERGY, INC.

Name: Mauricio Gutierrez
Title: President & CEO

EXHIBIT A

RELATIVE TOTAL SHAREHOLDER RETURN PEER GROUP AND INDICES

COMPANY	TICKER
American Electric Power Co., Inc.	AEP
The AES Corporation	AES
Calpine Corporation	CPN
Dynegy, Inc.	DYN
Exelon Corporation	EXC
First Solar, Inc.	FSLR
NextEra Energy, Inc.	NEE
Public Service Enterprise Group Incorporated	PEG
Vistra Energy Corp.	VST
S&P Oil & Gas Exploration & Production Select Industry	XOP
PHLX Utility Sector Total Return	UTY

NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN NOTICE OF RELATIVE PERFORMANCE STOCK UNITS

%%FIRST_NAME%--% %LAST_NAME%--%
%%ADDRESS_LINE_1%--%
%%ADDRESS_LINE_2%--%
%%CITY%--%, %%STATE%--% %%ZIPCODE%--%

Congratulations on your selection as a Participant under the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (“Plan”). This Notice of Relative Performance Stock Units (the “Grant Notice”) and the attached Relative Performance Stock Unit Agreement (collectively referred to as the “Agreement”) constitute an agreement between you and NRG Energy, Inc. (the “Company”) pursuant to Section 9 of the Plan. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall supersede and replace the conflicting terms of this Agreement. Capitalized terms used but not defined in this Agreement shall have the meaning assigned to them in the Plan. You are sometimes referred to as the “Participant” in this Agreement.

%%FIRST_NAME%--% %LAST_NAME%--% is hereby granted Relative Performance Stock Units (“RPSUs”) as follows:

Date of Grant: %%OPTION_DATE, 'Month DD, YYYY'%--%

Performance Period: January 2, 2018 through January 2, 2021

Target Award: %%TOTAL_SHARES_GRANTED, '999,999,999'%--%

Final Award: Target Award multiplied by “Payout Percentage” based on the Company’s total shareholder return relative to total shareholder return of peer group members and two indices, as set forth in this Agreement.

Payment of the Final Award shall be made in NRG Energy, Inc. Common Stock and shall be made no earlier than January 2, 2021 and no later than March 15, 2021, subject to the terms and conditions of the Agreement.

Subject to Section 8 of this Agreement, if your employment by, or service to, the Company is terminated at any time during the Performance Period, any award or right granted hereunder shall expire and be forfeited, and no Final Award or dividend equivalent related thereto shall be paid.

If you disagree with any of the terms of this award or choose not to accept this award, please contact Peter Johnson at xxx-xxx-xxxx within 45 days of the Date of Grant. Otherwise, you will be deemed to have accepted this award under the terms and conditions set forth in this Agreement and the Plan.

NRG ENERGY, INC. LONG-TERM INCENTIVE PLAN RELATIVE PERFORMANCE STOCK UNIT AGREEMENT

This Relative Performance Stock Unit Agreement, dated as of the Date of Grant set forth in the Notice of Relative Performance Stock Units (the “Grant Notice,” and together with this Relative Performance Stock Unit Agreement, the “Agreement”) to which this Agreement is attached, is made between NRG Energy, Inc. (the “Company”) and the Participant, as set forth in the Grant Notice. The Grant Notice is included in, and made part of, this Agreement.

1. Performance Criteria and Award Determination

(a) General - Award Determination

Subject to the provisions of this Agreement and the provisions of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (the “Plan”), the Company hereby grants to the Participant the number of Relative Performance Stock Units (“RPSUs”), set forth in the Grant Notice (“Target Award”), each of which will have a value equivalent to one (1) share of the Company’s Common Stock.

At the end of the Performance Period, the Participant shall be entitled to receive a payment, payable in shares of the Company’s Common Stock, equal to the Target Award times a “Payout Percentage” (the “Final Award”); provided, that if the Fair Market Value of the payment due to the Participant in satisfaction of the Final Award is greater than the amount that is six (6) times the Fair Market Value of the Target Award, determined as of the Date of Grant (the “Cap”), the Payout Percentage shall be adjusted such that Fair Market Value of such payment does not exceed the Cap. The “Payout Percentage” is based on the achievement of the performance criteria set forth in Section 1(b) of this Agreement, as determined and certified in writing by the Compensation Committee of the Company’s Board of Directors (the “Committee”).

(b) Performance Criteria and Relative TSR Comparison

Except as provided in Section 8 of this Agreement, a “Payout Percentage” is used to determine the Final Award under this Agreement. Subject to Section 1(c) of this Agreement, the “Payout Percentage” shall be based upon the Company’s total shareholder return (“TSR”) percentile ranking, as determined pursuant to Section 2 of this Agreement, and the Company’s TSR percentile ranking relative to “Chart A” below, where interpolation shall be used to determine the Company’s percentile ranking during the Performance Period, as described in Section 2(b).

Chart A	
TSR Performance Relative to Companies in the Peer Group	Payout Percentage (% of Target)
75th Percentile or Above	200%
55th Percentile - TARGET	100%
25th Percentile	25%
Below the 25th Percentile	0%

(c) Relative TSR Comparison if absolute TSR of Company is less than negative 15%

Notwithstanding the foregoing, if the Company’s absolute TSR for the Performance Period is less than negative fifteen percent (-15%), the Final Award will be based on the following chart.

Chart B	
TSR Performance Relative to Companies in Peer Group	Payout (% of Target)
75th Percentile or Above	200%
65th Percentile - TARGET	100%
25th Percentile	25%
Below the 25th Percentile	0%

2. Measuring Performance and relative TSR Ranking

(a) Performance Measure and RPSUs

For purposes of determining the Final Award, as soon as practicable after the completion of the Performance Period, (i) the TSRs of the Company and each of the companies and/or indices set forth on Exhibit A, which comprise the peer group for purposes of this Agreement (each company or index is referred to as a “Peer Group Member”), shall be calculated pursuant to Section 2(d) and (ii) the relative ranking of the Company’s TSR for the Performance Period, as compared to the TSR for each Peer Group Member for the Performance Period, shall be determined and expressed as a percentile ranking as described in Section 2(b).

(b) Total Shareholder Percentile Ranking

The Company’s TSR percentile ranking is based on the TSR to the Company’s stockholders during the Performance Period, inclusive of dividends paid, relative to the TSR during the Performance Period, inclusive of dividends paid, achieved by each of the Peer Group Members.

The Company’s TSR percentile ranking shall be determined as follows: the TSR percentile ranking shall be determined by ranking each Peer Group Member (excluding the Company) from the highest TSR to the lowest TSR. The Peer Group Member ranked highest will be assigned the one hundred percentile (100%) rank and the Peer Group Member ranked lowest will be assigned the zero percentile (0%) rank. Each Peer Group Member ranked in between will be assigned a percentile equal to one hundred divided by n minus one ($100/(n-1)$), plus the percentile assigned to the Peer Group Member ranked directly below it, where “n” is the total number of companies in the Peer Group. The Company’s TSR percentile ranking is then interpolated based on the Company’s TSR.

- A. In the event a bankruptcy proceeding is commenced during the Performance Period with respect to any Peer Group Member, or if at any time during the Performance Period a Peer Group Member is liquidated, such company shall be treated as having a TSR of negative one hundred (-100%) for the Performance Period for purposes of TSR percentile ranking.
- B. In the event that a merger, acquisition or business combination of a Peer Group Member by or with another Peer Group Member is consummated during the Performance Period, then the entity that survives as a result of such merger, acquisition, or business combination will be considered a Peer Group Member for purposes of TSR percentile ranking for the Performance Period.
- C. In the event that a merger, acquisition or business combination of a Peer Group Member by or with an entity that is not Peer Group Member is consummated during the Performance Period, and such Peer Group Member is the entity that survives as a result of such merger, acquisition, or business combination, then such Peer Group Member will continue to be considered a Peer Group Member for purposes of TSR percentile ranking for the Performance Period.
- i. In the event that (i) a Peer Group Member ceases to be a publicly-traded company, or (ii) a merger, acquisition or business combination of a Peer Group Member by or with an entity that is not Peer Group Member is consummated during the Performance Period, and such Peer Group Member is not the entity that survives as a result of such merger, acquisition, or business combination, then such Peer Group Member shall be removed and treated as if it had never been in the peer group for purposes of TSR percentile ranking for the Performance Period.

(c) Performance Period

The Performance Period, for purposes of this Agreement, shall be determined by the Compensation Committee and shall be the period set forth in the Grant Notice.

(d) Performance Goal and TSR

For purposes of this Agreement, TSR for the Company and each of the Peer Group Members shall be measured by dividing (A) the sum of (1) the dividends paid (regardless of whether paid in cash or property) on the common stock of such company during the Performance Period, assuming reinvestment of such dividends in such stock (based on the closing price of such stock on the ex-dividend date), plus (2) the difference between the average closing price of a share of such company’s common stock on the principal exchange on which such stock trades for the twenty (20) trading days occurring immediately prior to and including the first day of the Performance Period (the “Beginning Average Value”) and the average closing price of a share of such stock on the principal exchange on which such stock trades for the twenty (20) trading days immediately prior to and including the last day of the Performance Period (the “Ending Average Value”) (appropriately adjusted for any stock dividend, stock split, spin-off, merger or other similar corporate events affecting such stock) (the “Change in Stock Price”), by (B) the Beginning Average Value.

For the avoidance of doubt, it is intended that the foregoing calculation of TSR shall take into account not only the reinvestment of dividends in a share of common stock of the Company or any Peer Group Member, as applicable, but also capital appreciation or depreciation in the shares deemed acquired by such reinvestment. All determinations under this Section 2(d) shall be made by the Committee.

Illustration of formula described above	
Total Shareholder Return	= $\frac{\text{Change in Stock Price} + \text{Dividends Paid}}{\text{Beginning Average Value}}$

3. *Settlement of Final Award*

As soon as reasonably practicable following completion of all determinations and certifications contemplated by Sections 1 and 2, but in no event later than March 15 of the year following the year in which the Performance Period ends, subject to satisfaction of applicable tax withholding obligations in accordance with Section 12(g), the Company shall cause to be paid to the Participant the number of shares of the Company's Common Stock equal to the product of the number of RPSUs representing the Final Award, as determined under Section 1 of this Agreement, multiplied by the Fair Market Value of a share of Common Stock as of the last trading day of the Performance Period, provided, however, that if the Participant incurs a Termination of Service as described in Section 8, then such payment shall be made within sixty (60) days after the date a Final Award, if any, is determined or becomes payable, as described in the applicable subsection of Section 8, and, in accordance with Section 12(g), the Fair Market Value of the RPSUs shall be determined as of such date, less applicable taxes.

Notwithstanding the foregoing provisions of this Section 3 to the contrary, if at the time of the Participant's separation from service within the meaning of Code Section 409A, the Participant is a "specified employee" within the meaning of Code Section 409A, any payment hereunder that constitutes a "deferral of compensation" under Code Section 409A and that would otherwise become due on account of such separation from service shall be delayed, and payment shall be made in full upon the earlier of (a) a date during the thirty (30) day period commencing six (6) months and one (1) day following such separation from service and (b) the date of the Participant's death.

4. *Dividend Equivalent Rights*

Cash dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to the Target Award; provided that such cash dividends shall be deemed to be reinvested in shares of Common Stock immediately following the time declared at the then Fair Market Value of the Common Stock and shall be paid at the same time that the Final Award is delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock issuable hereunder shall be credited to a dividend book entry account on behalf of the Participant with respect to the Target Award; provided that such stock dividends shall be paid at the same time that the Final Award is delivered to the Participant in accordance with the provisions hereof. Notwithstanding the foregoing, in the event that there are insufficient shares of Common Stock available in the Plan to settle the accrued dividend book entry account in shares of Common Stock, such accrued book entry account shall be settled in cash in an amount equal to the Fair Market Value of such shares of Common Stock at the time of settlement. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Common Stock underlying any RPSU unless and until the Participant has become the holder of record of such shares.

5. *Transfer of RPSUs*

Unless otherwise permitted by the Committee or Section 14 of the Plan, no award or right granted hereunder may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than pursuant to a will or the laws of descent and distribution. Any attempted disposition in violation of this Section 5 and Section 14 of the Plan shall be void.

6. *Status of Participant*

The Participant shall not be, and, except as otherwise provided herein, shall not have rights as, a stockholder of the Company with respect to any of the shares of Common Stock subject to, or underlying, the Target Award or Final Award, unless such shares have been issued and delivered to the Participant pursuant to the terms of this Agreement. The Company shall not be required to issue or transfer any certificates for shares of Common Stock until all applicable requirements of law have been complied with and such shares have been duly listed on any securities exchange on which the Common Stock may then be listed.

7. No Effect on Capital Structure

No award or right granted hereunder shall affect the right of the Company or any Subsidiary to reclassify, recapitalize or otherwise change its capital or debt structure or to merge, consolidate, convey any or all of its assets, dissolve, liquidate, windup, or otherwise reorganize.

8. Expiration and Forfeiture of Award

The Final Award, if any, shall be paid and/or expire in the circumstances described in this Section 8. As used herein, “Termination of Service” means termination of a Participant’s employment by, or service to, the Company, including any of its Subsidiaries.

(a)Death

Upon a Termination of Service by reason of death, a Final Award equal to one hundred percent (100%) of the Target Award shall be paid to the Participant’s legal representatives, heirs, legatees, or distributees in accordance with Section 3.

(b)Retirement

Upon a Termination of Service in the event of Retirement, the Participant shall continue to be eligible to receive a Final Award, if any, as though the Participant was continuously employed by the Company throughout the Performance Period. At the end of the Performance Period, the Company will determine the Final Award that the Participant would have received had the Participant been continuously employed by the Company throughout the Performance Period in accordance with Sections 1 and 2, and any such Final Award shall be paid to the Participant in accordance with Section 3.

(c)Disability

Upon a Termination of Service as a result of Disability, a Final Award equal to one hundred percent (100%) of the Target Award shall be paid to the Participant in accordance with Section 3.

(d)Change in Control

Notwithstanding any provision in this Section 8 to the contrary, if the Company terminates the Participant’s employment without Cause in connection with a Change in Control, the Final Award payable to the Participant, if any, shall be determined by the Committee and shall be paid to the Participant in accordance with Section 3. The Company’s termination of the Participant’s employment may be treated as being in connection with a Change in Control only if such termination occurs during the period beginning six (6) months prior to the Change in Control and ending twenty-four (24) months following the Change in Control.

(e)Eligible Termination

Upon a Termination of Service by reason of an Eligible Termination (as defined below), the Participant shall continue to be eligible to receive a Final Award, if any, as though the Participant was continuously employed by the Company throughout the Performance Period. At the end of the Performance Period, the Company will determine the Final Award that the Participant would have received had the Participant been continuously employed by the Company throughout the Performance Period in accordance with Sections 1 and 2 (the “Performance Award”). The Performance Award shall then be pro-rated such that the total number of shares of Common Stock paid to the Participant shall be the percentage of the Performance Award that is equal to the percentage of time that the Participant was actually continuously employed by the Company during the Performance Period (the “Pro-rated Performance Award”). The Pro-rated Performance Award shall become payable to the Participant on the later to occur of (A) on the fifteenth (15th) day of the month that follows the month in which the Release (as defined below) becomes irrevocable; provided, that in the event the aggregate consideration and revocation period applicable to the Release spans two (2) calendar years, the Pro-Rated Performance Award shall become payable in the second calendar year and (B) the date that the Final Award would have been delivered in accordance with Section 3 had the Participant been continuously employed by the Company throughout the Performance Period. Notwithstanding the foregoing, in the case of clause (A), in the event the Release becomes irrevocable in December, the Pro-rated Performance Award shall become payable on December 31. Upon becoming payable, the Pro-rated Performance Award shall be paid to the Participant in accordance with Section 3.

For purposes of this Section 8(e), “Eligible Termination” means an involuntary Termination of Service in connection with the sale of a business segment, restructuring or reduction in workforce. In order to be deemed an Eligible Termination, the

Participant must execute and not revoke a general release of claims in favor of the Company in a form and with terms and conditions drafted by and acceptable to the Company, which is executed, and not revoked, by the Participant as a condition to receiving the benefit described herein (the “Release”). For the avoidance of doubt: (i) an involuntary Termination of Service by reason of a Change in Control, Cause, death, Disability, Good Reason, or not for Cause is not an Eligible Termination and (ii) in the event an Eligible Termination occurs and the Participant also meets the requirements for Retirement, the Award shall be paid in accordance with Section 8(b).

(f) Termination of Service other than as a result of Death, Retirement, Disability, Eligible Termination, or Change in Control

Upon a Termination of Service by any reason other than death, Retirement, Disability, Eligible Termination or in connection with a Change in Control, including, without limitation, as a result of retirement or disability that does not meet the requirements set forth in the definitions of such terms in the Plan, voluntary resignation and termination for Cause, any award or right granted hereunder shall expire and be forfeited, and no Final Award or dividend equivalent related thereto shall be paid.

(g) Clawback as a result of misconduct

Unless otherwise determined by the Committee, if the Company is required to prepare a material restatement of its financial statements as a result of misconduct, and the Committee determines that the Participant knowingly engaged in the misconduct, was grossly negligent with respect to such misconduct, or acted knowingly or with gross negligence in failing to prevent the misconduct, or the Committee concludes that the Participant engaged in willful fraud, embezzlement or other similar activity (including acts of omission) materially detrimental to the Company, the Company may require the Participant (or the Participant’s beneficiary) to reimburse the Company for all or any portion of the Final Award, and/or to forfeit the proceeds of any sale (including any sales to the Company) of any Company securities acquired by or on behalf of the Participant (or the Participant’s beneficiary) pursuant to the Final Award paid under this Agreement during the twelve (12) month period following the first public filing of the financial document requiring restatement, or during the twelve (12) month period following the date of the Participant’s misconduct.

9. Committee Authority

Any question concerning the interpretation of this Agreement, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or the Grant Agreement shall be determined by the Committee in its sole discretion. Any decisions by the Committee regarding the Plan or this Agreement shall be final and binding.

10. Plan Controls

The terms of this Agreement are governed by the terms of the Plan, as it exists on the Date of the Grant and as the Plan may be amended from time to time thereafter. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control.

11. Limitation on Rights; No Right to Future Grants

By entering into this Agreement, the Participant acknowledges that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time, as provided in the Plan; provided that, except as provided in Section 18 of the Plan, no amendment to this Agreement shall adversely affect in a material manner the Participant’s rights hereunder without his or her written consent; (b) the grant of any award hereunder is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the value of an award is an extraordinary item that is outside the scope of the Participant’s employment contract, if any, unless expressly provided for in any such employment contract; (f) an award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Participant will have no entitlement to compensation or damages as a consequence of any forfeiture pursuant to Section 8; (g) the future value of the Common Stock subject to the award is unknown and cannot be predicted with certainty, (h) neither the Plan, the award nor the issuance of the shares underlying the award confers upon the Participant any right to continue in the employ or service of (or any other relationship with) the Company or any Subsidiary, nor do they limit in any respect the right of the Company or any Subsidiary to terminate the Participant’s employment or other relationship with the Company or any Subsidiary, as the case may be, at any time with

or without Cause, and (i) the grant of the award will not be interpreted to form an employment relationship with the Company or any Subsidiary; and furthermore, the grant of the award will not be interpreted to form an employment contract with the Company or any Subsidiary.

12. General Provisions

(a) Notice

Whenever any notice is required or permitted hereunder, such notice must be in writing and delivered in person or by mail (to the address set forth below if notice is being delivered to the Company) or electronically. Any notice delivered in person or by mail shall be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address set forth in this Agreement. Any notices delivered electronically shall be deemed to be delivered when transmitted and receipt is confirmed. Notices delivered to the Participant in person or by mail shall be addressed to the address for the Participant in the records of the Company. Notices delivered to the Company in person or by mail shall be addressed as follows:

Company: NRG Energy, Inc.
 Attn: Human Resources
 804 Carnegie Center
 Princeton, NJ 08450

The Company or the Participant may change, by written notice to the other, the address previously specified for receiving notices.

(b) No Waiver

No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right under this Agreement constitute a continuing waiver of the same or a waiver of any other right hereunder.

(c) Undertaking

The Participant hereby agrees to take whatever additional action, and execute whatever additional documents, the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the award pursuant to the express provisions of this Agreement.

(d) Entire Contract

This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and will in all respects be construed in conformity with the express terms and provisions of the Plan.

(e) Successors and Assigns

The provisions of this Agreement shall inure to the benefit of, and be binding on, the Company and its successors and assigns and Participant and Participant's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law.

(f) Securities Law Compliance

The Company currently has an effective registration statement on file with the Securities and Exchange Commission with respect to the shares of Common Stock underlying the RPSUs awarded under this Agreement. The Company intends to maintain this registration statement but has no obligation to the Participant to do so. If the registration statement ceases to be effective, the Participant will not be able to transfer or sell shares of Common Stock issued pursuant to the award, unless exemptions from registration under applicable securities laws are available. Such exemptions from registration are very limited and might be unavailable. Participant agrees that any resale of the shares of Common Stock issued pursuant to the award shall comply in all respects with the requirements of all applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the respective

rules and regulations promulgated thereunder) and any other law, rule or regulation applicable thereto, as such laws, rules, and regulations may be amended from time to time. The Company shall not be obligated to either issue shares of Common Stock or permit the resale of any such shares if such issuance or resale would violate any such requirements.

(g) Taxes

The Participant acknowledges that the removal of restrictions with respect to an award will give rise to a withholding tax liability, and that no shares of Common Stock are issuable hereunder until such withholding obligation is satisfied in full. The Participant agrees to remit to the Company the amount of any taxes required to be withheld. The Committee, in its sole discretion, may permit the Participant to satisfy all or part of such tax obligation by (i) withholding the number of shares of Common Stock otherwise issuable to the Participant hereunder and/or (ii) the Participant transferring to the Company unrestricted shares of Common Stock previously owned by the Participant for at least six (6) months prior to the vesting of the award hereunder that have a Fair Market Value equal to the amount of the withholding to be credited. Such value shall be based on the Fair Market Value of the Common Stock as of the date the amount of tax to be withheld is determined.

(h) Confidentiality

As partial consideration for the granting of this award, the Participant agrees that he or she will keep confidential all information and knowledge that the Participant has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Participant's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

(i) Governing Law

Except as may otherwise be provided in the Plan, the provisions of this Agreement shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of law.

(j) Code Section 409A Compliance

To the extent that the Committee determines that the award granted under this Agreement is subject to Section 409A of the Code and fails to comply with the requirements of such Section, notwithstanding anything to the contrary contained in the Plan or in this Agreement, the Committee reserves the right to amend, restructure, terminate or replace this award in order to cause the award to either not be subject to Section 409A of the Code or comply with the applicable provisions of such Section.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed as of the Date of Grant.

NRG ENERGY, INC.

Name: _____

Mauricio Gutierrez

Title: _____

President & CEO

EXHIBIT A

RELATIVE TOTAL SHAREHOLDER RETURN PEER GROUP AND INDICES

COMPANY	TICKER
American Electric Power Co., Inc.	AEP
The AES Corporation	AES
Calpine Corporation	CPN
Dynegy, Inc.	DYN
Exelon Corporation	EXC
First Solar, Inc.	FSLR
NextEra Energy, Inc.	NEE
Public Service Enterprise Group Incorporated	PEG
Vistra Energy Corp.	VST
S&P Oil & Gas Exploration & Production Select Industry	XOP
PHLX Utility Sector Total Return	UTY

NRG ENERGY, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
	(in millions except ratio)				
Earnings:					
(Loss)/income from continuing operations before income tax	\$ (1,540)	\$ (978)	\$ (4,986)	\$ (74)	\$ (585)
Less:					
Distributions and equity in earnings of unconsolidated affiliates	55	54	37	49	84
Impairment charge on equity method investment	74	268	56	—	99
Capitalized interest	(34)	(30)	(25)	(18)	(116)
Add:					
Fixed charges	939	942	978	964	787
Amortization of capitalized interest	22	21	20	19	16
Total Earnings:	<u>\$ (484)</u>	<u>\$ 277</u>	<u>\$ (3,920)</u>	<u>\$ 940</u>	<u>\$ 285</u>
Fixed Charges:					
Interest expense	\$ 831	\$ 839	\$ 891	\$ 889	\$ 622
Interest capitalized	34	30	25	18	116
Amortization of debt issuance costs	41	38	37	35	33
Amortization of debt (premium)/discount	19	19	10	8	4
Approximation of interest in rental expense	14	16	15	14	12
Total Fixed Charges:	<u>\$ 939</u>	<u>\$ 942</u>	<u>\$ 978</u>	<u>\$ 964</u>	<u>\$ 787</u>
Ratio of Earnings to Combined Fixed Charges^(a)	<u>(0.52)</u>	<u>0.29</u>	<u>(4.01)</u>	<u>0.98</u>	<u>0.36</u>

(a) The ratio coverage for the years ended December 31, 2017, 2016, 2015, 2014, and 2013 was less than 1:1. NRG would have needed to generate additional earnings of \$1,416 million, \$665 million, \$4,898 million, \$24 million, and \$502 million, respectively, to achieve a ratio coverage of 1:1 for those years.

NRG ENERGY, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013 ^(a)
	(in millions except ratio)				
Earnings:					
(Loss)/income from continuing operations before income tax	\$ (1,540)	\$ (978)	\$ (4,986)	\$ (74)	\$ (585)
Less:					
Distributions and equity in earnings of unconsolidated affiliates	55	54	37	49	84
Impairment charge on equity method investment	74	268	56	—	99
Capitalized interest	(34)	(30)	(25)	(18)	(116)
Preference dividends - tax effected	—	(8)	(32)	(90)	(14)
Add:					
Fixed charges	939	950	1,010	1,054	801
Amortization of capitalized interest	22	21	20	19	16
Total Earnings:	<u>\$ (484)</u>	<u>\$ 277</u>	<u>\$ (3,920)</u>	<u>\$ 940</u>	<u>\$ 285</u>
Fixed Charges:					
Interest expense	\$ 831	\$ 839	\$ 891	\$ 889	\$ 622
Interest capitalized	34	30	25	18	116
Amortization of debt issuance costs	41	38	37	35	33
Amortization of debt (premium)/discount	19	19	10	8	4
Approximation of interest in rental expense	14	16	15	14	12
Preference dividends - tax effected	—	8	32	90	14
Total Fixed Charges:	<u>\$ 939</u>	<u>\$ 950</u>	<u>\$ 1,010</u>	<u>\$ 1,054</u>	<u>\$ 801</u>
Ratio of Earnings to Combined Fixed Charges and Preference Dividends	<u>(0.52)</u>	<u>0.29</u>	<u>(3.88)</u>	<u>0.89</u>	<u>0.36</u>

(a) The ratio coverage for the years ended December 31, 2017, 2016, 2015, 2014, and 2013 was less than 1:1. NRG would have needed to generate additional earnings of \$1,416 million, \$673 million, \$4,930 million, \$114 million, and \$516 million, respectively, to achieve a ratio coverage of 1:1 for those years.

SUBSIDIARIES OF NRG ENERGY, INC.

Entity Name	Jurisdiction
3279405 Nova Scotia Company	Canada
3283764 Nova Scotia Company	Canada
7549709 Canada Inc.	Canada
7644868 Canada Inc.	Canada
7711565 Canada Inc.	Canada
AC Solar Holdings LLC	Delaware
Ace Energy, Inc.	New York
Adams Community Solar Garden I LLC	Colorado
Adams Community Solar Garden II LLC	Colorado
Adams Community Solar Garden III LLC	Colorado
Adams Community Solar Gardens LLC	Colorado
Agua Caliente Borrower 1 LLC	Delaware
Agua Caliente Borrower 2 LLC	Delaware
Agua Caliente Solar Holdings LLC	Delaware
Agua Caliente Solar, LLC	Delaware
Allied Home Warranty GP LLC	Delaware
Allied Warranty LLC	Texas
Alta Interconnection Management II, LLC	Delaware
Alta Interconnection Management III, LLC	Delaware
Alta Interconnection Management, LLC	Delaware
Alta Realty Holdings, LLC	Delaware
Alta Realty Investments, LLC	Delaware
Alta Vista SunTower, LLC	Delaware
Alta Wind 1-5 Holding Company, LLC	Delaware
Alta Wind Asset Management Holdings, LLC	Delaware
Alta Wind Asset Management, LLC	Delaware
Alta Wind Company, LLC	Delaware
Alta Wind Holdings, LLC	Delaware
Alta Wind I Holding Company, LLC	Delaware
Alta Wind I, LLC	Delaware
Alta Wind II Holding Company, LLC	Delaware
Alta Wind II, LLC	Delaware
Alta Wind III Holding Company, LLC	Delaware
Alta Wind III, LLC	Delaware
Alta Wind IV Holding Company, LLC	Delaware
Alta Wind IV, LLC	Delaware
Alta Wind V Holding Company, LLC	Delaware
Alta Wind V, LLC	Delaware
Alta Wind X Holding Company, LLC	Delaware
Alta Wind X, LLC	Delaware
Alta Wind X-XI TE Holdco LLC	Delaware
Alta Wind XI Holding Company, LLC	Delaware
Alta Wind XI, LLC	Delaware
Arapahoe Community Solar Garden I LLC	Colorado
Arthur Kill Gas Turbines LLC	Delaware
Arthur Kill Power LLC	Delaware

Astoria Gas Turbine Power LLC	Delaware
Avenal Park LLC	Delaware
Avenal Solar Holdings LLC	Delaware
Bashaw Solar 1, LLC	Delaware
Bayou Cove Peaking Power, LLC	Delaware
Beheer-en Beleggingsmaatschappij Plogema B.V.	Netherlands
Belter Holdco LLC	Delaware
Berrians I Gas Turbine Power LLC	Delaware
BETM de México, S. de R.L. de C.V.	Mexico
BETM MX US LLC	Delaware
BidURenergy, Inc.	New York
Big Cajun I Peaking Power LLC	Delaware
Big Cajun II Unit 4 LLC	Delaware
Big Lake Holdco LLC	Delaware
Black Cat Road Solar, LLC	Delaware
Bluestone Solar, LLC	Delaware
Bluewater Wind Delaware LLC	Delaware
Bluewater Wind Maryland LLC	Delaware
Bluewater Wind New Jersey Energy LLC	Delaware
Boquillas Wind, LLC	Delaware
Boston Energy Trading and Marketing LLC	California
Broken Bow Wind, LLC	Delaware
Brook Street Solar 1, LLC	Delaware
Buckthorn Holdings, LLC	Delaware
Buckthorn Renewables, LLC	Delaware
Buckthorn Solar Portfolio, LLC	Delaware
Buckthorn Westex, LLC	Delaware
Buckthorn Wind Class B Holdco LLC	Delaware
Buckthorn Wind Pledgor LLC	Delaware
Buckthorn Wind Project, LLC	Delaware
Buckthorn Wind Tax Equity Holdco LLC	Delaware
Buffalo Bear, LLC	Oklahoma
Bullock Road Solar 1, LLC	Delaware
BWC Swan Pond River, LLC	Delaware
Cabrillo Power I LLC	Delaware
Cabrillo Power II LLC	Delaware
California Jupiter, LLC	Delaware
Camino Energy, LLC	California
Canal West LLC	Delaware
Capistrano Wind Holdings, Inc.	Delaware
Capistrano Wind II, LLC	Delaware
Capistrano Wind Partners, LLC	Delaware
Capistrano Wind, LLC	Delaware
Carbon Management Solutions LLC	Delaware
Caresale Services Limited	United Kingdom
Carlsbad Energy Center LLC	Delaware
Carlsbad Energy Holdings LLC	Delaware
Cedro Hill Wind LLC	Delaware
Center St Solar 1, LLC	Delaware
Cheng Power Systems, Inc.	Delaware

Chester Energy, LLC	California
Chickahominy River Energy Corp.	Virginia
Chisago Holdco LLC	Delaware
Cirro Energy Services, Inc.	Texas
Cirro Group, Inc.	Texas
Citizens Power Holdings One, LLC	Delaware
CJ Solar 2, LLC	Delaware
Clear View Acres Wind Farm, LLC	Iowa
Colorado Shared Solar I LLC	Colorado
Colorado Springs Solar Garden LLC	Colorado
Commonwealth Atlantic Power LLC	Delaware
Conemaugh Fuels, LLC	Delaware
Conemaugh Power LLC	Delaware
Connecticut Jet Power LLC	Delaware
Continental Energy, LLC	Arizona
Cottonwood Development LLC	Delaware
Cottonwood Energy Company LP	Delaware
Cottonwood Generating Partners I LLC	Delaware
Cottonwood Generating Partners II LLC	Delaware
Cottonwood Generating Partners III LLC	Delaware
Cottonwood Technology Partners LP	Delaware
Crofton Bluffs Wind, LLC	Delaware
Crosswind Transmission, LLC	Iowa
CVSR Holdco LLC	Delaware
Cy-Hawk Wind Energy, LLC	Iowa
Daggett Solar Power 1 LLC	Delaware
Daggett Solar Power 2 LLC	Delaware
Daggett Solar Power 3 LLC	Delaware
Delaware Power Development LLC	Delaware
Denver Community Solar Garden I LLC	Colorado
Denver Community Solar Garden II LLC	Colorado
Desert Sunlight 250, LLC	Delaware
Desert Sunlight 300, LLC	Delaware
Desert Sunlight Holdings LLC	Delaware
Desert Sunlight Investment Holdings, LLC	Delaware
Devon Power LLC	Delaware
Dodge Holdco LLC	Delaware
Doga Enerji Uretim Sanayi ve Ticaret Limited Sirketi	Turkey
Doga Isi Satis Hizmetleri Ticaret Limited Sirketi	Turkey
Doga Isletme ve Bakim Ticaret Limited Sirketi	Turkey
Dunkirk Gas Corporation	New York
Dunkirk Power LLC	Delaware
Eagle View Acres Wind Farm, LLC	Iowa
Eastern Sierra Energy Company LLC	California
Ecokap Power LLC	Delaware
EHI Development Fund, LLC	California
El Mirage Energy, LLC	Arizona
El Segundo Energy Center II LLC	Delaware
El Segundo Energy Center LLC	Delaware
El Segundo Power II LLC	Delaware

El Segundo Power, LLC	Delaware
Elbow Creek Wind Project LLC	Texas
Elk Lake Wind Farm, LLC	Iowa
Elkhorn Ridge Wind II, LLC	Delaware
Elkhorn Ridge Wind, LLC	Delaware
EME Eastern Holdings, LLC	Delaware
EME Investments II, LLC	Delaware
EME Investments, LLC	Delaware
EME Southwest Power, LLC	Delaware
EME UK International, LLC	Delaware
Energy Alternatives Wholesale, LLC	Delaware
Energy Choice Solutions LLC	Texas
Energy Plus Holdings LLC	Delaware
Energy Plus Natural Gas LLC	Delaware
Energy Protection Insurance Company	Vermont
Enterprise Solar, LLC	Delaware
ENVIA Energy Oklahoma City, LLC	Delaware
Escalante Solar I, LLC	Delaware
Escalante Solar II, LLC	Delaware
Escalante Solar III, LLC	Delaware
ETCAP NES CS MN 02 LLC	Delaware
eV2g LLC	Delaware
Everything Energy LLC	Delaware
EVgo Services LLC	Delaware
Farmington Holdco LLC	Delaware
Federal Road Solar 1, LLC	Delaware
Fogarty Solar, LLC	Delaware
Forest Lake Holdco LLC	Delaware
Forward Home Security, LLC	Texas
Forward WindPower LLC	Delaware
Four Brothers Capital, LLC	Delaware
Four Brothers Holdings, LLC	Delaware
Four Brothers Portfolio, LLC	Delaware
Four Brothers Solar, LLC	Delaware
Frontenac Holdco LLC	Delaware
FUSD Energy, LLC	Arizona
GCE Holding LLC	Connecticut
GCP Funding Company, LLC	Delaware
GenConn Devon LLC	Connecticut
GenConn Energy LLC	Connecticut
GenConn Middletown LLC	Connecticut
GenOn Americas Generation, LLC	Delaware
GenOn Americas Procurement, Inc.	Delaware
GenOn Asset Management, LLC	Delaware
GenOn Capital Inc.	Delaware
GenOn Energy Holdings, Inc.	Delaware
GenOn Energy Management, LLC	Delaware
GenOn Energy Services, LLC	Delaware
GenOn Energy, Inc.	Delaware
GenOn Fund 2001 LLC	Delaware

GenOn Holdco 1, LLC	Delaware
GenOn Holdco 2, LLC	Delaware
GenOn Holdco 3, LLC	Delaware
GenOn Holdco 4, LLC	Delaware
GenOn Holdco 5, LLC	Delaware
GenOn Holdco 6, LLC	Delaware
GenOn Holdco 7, LLC	Delaware
GenOn Holdco 8, LLC	Delaware
GenOn Holdco 9, LLC	Delaware
GenOn Holdco 10, LLC	Delaware
GenOn Key/Con Fuels, LLC	Delaware
GenOn Mid-Atlantic Development, LLC	Delaware
GenOn Mid-Atlantic, LLC	Delaware
GenOn Northeast Management Company	Pennsylvania
GenOn Power Operating Services Midwest, Inc.	Delaware
GenOn REMA Services, Inc.	Delaware
GenOn Special Procurement, Inc.	Delaware
Geostellar, Inc.	Delaware
Gladstone Power Station Joint Venture	Australia
Goal Zero Europe GmbH	Germany
Goal Zero LLC	Delaware
Goat Wind, LLC	Texas
Granite II Holding, LLC	Delaware
Granite Mountain Capital, LLC	Delaware
Granite Mountain Holdings, LLC	Delaware
Granite Mountain Renewables, LLC	Delaware
Granite Mountain Solar East, LLC	Delaware
Granite Mountain Solar West, LLC	Delaware
Granite Power Partners II, L.P.	Delaware
Green Mountain Energy Company	Delaware
Green Mountain Energy Sun Club	Delaware
Green Prairie Energy, LLC	Iowa
Greenmountain Wind, LLC	Delaware
Gregory Partners, LLC	Delaware
Gregory Power Partners LLC	Delaware
Groen Wind, LLC	Minnesota
Hanover Energy Company	California
Hardin Hilltop Wind, LLC	Iowa
Hardin Wind Energy, LLC	Iowa
High Plains Ranch II, LLC	Delaware
Highland Township Wind Farm, LLC	Iowa
HLE Solar Holdings, LLC	Delaware
HSD Solar Holdings, LLC	California
Hudson Valley Gas Corporation	New York
Huntley IGCC LLC	Delaware
Huntley Power LLC	Delaware
Hwy 14 Holdco LLC	Delaware
Independence Energy Alliance LLC	Delaware
Independence Energy Group LLC	Delaware
Independence Energy Natural Gas LLC	Delaware

Indian River Operations Inc.	Delaware
Indian River Power LLC	Delaware
Intellastar LLC	Delaware
Iron Springs Capital, LLC	Delaware
Iron Springs Holdings, LLC	Delaware
Iron Springs Renewables, LLC	Delaware
Iron Springs Solar, LLC	Delaware
Ivanpah Master Holdings, LLC	Delaware
Ivanpah Project I Holdings, LLC	Delaware
Ivanpah Project II Holdings, LLC	Delaware
Ivanpah Project III Holdings, LLC	Delaware
James River Power LLC	Delaware
Kaufman Cogen LP	Delaware
Kawaihoa Renewables, LLC	Delaware
Kawaihoa Solar Holdings, LLC	Delaware
Kawaihoa Solar, LLC	Delaware
Kawaihoa Solar Portfolio, LLC	Delaware
Keystone Fuels, LLC	Delaware
Keystone Power LLC	Delaware
Langford Wind Power, LLC	Texas
Lanikuhana Solar, LLC	Hawaii
Laredo Ridge Wind, LLC	Delaware
Lenape II Solar LLC	Nevada
Lindberg Field Solar 1, LLC	Delaware
Lindberg Field Solar 2, LLC	Delaware
Long Beach Generation LLC	Delaware
Long Beach Peakers LLC	Delaware
Long Beach Power LLC	Delaware
Longhorn Energy, LLC	Arizona
Lookout WindPower LLC	Delaware
Louisiana Generating LLC	Delaware
LSP-Nelson Energy, LLC	Delaware
Maplekey UK Finance Limited	United Kingdom
Maplekey UK Limited	United Kingdom
Mapleton Solar LLC	Delaware
MC Asset Recovery, LLC	Delaware
MC1 Solar Farm, LLC	North Carolina
MCM Energy Ventures, Inc.	Georgia
MEC Esenyurt B.V.	Netherlands
MEC San Pascual B.V.	Netherlands
Meriden Gas Turbines LLC	Delaware
Middletown Power LLC	Delaware
Midway-Sunset Cogeneration Company	California
Midwest Finance Company, LLC	Delaware
Midwest Generation EME, LLC	Delaware
Midwest Generation Holdings I, LLC	Delaware
Midwest Generation Holdings II, LLC	Delaware
Midwest Generation Holdings Limited	Cayman Islands
Midwest Generation Procurement Services, LLC	Delaware
Midwest Generation, LLC	Delaware

Midwest Peaker Holdings, LLC	Delaware
Mililani Land Holdings, LLC	Delaware
Minisink Solar 1, LLC	Delaware
Minisink Solar 2, LLC	Delaware
Mirant (Navotas II) Corporation	Philippines
Mirant AP Investments Limited	British Virgin Islands
Mirant Asia-Pacific Construction Limited	Hong Kong
Mirant Asia-Pacific Ventures, LLC	Delaware
Mirant Intellectual Asset Management and Marketing, LLC	Delaware
Mirant International Investments, Inc.	Delaware
Mirant Navotas Corporation	Philippines
Mirant New York Services, LLC	Delaware
Mirant Power Purchase, LLC	Delaware
Mirant Trust I	Delaware
Mirant Wrightsville Investments, Inc.	Delaware
Mirant Wrightsville Management, Inc.	Delaware
Mission Bingham Lake Wind, LLC	Delaware
Mission Del Cielo, LLC	Delaware
Mission del Sol, LLC	Delaware
Mission Energy Construction Services, LLC	California
Mission Energy Holdings International, LLC	Delaware
Mission Energy Wales, LLC	California
Mission Funding Zeta, LLC	California
Mission Iowa Wind, LLC	California
Mission Midway-Sunset Holdings, LLC	Delaware
Mission Midwest Coal, LLC	Delaware
Mission Minnesota Wind II, LLC	Delaware
Mission Minnesota Wind, LLC	Delaware
Mission Watson Holdings, LLC	Delaware
Mission Wind Boquillas, LLC	Delaware
Mission Wind Broken Bow, LLC	Delaware
Mission Wind Cedro, LLC	Delaware
Mission Wind Crofton Bluffs, LLC	Delaware
Mission Wind Laredo, LLC	Delaware
Mission Wind New Mexico II, LLC	Delaware
Mission Wind New Mexico, LLC	Delaware
Mission Wind Oklahoma, LLC	Delaware
Mission Wind Owaissa, LLC	Delaware
Mission Wind PA One, LLC	Delaware
Mission Wind PA Three, LLC	Delaware
Mission Wind PA Two, LLC	Delaware
Mission Wind Pennsylvania, LLC	Delaware
Mission Wind Pinnacle, LLC	Delaware
Mission Wind Utah, LLC	Delaware
Mission Wind Wyoming, LLC	Delaware
MNA Finance Corp.	Delaware
Monster Energy, LLC	Arizona
Montevideo Solar LLC	Delaware
Montville IGCC LLC	Delaware
Montville Power LLC	Delaware

Mount Hope Solar 1, LLC	Delaware
Mount Hope Solar 2, LLC	Delaware
Mountain Wind Power II LLC	Delaware
Mountain Wind Power, LLC	Delaware
Natural Gas Repowering LLC	Delaware
NEO Chester-Gen LLC	Delaware
NEO Corporation	Minnesota
New Genco GP, LLC	Delaware
New Jersey Power Development LLC	Delaware
NGRID Solar 1, LLC	Delaware
NINA Construction LLC	Delaware
NINA Investments Holdings LLC	Delaware
NINA Modularization LLC	Delaware
NINA Nuclear Training LLC	Delaware
NINA Steel Investments LLC	Delaware
NINA Texas 3 LLC	Delaware
NINA Texas 4 LLC	Delaware
Northfield Holdco LLC	Delaware
Norwalk Power LLC	Delaware
NRG & EFS Distributed Solar 2 LLC	Delaware
NRG & EFS Distributed Solar LLC	Delaware
NRG 2011 Finance Holdco LLC	Delaware
NRG Acquisition Holdings Inc.	Delaware
NRG Advisory Services LLC	Delaware
NRG Affiliate Services Inc.	Delaware
NRG Alexandria LLC	Delaware
NRG Alta Vista LLC	Delaware
NRG Americas, Inc.	Delaware
NRG Apple I LLC	Delaware
NRG Arroyo Nogales LLC	Delaware
NRG Arthur Kill Operations Inc.	Delaware
NRG Asia-Pacific, Ltd.	Delaware
NRG Asset Services LLC	Delaware
NRG Astoria Gas Turbine Operations Inc.	Delaware
NRG Astoria Power LLC	Delaware
NRG Audrain Generating LLC	Delaware
NRG Audrain Holding LLC	Delaware
NRG Bayou Cove LLC	Delaware
NRG Berrians East Development LLC	Delaware
NRG Bluewater Holdings LLC	Delaware
NRG Bluewater Wind Massachusetts LLC	Delaware
NRG Bourbonnais Equipment LLC	Delaware
NRG Bourbonnais LLC	Illinois
NRG Bowline LLC	Delaware
NRG Brazoria Energy LLC	Delaware
NRG Brazos Valley GP LLC	Delaware
NRG Brazos Valley LP LLC	Delaware
NRG Business Services LLC	Delaware
NRG CA Fund LLC	Delaware
NRG Cabrillo Power Operations Inc.	Delaware

NRG Cadillac Inc.	Delaware
NRG Cadillac Operations Inc.	Delaware
NRG California North LLC	Delaware
NRG California Peaker Operations LLC	Delaware
NRG California South GP LLC	Delaware
NRG California South LP	Delaware
NRG Canal 3 Development LLC	Delaware
NRG Canal LLC	Delaware
NRG Capital II LLC	Delaware
NRG Carbon 360 LLC	Delaware
NRG Cedar Bayou Development Company, LLC	Delaware
NRG Chalk Point CT LLC	Delaware
NRG Chalk Point LLC	Delaware
NRG Chestnut Borrower LLC	Delaware
NRG Chestnut Class B LLC	D Delaware
NRG Chestnut Fund LLC	Delaware
NRG Chestnut Fund Sub LLC	Delaware
NRG Chestnut NYGB LLC	Delaware
NRG Chino MCK LLC	Delaware
NRG CleanTech Investments LLC	Delaware
NRG Clearfield Pipeline Company LLC	Delaware
NRG Coal Development Company LLC	Delaware
NRG ComLease LLC	Delaware
NRG Common Stock Finance I LLC	Delaware
NRG Common Stock Finance II LLC	Delaware
NRG Community Host LLC	Delaware
NRG Community Solar LLC	Delaware
NRG Connected Home LLC	Delaware
NRG Connecticut Affiliate Services Inc.	Delaware
NRG Connecticut Peaking Development LLC	Delaware
NRG Construction LLC	Delaware
NRG Curtailment Solutions, Inc.	New York
NRG Curtailment Solutions Canada, Inc.	British Columbia
NRG Delta LLC	Delaware
NRG Development Company Inc.	Delaware
NRG Devon Operations Inc.	Delaware
NRG DG Berkeley Rec LLC	Delaware
NRG DG Berkeley Village LLC	Delaware
NRG DG Central East LLC	Delaware
NRG DG Central West LLC	Delaware
NRG DG Contra Costa Operations LLC	Delaware
NRG DG Contra Costa Waste LLC	Delaware
NRG DG Crystal Spring LLC	Delaware
NRG DG Development LLC	Delaware
NRG DG Dighton LLC	Delaware
NRG DG Foxborough Elm LLC	Delaware
NRG DG Foxborough Landfill LLC	Delaware
NRG DG Grantland LLC	Delaware
NRG DG Haverhill LLC	Delaware
NRG DG Imperial Admin LLC	Delaware

NRG DG Imperial Building LLC	Delaware
NRG DG Lakeland LLC	Delaware
NRG DG Lathrop Louise LLC	Delaware
NRG DG Lincoln Middle LLC	Delaware
NRG DG Marathon LLC	Delaware
NRG DG Rosedale Elementary LLC	Delaware
NRG DG Rosedale Middle LLC	Delaware
NRG DG San Joaquin LLC	Delaware
NRG DG Solar Louisiana LLC	Delaware
NRG DG Tufts Knoll LLC	Delaware
NRG DG Tufts Science LLC	Delaware
NRG DG Washington Middle LLC	Delaware
NRG DG Webster LLC	Delaware
NRG dGen Advisory Services LLC	Delaware
NRG DGPV 1 LLC	Delaware
NRG DGPV 2 LLC	Delaware
NRG DGPV 3 LLC	Delaware
NRG DGPV 4 Borrower LLC	Delaware
NRG DGPV 4 LLC	Delaware
NRG DGPV Fund 1 LLC	Delaware
NRG DGPV Fund 2 HoldCo A LLC	Delaware
NRG DGPV Fund 2 HoldCo B LLC	Delaware
NRG DGPV Fund 2 LLC	Delaware
NRG DGPV Fund 4 LLC	Delaware
NRG DGPV Fund 4 Sub LLC	Delaware
NRG DGPV Holdco 1 LLC	Delaware
NRG DGPV HoldCo 2 LLC	Delaware
NRG DGPV HoldCo 3 LLC	Delaware
NRG DG Solar Louisiana LLC	Delaware
NRG Dispatch Services LLC	Delaware
NRG Distributed Energy Resources Holdings LLC	Delaware
NRG Distributed Generation PR LLC	Delaware
NRG Dunkirk Operations Inc.	Delaware
NRG ECA Pipeline LLC	Delaware
NRG ECOKAP Holdings LLC	Delaware
NRG El Segundo Operations Inc.	Delaware
NRG Electricity Sales Princeton LLC	Delaware
NRG Elkhorn Holdings LLC	Delaware
NRG Energy Center Dover LLC	Delaware
NRG Energy Center Eagles LLC	Delaware
NRG Energy Center Harrisburg LLC	Delaware
NRG Energy Center HCEC LLC	Delaware
NRG Energy Center Minneapolis LLC	Delaware
NRG Energy Center Omaha Holdings LLC	Delaware
NRG Energy Center Omaha LLC	Delaware
NRG Energy Center Oxnard LLC	Delaware
NRG Energy Center Paxton LLC	Delaware
NRG Energy Center Phoenix LLC	Delaware
NRG Energy Center Pittsburgh LLC	Delaware
NRG Energy Center Princeton LLC	Delaware

NRG Energy Center San Diego LLC	Delaware
NRG Energy Center San Francisco LLC	Delaware
NRG Energy Center Smyrna LLC	Delaware
NRG Energy Center Tucson LLC	Arizona
NRG Energy Efficiency-L LLC	Delaware
NRG Energy Fuel LLC	California
NRG Energy Fuel Services LLC	Delaware
NRG Energy Gas & Wind Holdings, Inc.	Delaware
NRG Energy Holdings II, Inc.	Delaware
NRG Energy Holdings Inc.	Delaware
NRG Energy Labor Services LLC	Delaware
NRG Energy Petroleum LLC	California
NRG Energy Services Group LLC	Delaware
NRG Energy Services International Inc.	Delaware
NRG Energy Services LLC	Delaware
NRG Equipment Company LLC	Nevada
NRG ESA Joint Development LLC	Delaware
NRG First Power Holdings I	United Kingdom
NRG First Power Holdings II	United Kingdom
NRG Florida GP, LLC	Delaware
NRG Florida LP	Delaware
NRG Fuel Cell CA1 LLC	Delaware
NRG Fuel Resources LLC	Delaware
NRG Fuel Transportation LLC	Delaware
NRG Gas Development Company, LLC	Delaware
NRG Generation Holdings, Inc.	Delaware
NRG Gibbons Road LLC	Delaware
NRG Gladstone Operating Services Pty Ltd	Australia
NRG Golden Puma Fund LLC	Delaware
NRG Golden Puma Revolve LLC	Delaware
NRG Granite Acquisition LLC	Delaware
NRG Greenco Holdings LLC	Delaware
NRG Greenco LLC	Delaware
NRG GTL Holdings LLC	Delaware
NRG Harrisburg Cooling LLC	Delaware
NRG Holding Leasing Vehicle 7 LLC	Delaware
NRG Home & Business Solutions LLC	Delaware
NRG Home Services LLC	Texas
NRG Home Solutions LLC	Delaware
NRG Home Solutions Product LLC	Delaware
NRG Homer City Services LLC	Delaware
NRG HQ DG LLC	Delaware
NRG Huntington Beach LLC	Delaware
NRG Huntley Operations Inc.	Delaware
NRG Identity Protect LLC	Delaware
NRG Iliion Limited Partnership	Delaware
NRG Iliion LP LLC	Delaware
NRG Independence Solar LLC	Delaware
NRG International II Inc.	Delaware
NRG International III Inc.	Delaware

NRG International LLC	Delaware
NRG Kaufman LLC	Delaware
NRG Latin America Inc.	Delaware
NRG Lease Co, LLC	Delaware
NRG Lease Development LLC	Delaware
NRG Limestone 3, LLC	Delaware
NRG Lovett Development I LLC	Delaware
NRG Lovett LLC	Delaware
NRG MA Community LLC	Delaware
NRG Maintenance Services LLC	Delaware
NRG Marsh Landing Holdings LLC	Delaware
NRG Marsh Landing LLC	Delaware
NRG MD Ash Management LLC	Delaware
NRG Mesquite LLC	Delaware
NRG Mextrans Inc.	Delaware
NRG MidAtlantic Affiliate Services Inc.	Delaware
NRG MidCon Development LLC	D Delaware
NRG Middletown Operations Inc.	Delaware
NRG Midwest Holdings LLC	Delaware
NRG Midwest II LLC	Delaware
NRG MN Community LLC	Delaware
NRG Montville Operations Inc.	Delaware
NRG NE Development LLC	Delaware
NRG Nelson Turbines LLC	Delaware
NRG NewGen LLC	Delaware
NRG New Roads Holdings LLC	Delaware
NRG New York LLC	Delaware
NRG North America LLC	Delaware
NRG North Central Operations Inc.	Delaware
NRG Northeast Affiliate Services Inc.	Delaware
NRG Northeast Generation, Inc.	Delaware
NRG Northeast Holdings, Inc.	Delaware
NRG Norwalk Harbor Operations Inc.	Delaware
NRG NY Community LLC	Delaware
NRG Oahu Solar Holdings, LLC	Delaware
NRG Oahu Solar, LLC	Delaware
NRG Ohio Pipeline Company LLC	Delaware
NRG Operating Services, Inc.	Delaware
NRG Oswego Harbor Power Operations Inc.	Delaware
NRG PacGen Inc.	Delaware
NRG PC Dinuba LLC	Delaware
NRG Peaker Finance Company LLC	Delaware
NRG Pennsylvania Pipeline Company LLC	Delaware
NRG Piney Point LLC	Delaware
NRG Portable Power LLC	Delaware
NRG Potomac River LLC	Delaware
NRG Potrero Development LLC	Delaware
NRG Potrero LLC	Delaware
NRG Power Generation Assets LLC	Delaware
NRG Power Generation LLC	Delaware

NRG Power Marketing LLC	Delaware
NRG Power Midwest GP LLC	Delaware
NRG Power Midwest LP	Delaware
NRG Procurement Company LLC	Nevada
NRG Project Company LLC	Delaware
NRG Puma Class B LLC	Delaware
NRG Reliability Solutions LLC	Delaware
NRG REMA LLC	Delaware
NRG Renew 365 LLC	Delaware
NRG Renew 366 LLC	Delaware
NRG Renew Africa Proprietary Limited	Republic of South Africa
NRG Renew Canal 1 LLC	Delaware
NRG Renew DG Holdings LLC	Delaware
NRG Renew GB LLC	Delaware
NRG Renew Investments (PTY) Ltd.	Republic of South Africa
NRG Renew KP 2 LLC	Delaware
NRG Renew KP LLC	Delaware
NRG Renew LLC	Delaware
NRG Renew Operation & Maintenance LLC	California
NRG Renew Spark 2 LLC	Delaware
NRG Renewables LLC	Delaware
NRG Renter's Protection LLC	Delaware
NRG Repowering Holdings LLC	Delaware
NRG Residential Solar Solutions Leasing II LLC	Delaware
NRG Residential Solar Solutions LLC	Delaware
NRG Retail Charitable Foundation	Delaware
NRG Retail LLC	Delaware
NRG Retail Northeast LLC	Delaware
NRG Revolve LLC	Delaware
NRG Robin MCK LLC	Delaware
NRG Rockford Acquisition LLC	Delaware
NRG Rockford Equipment II LLC	Illinois
NRG Rockford Equipment LLC	Illinois
NRG RPV 1 LLC	Delaware
NRG RPV 2 LLC	Delaware
NRG RPV Fund 11 LLC	Delaware
NRG RPV Fund 12 LLC	Delaware
NRG RPV Fund 13 LLC	Delaware
NRG RPV HoldCo 1 LLC	Delaware
NRG Runway Holdings LLC	Delaware
NRG Sabine (Delaware), Inc.	Delaware
NRG Sabine (Texas), Inc.	Delaware
NRG Saguaro Operations Inc.	Delaware
NRG San Gabriel Power Generation LLC	Delaware
NRG Security LLC	Delaware
NRG Services Corporation	Delaware
NRG Sherbino LLC	Delaware
NRG SimplySmart Solutions LLC	Delaware
NRG Solar Alpine LLC	Delaware
NRG Solar Apple LLC	Delaware

NRG Solar Arrowhead LLC	Delaware
NRG Solar Asset Management LLC	Delaware
NRG Solar AV Holdco LLC	Delaware
NRG Solar Avra Valley LLC	Delaware
NRG Solar Big Break LLC	Delaware
NRG Solar Blythe II LLC	Delaware
NRG Solar Blythe LLC	Delaware
NRG Solar Borrego Holdco LLC	Delaware
NRG Solar Borrego I LLC	Delaware
NRG Solar Community 1 LLC	Delaware
NRG Solar Community Holdco LLC	Delaware
NRG Solar CSD LLC	Delaware
NRG Solar CVSR Holdings 2 LLC	Delaware
NRG Solar CVSR Holdings LLC	Delaware
NRG Solar Dandan LLC	Guam
NRG Solar Desert Center II LLC	Delaware
NRG Solar Desert Center LLC	Delaware
NRG Solar DG LLC	Delaware
NRG Solar GC LLC	Delaware
NRG Solar Guam LLC	Delaware
NRG Solar Hagerstown LLC	Delaware
NRG Solar Iguana LLC	Delaware
NRG Solar Ivanpah LLC	Delaware
NRG Solar Kansas South Holdings LLC	Delaware
NRG Solar Kansas South LLC	Delaware
NRG Solar Las Vegas MB 1 LLC	Delaware
NRG Solar Las Vegas MB 2 LLC	Delaware
NRG Solar Mayfair LLC	Delaware
NRG Solar Mule LLC	Delaware
NRG Solar Oasis LLC	Delaware
NRG Solar Pittsburg LLC	Delaware
NRG Solar PV LLC	Delaware
NRG Solar Ring LLC	Delaware
NRG Solar Roadrunner Holdings LLC	Delaware
NRG Solar Roadrunner LLC	Delaware
NRG Solar SC Stadium LLC	Delaware
NRG Solar Star LLC	Delaware
NRG Solar Sunora LLC	Delaware
NRG Solar Sunrise LLC	Delaware
NRG Solar Tabernacle LLC	Delaware
NRG Solar Ventures LLC	Delaware
NRG Solar Vienna LLC	Delaware
NRG Solar Warren LLC	Delaware
NRG Solar Wauwinet LLC	Delaware
NRG Solar West Shaft LLC	Delaware
NRG South Central Affiliate Services Inc.	Delaware
NRG South Central Generating LLC	Delaware
NRG South Central Operations Inc.	Delaware
NRG South Texas LP	Texas
NRG South Trent Holdings LLC	Delaware

NRG Sterlington Power LLC	Delaware
NRG Storage on Demand NY LLC	Delaware
NRG SunCap Leasing I LLC	Delaware
NRG Tank Farm LLC	Delaware
NRG Telogia Power LLC	Delaware
NRG Texas C&I Supply LLC	Delaware
NRG Texas Gregory LLC	Delaware
NRG Texas Holding Inc.	Delaware
NRG Texas LLC	Delaware
NRG Texas Power LLC	Delaware
NRG Texas Retail LLC	Delaware
NRG Thermal LLC	Delaware
NRG Thermal Solar LLC	Delaware
NRG Trading Advisors LLC	Delaware
NRG Transmission Holdings LLC	Delaware
NRG ULC Parent, Inc.	Delaware
NRG Victoria I Pty Ltd	Australia
NRG Waiawa Solar, LLC	Delaware
NRG Walnut Creek II, LLC	Delaware
NRG Walnut Creek, LLC	Delaware
NRG Warranty Services LLC	Delaware
NRG West Coast LLC	Delaware
NRG West Holdings LLC	Delaware
NRG Western Affiliate Services Inc.	Delaware
NRG Wholesale Generation GP LLC	Delaware
NRG Wholesale Generation LP	Delaware
NRG Willow Pass LLC	Delaware
NRG Wind Development Company, LLC	Delaware
NRG Wind Force LLC	Delaware
NRG Wind LLC	Delaware
NRG Wind TE Holdeo LLC	Delaware
NRG Yield DGPV Holding LLC	Delaware
NRG Yield LLC	Delaware
NRG Yield AC Solar Holdings LLC	Delaware
NRG Yield CVSR Holdings LLC	Delaware
NRG Yield Operating LLC	Delaware
NRG Yield RPV Holding LLC	Delaware
NRG Yield, Inc.	Delaware
NRG Yield Utah Solar Holdings LLC	Delaware
NRGenerating German Holdings GmbH	Switzerland
NRGenerating International B.V.	Netherlands
NRGenerating Luxembourg (No. 1) S.a.r.l.	Luxembourg
NRGenerating Luxembourg (No. 2) S.a.r.l.	Luxembourg
NS Smith, LLC	Delaware
Nuclear Innovation North America Investments LLC	Delaware
Nuclear Innovation North America LLC	Delaware
NYLD Fuel Cell Holdings LLC	Delaware
Oahu Renewables, LLC	Delaware
O'Brien Cogeneration, Inc. II	Delaware
OC Solar 2010, LLC	California

Odin Wind Farm LLC	Minnesota
Old Westminster Solar 1, LLC	Delaware
Old Westminster Solar 2, LLC	Delaware
One Block Off The Grid, Inc.	Delaware
ONSITE Energy, Inc.	Oregon
Orion Power New York GP, Inc.	Delaware
Orion Power New York LP, LLC	Delaware
Orion Power New York, LP	Delaware
Osakis Solar LLC	Delaware
Oswego Harbor Power LLC	Delaware
OWF Eight, LLC	Minnesota
OWF Five, LLC	Minnesota
OWF Four, LLC	Minnesota
OWF One, LLC	Minnesota
OWF Seven, LLC	Minnesota
OWF Six, LLC	Minnesota
OWF Three, LLC	Minnesota
OWF Two, LLC	Minnesota
Pacific Generation Company	Oregon
Palo Alto County Wind Farm, LLC	Iowa
Patriot Wind Class B LLC	Delaware
Patriot Wind Farm, LLC	Delaware
Patriot Wind Holdings LLC	Delaware
Patriot Wind Seller LLC	Delaware
Patriot Wind TE Holdco LLC	Delaware
PESD Energy, LLC	Arizona
Petra Nova CCS I LLC	Delaware
Petra Nova Holdings LLC	Delaware
Petra Nova LLC	Delaware
Petra Nova Parish Holdings LLC	Delaware
Petra Nova Power I LLC	Delaware
Pikes Peak Solar Garden I LLC	Colorado
Pine Island Holdco LLC	Delaware
Pinnacle Wind, LLC	Delaware
PM Solar Holdings, LLC	California
Pond Road Solar, LLC	Delaware
Portfolio Solar I, LLC	Delaware
Poverty Ridge Wind, LLC	Iowa
Pure Energies Group ULC	Nova Scotia
Pure Energies Installation Inc.	Delaware
Pure Energies Solar Services Inc.	Ontario
Pure Group, Inc.	California
Rattlesnake Flat, LLC	Delaware
RDI Consulting, LLC	Delaware
Redbrook Solar 1, LLC	Delaware
Reliant Energy Northeast LLC	Delaware
Reliant Energy Power Supply, LLC	Delaware
Reliant Energy Retail Holdings, LLC	Delaware
Reliant Energy Retail Services, LLC	Delaware
Renew IL Community LLC	Delaware

Renew Solar ABC Sacramento LLC	Delaware
Renew Solar VMC LLC	Delaware
Renewables Construction LLC	Delaware
RERH Holdings, LLC	Delaware
Restoration Design LLC	New Jersey
Roof Diagnostics Solar and Electric LLC	New Jersey
Roof Diagnostics Solar and Electric of Connecticut, LLC	Connecticut
Roof Diagnostics Solar and Electric of NY, LLC	New York
Roof Diagnostics Solar Holdings LLC	Delaware
Roof Diagnostics Solar of Mass., LLC	Massachusetts
Rosamond Renewables, LLC	Delaware
Rosamond Solar Holdings, LLC	Delaware
Rosamond Solar Portfolio, LLC	Delaware
RRI Energy Broadband, Inc.	Delaware
RRI Energy Channelview (Delaware) LLC	Delaware
RRI Energy Channelview (Texas) LLC	Delaware
RRI Energy Channelview LP	Delaware
RRI Energy Channelview, LLC	Delaware
RRI Energy Communications, Inc.	Delaware
RRI Energy Services Channelview, LLC	Delaware
RRI Energy Services Desert Basin, LLC	Delaware
RRI Energy Services, LLC	Delaware
RRI Energy Solutions East, LLC	Delaware
RRI Energy Trading Exchange, Inc.	Delaware
RRI Energy Ventures, Inc.	Delaware
Saguaro Power Company, a Limited Partnership	California
Saguaro Power LLC	Delaware
San Gabriel Energy, LLC	California
San Joaquin Energy, LLC	California
San Juan Energy, LLC	California
San Juan Mesa Investments, LLC	Delaware
San Juan Mesa Wind Project, LLC	Delaware
San Pascual Cogeneration Company International B.V.	Netherlands
Sand Drag LLC	Delaware
Sand Solar, LLC	Delaware
SCDA Solar 1, LLC	Delaware
SCWFD Energy, LLC	Arizona
Sherbino I Wind Farm LLC	Delaware
Silver Lake Acres Wind Farm, LLC	Iowa
SJA Solar LLC	Delaware
Sleeping Bear, LLC	Delaware
Solar Flagstaff One LLC	Delaware
Solar Partners I, LLC	Delaware
Solar Partners II, LLC	Delaware
Solar Partners VIII, LLC	Delaware
Solar Power Partners, Inc.	Delaware
Solar Pure Energies ULC	Nova Scotia
Somerset Operations Inc.	Delaware
Somerset Power LLC	Delaware
Somerset Wind, LLC	Delaware

South Texas Wind, LLC	Delaware
South Trent Wind LLC	Delaware
Spanish Fork Wind Park 2, LLC	Utah
Spanish Town Estate Solar 1 LLC	Delaware
SPP AMCo, LLC	Delaware
SPP Asset Holdings, LLC	Delaware
SPP Fund II Holdings, LLC	Delaware
SPP Fund II, LLC	Delaware
SPP Fund II-B, LLC	Delaware
SPP Fund III, LLC	Delaware
SPP Galaxy, Inc.	Delaware
SPP Lease Holdings, LLC	Delaware
SPP P-IV Master Lessee, LLC	Delaware
Spring Canyon Energy II LLC	Delaware
Spring Canyon Energy III LLC	Delaware
Spring Canyon Expansion Class B Holdings LLC	Delaware
Spring Canyon Expansion Holdings LLC	Delaware
Spring Canyon Expansion LLC	Delaware
Spring Canyon Interconnection LLC	Delaware
Spring Street Solar 1, LLC	Delaware
Stafford St Solar 1, LLC	Delaware
Stafford St Solar 2, LLC	Delaware
Stafford St Solar 3, LLC	Delaware
Station A LLC	Delaware
Statoil Energy Power/Pennsylvania, Inc.	Pennsylvania
Steel Bridge Solar, LLC	Delaware
Sun City Project LLC	Delaware
Sunora Energy Construction Holdings LLC	Delaware
Sunora Energy PR LLC	Delaware
Sunora Energy Solutions Holdings LLC	Delaware
Sunora Energy Solutions I LLC	Delaware
Sunora PA Construction Services LLC	Delaware
Sunrise Power Company, LLC	Delaware
Sunrise View Wind Farm, LLC	Iowa
Sunset View Wind Farm, LLC	Iowa
Sunshine State Power (No. 2) B.V.	Netherlands
Sunshine State Power B.V.	Netherlands
Sutton Wind Energy, LLC	Iowa
TA- High Desert, LLC	California
Tacoma Energy Recovery Company	Delaware
Taloga Wind II, LLC	Oklahoma
Taloga Wind, L.L.C.	Oklahoma
Tapestry Wind, LLC	Delaware
TCV Pipeline, LLC	Delaware
Texas Coastal Ventures, LLC	Delaware
Texas Genco GP, LLC	Texas
Texas Genco Holdings, Inc.	Texas
Texas Genco LP, LLC	Delaware
Texas Genco Services, LP	Texas
Topeka Solar 1, LLC	Delaware

TOS Solar 1, LLC	Delaware
TOS Solar 2, LLC	Delaware
TOS Solar 4, LLC	Delaware
TOS Solar 5, LLC	Delaware
Tower of Power, LLC	Minnesota
Tully Farms Solar 1, LLC	Delaware
UB Fuel Cell, LLC	Connecticut
US Retailers LLC	Delaware
Vail Energy, LLC	Arizona
Valle Del Sol Energy, LLC	Delaware
Vienna Operations Inc.	Delaware
Vienna Power LLC	Delaware
Viento Funding II, LLC	Delaware
Viento Funding, LLC	Delaware
Virgin Lake Wind Farm, LLC	Iowa
Wabasha Holdco LLC	Delaware
Waipio Land Holdings, LLC	Delaware
Waipio PV, LLC	Delaware
Walnut Creek Energy, LLC	Delaware
Waterford Holdco LLC	Delaware
Watson Cogeneration Company	California
WCEP Holdings, LLC	Delaware
WCP (Generation) Holdings LLC	Delaware
Webster Holdco LLC	Delaware
Welawela Land Holdings, LLC	Delaware
Welawela Solar Holdings, LLC	Delaware
Welawela Solar, LLC	Delaware
West Coast Power LLC	Delaware
West Transmission One, LLC	Delaware
Wildcat Energy, LLC	Arizona
Wildorado Interconnect, LLC	Texas
Wildorado Wind, LLC	Texas
Wind Family Turbine, LLC	Iowa
WSD Solar Holdings, LLC	Delaware
Zontos Wind, LLC	Iowa

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NRG Energy, Inc.:

We consent to the incorporation by reference in the registration statements No. 333-197882 on Form S-8, No. 333-185501 on Form S-8, No. 333-182379 on Form S-8, No. 333-171318 on Form S-8, No. 333-151992 on Form S-8, No. 333-135973 on Form S-8, No. 333-114007 on Form S-8, and No. 333-217595 on Form S-8 of NRG Energy, Inc. of our reports dated March 1, 2018, with respect to the consolidated balance sheets of NRG Energy, Inc. and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive (loss)/income, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2017, and the related notes and financial statement schedule II, and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 10-K of NRG Energy, Inc.

(signed) KPMG LLP

Philadelphia, Pennsylvania
March 1, 2018

CERTIFICATION

I, Mauricio Gutierrez, certify that:

1. I have reviewed this annual report on Form 10-K of NRG Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MAURICIO GUTIERREZ

Mauricio Gutierrez
Chief Executive Officer
(Principal Executive Officer)

Date: March 1, 2018

CERTIFICATION

I, Kirkland B. Andrews, certify that:

1. I have reviewed this annual report on Form 10-K of NRG Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KIRKLAND B. ANDREWS

Kirkland B. Andrews
Chief Financial Officer
(Principal Financial Officer)

Date: March 1, 2018

CERTIFICATION

I, David Callen, certify that:

1. I have reviewed this annual report on Form 10-K of NRG Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID CALLEN

David Callen
Chief Accounting Officer
(Principal Accounting Officer)

Date: March 1, 2018

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of NRG Energy, Inc. on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-K.

Date: March 1, 2018

/s/ MAURICIO GUTIERREZ

Mauricio Gutierrez

Chief Executive Officer

(Principal Executive Officer)

/s/ KIRKLAND B. ANDREWS

Kirkland B. Andrews

Chief Financial Officer

(Principal Financial Officer)

/s/ DAVID CALLEN

David Callen

Chief Accounting Officer

(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NRG Energy, Inc. and will be retained by NRG Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

