

NRG ENERGY, INC.
Form 424B7
August 08, 2006

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**PROSPECTUS SUPPLEMENT
(To Prospectus dated December 21, 2005)**

**Filed Pursuant to Rule 424(b)(7)
Registration No. 333-130549
A filing fee of \$53,500, calculated in accordance
with Rule 457(r), has been transmitted to the
SEC in connection with the securities offered by
means of this prospectus supplement.**

\$500,000,000

NRG Energy, Inc.

Common Stock

Affiliates of Credit Suisse Securities (USA) LLC, the underwriter in this offering, to whom we refer as the CS transaction counterparties, are collectively selling shares of our common stock, par value \$0.01 per share, with an aggregate public offering price of up to \$500,000,000 under this prospectus supplement through Credit Suisse Securities (USA) LLC, or CSS, in connection with their hedging of certain option-based transactions, which we refer to as the CS transactions, between the CS transaction counterparties and our wholly-owned subsidiaries NRG Common Stock Finance I LLC, which we refer to as NRG CSF I, and NRG Common Stock Finance II LLC, which we refer to as NRG CSF II. We collectively refer to NRG CSF I and NRG CSF II as the CSF subsidiaries. The CS transaction counterparties are offering the shares through Credit Suisse Securities (USA) LLC from time to time for sale in transactions, including block sales, on the New York Stock Exchange, in the over-the-counter market, in negotiated transactions or otherwise. These shares will be sold at market prices prevailing at the time of sale on the New York Stock Exchange or at negotiated prices. The CS transaction counterparties will borrow the shares to be sold under this prospectus supplement from one or more third-party share lenders. We will not receive any proceeds from the sale of shares of our common stock by the CS transaction counterparties.

The CSF subsidiaries intend to use up to \$500,000,000 to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time during the offering of common stock under this prospectus supplement, including on and prior to the dates on which shares are sold in this offering. To fund such purchases, the CSF subsidiaries will receive proceeds from the transactions from the CS transaction counterparties, as well as an equity contribution from NRG. In addition, over the same period that the shares offered by this prospectus supplement are sold, CSS or its affiliates expect to purchase additional shares of our common stock in the open market in connection with the hedging activities of the CS transaction counterparties. These purchases by the CSF subsidiaries and by CSS and its affiliates could have the effect of materially increasing the market price of our common stock above the price that would otherwise prevail. For more information, see The CS Transactions.

Our common stock is listed on the New York Stock Exchange under the symbol NRG. The last reported closing price of shares of our common stock on the New York Stock Exchange on August 4, 2006 was \$47.00.

See Risk Factors beginning on page S-4 and in the documents incorporated by reference herein, including our Annual Report on Form 10-K, to read about risks that you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

August 8, 2006

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described below under the headings Where You Can Find More Information and Incorporation of Documents by Reference.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Incorporation of Documents By Reference.

WHERE YOU CAN FIND MORE INFORMATION

NRG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You can inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. NRG's SEC filings will also be available to you on the SEC's website at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, NY 10005, on which NRG's common stock is listed.

This prospectus supplement and the accompanying prospectus, which forms a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus supplement or the accompanying prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows the incorporation by reference of the information filed by NRG with the SEC into this prospectus supplement, which means that important information can be disclosed to you by referring you to those documents and those documents will be considered part of this prospectus supplement. Information that NRG files later with the SEC will automatically update and supersede the previously filed information. The documents listed below and any future filings NRG makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus supplement but before the end of the offerings that may be made under this prospectus supplement, are incorporated by reference herein:

NRG's annual report on Form 10-K for the year ended December 31, 2005 (filed on March 7, 2006) as amended by the Form 10-K/A filed on March 27, 2006.

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NRG's quarterly reports on Form 10-Q for the quarter ended March 31, 2006 (filed on May 9, 2006) and June 30, 2006 (filed on August 4, 2006).

NRG's Definitive Proxy Statement on Schedule 14A filed on March 24, 2006.

NRG's current reports on Form 8-K filed on January 4, 2006, Form 8-K filed on January 5, 2006, Form 8-K/A filed on January 5, 2006, Form 8-K filed on January 13, 2006, Form 8-K filed on

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January 23, 2006, Form 8-K/A filed on January 23, 2006, Form 8-K/A filed on January 26, 2006, Form 8-K filed on January 27, 2006, Form 8-K filed on February 6, 2006, Form 8-K filed on February 8, 2006, Form 8-K filed on March 10, 2006, Form 8-K filed on March 16, 2006, Form 8-K filed on April 6, 2006, Form 8-K filed on May 3, 2006, Form 8-K filed on May 4, 2006, Form 8-K filed on May 31, 2006 and Form 8-K filed on August 1, 2006 (only with respect to the information deemed filed under Item 8.01).

The description of NRG's common stock contained in the Registration Statement on Form 8-A dated December 10, 2003 and amended on March 22, 2004 filed with the SEC to register such securities under the Exchange Act, including any amendment or report filed for the purpose of updating such description.

If you make a request for such information in writing or by telephone, NRG will provide you, without charge, a copy of any or all of the information incorporated by reference in this prospectus supplement. Any such request should be directed to:

NRG Energy, Inc.
211 Carnegie Center
Princeton, New Jersey 08540
(609) 524-4500
Attention: General Counsel

You should rely only on the information contained in this prospectus supplement, the attached prospectus, the documents incorporated by reference and any written communication from us specifying the final terms of the offering. NRG has not, and the selling stockholders have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. NRG is not, and the CS transaction counterparties are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement is accurate as of the date on the front cover of this prospectus supplement only. NRG's business, financial condition, results of operations and prospects may have changed since that date.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement, and the documents incorporated herein by reference, may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words believes, projects, anticipates, plans, expects, intends, estimates and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement. These factors, risks and uncertainties include, but are not limited to, the factors described in the Risk Factors contained and incorporated by reference in this prospectus supplement or the accompanying prospectus, including:

General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel or other raw materials;

Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fossil fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that we

may not have adequate insurance to cover losses as a result of such hazards;

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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;

Our ability to operate our businesses efficiently, manage capital expenditures and costs tightly (including general and administrative expenses), and generate earnings and cash flow from our asset-based businesses in relation to our debt and other obligations;

Our potential inability to enter into contracts to sell power and procure fuel on terms and prices acceptable to us;

The liquidity and competitiveness of wholesale markets for energy commodities;

Changes in government regulation, including changes of market rules, market structures and design, rates, tariffs, environmental laws and regulations and regulatory compliance requirements;

Price mitigation strategies and other market structures employed by independent system operators, or ISOs, or regional transmission organizations, that result in a failure to adequately compensate our generation units for all of their costs;

Our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;

Operating and financial restrictions placed on us contained in the indentures governing our 7.25% and 7.375% unsecured senior notes due 2014 and 2016, respectively, which we refer to as our senior notes, in our senior secured credit facility, and in debt and other agreements of certain of our subsidiaries and project affiliates generally; and

Our ability to achieve our objectives regarding our redevelopment programs.

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PROSPECTUS SUMMARY

This summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the matters discussed under the captions Risk Factors and the detailed information and financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. When used in this prospectus supplement, the terms NRG, we, our and us, except as otherwise indicated or as the context otherwise indicates, refer to NRG Energy, Inc. and its consolidated subsidiaries.

Company Overview

NRG Energy is a wholesale power generation company, primarily engaged in the ownership and operation of power generation facilities, the transacting in and trading of fuel and transportation services and the marketing and trading of energy, capacity and related products in the United States and internationally. We have a diverse portfolio of electric generation facilities in terms of geography, fuel type and dispatch levels. Our principal domestic generation assets consist of a diversified mix of natural gas-, coal-, oil-fired and nuclear facilities, representing approximately 45%, 34%, 16% and 5% of our total domestic generation capacity, respectively. In addition, 10% of our domestic generating facilities have dual or multiple fuel capacity, which allows plants to dispatch with the lowest cost fuel option.

Our Strategy

Our strategy is to optimize the value of our generation assets while using that asset base as a platform for enhanced financial performance which can be sustained and expanded upon in years to come. We plan to maintain and enhance our position as a leading wholesale power generation company in the United States in a cost effective and risk-mitigating manner in order to serve the bulk power requirements of our customer base and other entities that offer load, or otherwise consume wholesale electricity products and services in bulk. Our strategy includes the following elements:

Increase value from our existing assets. We have a highly diversified portfolio of power generation assets in terms of region, fuel type and dispatch levels. We will continue to focus on extracting value from our portfolio by improving plant performance, reducing costs and harnessing our advantages of scale in the procurement of fuels, and in so doing to improve our return on invested capital, or ROIC: a strategy that we have branded FORNRG, or Focus on ROIC at NRG.

Pursue intrinsic growth opportunities at existing sites in our core regions. We are favorably positioned to pursue growth opportunities through expansion of our existing generating capacity. We intend to invest in our existing assets through plant improvements, repowering and brownfield development to meet anticipated regional requirements for new capacity. We expect that these efforts will provide more efficient energy, lower our delivered cost, expand our electricity production capability and improve our ability to dispatch economically across all sections of the merit order, including baseload, intermediate and peaking generation.

Maintain financial strength and flexibility. We remain focused on increasing cash flow and maintaining appropriate levels of liquidity, debt and equity in order to ensure continued access to capital for investment, enhancing risk-adjusted returns, and providing flexibility in executing our business strategy. We will continue our focus on maintaining operational and financial controls designed to ensure that our financial position remains strong.

Reduce the volatility of our cash flows through asset-based commodity hedging activities. We will continue to execute asset-based risk management, hedging, marketing and trading strategies within well-defined risk and liquidity guidelines in order to manage the value of our physical and contractual assets. Our marketing and hedging philosophy is centered on generating stable returns from our base load portfolio of power generation assets while preserving the ability to capitalize on strong spot market conditions and to capture the extrinsic value of our intermediate, peaking and portions of our base load

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fleet. We believe that we can successfully execute this strategy by taking advantage of our expertise in marketing power and ancillary services, our knowledge of markets, our balanced financial structure and our diverse portfolio of power generation assets.

Participate in continued industry consolidation. We will continue to pursue selective acquisitions, joint ventures and divestitures to enhance our asset mix and competitive position in our core regions in order to meet the fuel and dispatch requirements in these regions. We intend to concentrate on opportunities that we believe will present attractive risk-adjusted returns. We will also opportunistically pursue other strategic transactions, including mergers, acquisitions or divestitures during the consolidation of the power generation industry in the United States.

We were incorporated as a Delaware corporation on May 29, 1992. Our common stock is listed on the New York Stock Exchange under the symbol NRG. Our headquarters and principal executive offices are located at 211 Carnegie Center, Princeton, New Jersey 08540. Our telephone number is (609) 524-4500. Our website is located at www.nrgenergy.com. The information on, or linked to, our website is not a part of this prospectus supplement.

You can get more information regarding our business by reading our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, and the other reports we file with the SEC. See [Where You Can Find More Information](#) and [Incorporation of Documents by Reference](#).

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THE OFFERING

Common Stock the CS Transaction Counterparties are Offering	Shares of our common stock with an aggregate public offering price of up to \$500,000,000 that the CS transaction counterparties are offering through CSS from time to time for sale in transactions, including block sales, on the New York Stock Exchange, in the over the counter market, in negotiated transactions or otherwise. The CS transaction counterparties will borrow the shares to be sold under this prospectus supplement from one or more third-party share lenders.
Use of Proceeds	We will not receive any proceeds from the sale of shares of our common stock by the CS transaction counterparties pursuant to this prospectus. The CSF subsidiaries will receive proceeds from the sale of the notes and preferred interests to the CS transaction counterparties in connection with the CS transactions, together with the proceeds of an equity contribution from NRG, each as described in The CS Transactions. The aggregate proceeds of the CS transactions and the equity contribution is expected to be approximately \$500,000,000. The CSF subsidiaries will use those proceeds to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time. Please see Use of Proceeds and The CS Transactions.
Share Purchases by NRG CSF I and NRG CSF II	The CSF subsidiaries intend to use up to \$500,000,000 to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time during the offering of common stock under this prospectus supplement, including on and prior to the dates on which shares are sold in this offering. To fund such purchases, the CSF subsidiaries will receive proceeds from the sale of the notes and preferred interests to the CS transaction counterparties in connection with the CS transactions, as well as an equity contribution from NRG. In addition, over the same period that the shares offered by those prospectus supplement are sold, CSS or its affiliates expect to purchase additional shares of our common stock in the open market in connection with the hedging activities of the CS transaction counterparties. These purchases by the CSF subsidiaries and by CSS and its affiliates could have the effect of materially increasing the market price of our common stock above the price that would otherwise prevail.
New York Stock Exchange Symbol	NRG
Risk Factors	Before investing in our common stock, you should carefully read and consider the information set forth in Risk Factors beginning on page S-4 of this prospectus supplement and in the documents incorporated by reference herein, including our Annual Report on Form 10-K.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the risk factors set forth below, please see the risk factors described in our Annual Report on Form 10-K for our most recent fiscal year, which are incorporated by reference into this prospectus. Such risks are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business operations. The risks described could affect our business, financial condition or results of operations. In such a case, you may lose all or part of your original investment. You should carefully consider the risks described in our Form 10-K, the risks described below as well as other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the common stock.

Risks Related to this Offering

The price of our common stock may fluctuate significantly, which may make it difficult for you to resell the common stock when you want or at prices you find attractive.

The price of our common stock on the New York Stock Exchange constantly changes. We expect that the market price of our common stock will continue to fluctuate. Holders of our common stock will be subject to the risk of volatility and depressed prices.

Our common stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

changes in accounting standards, policies, guidance, interpretations or principles;

our ability to raise additional capital;

sales of common stock by us or members of our management team;

quarterly variations in our operating results;

operating results that vary from the expectations of management, securities analysts and investors;

changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;

developments generally affecting our industry;

market activities taken by the CS transaction counterparties and their affiliates after the conclusion of this offering;

announcements by us or our competitors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;

announcements by third parties of significant claims or proceedings against us;

changes in our dividend policy;

future sales of our equity or equity-linked securities; and

general domestic and international economic conditions.

In addition, the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

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Our ability to pay dividends may be limited.

The terms of our senior secured credit facility and the indentures governing our senior notes restrict our ability to pay dividends to the holders of our common stock. In addition, under the terms of our outstanding preferred stock, we are restricted from paying any cash dividend on our common stock if we are not current in our dividend payments with respect to such preferred stock. In the future, we may agree to further restrictions on our ability to pay dividends. In addition, to maintain our credit ratings, we may be limited in our ability to pay dividends so that we can maintain an appropriate level of debt. Our future dividend policy depends on earnings, financial condition, liquidity, capital requirements and other factors. There is no guarantee that we will pay dividends on shares of our common stock.

Our corporate documents and Delaware law contain provisions that could discourage, delay or prevent a change in control of our company even if some stockholders might consider such a development favorable, which may adversely affect the price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated by-laws may discourage, delay or prevent a merger or acquisition involving us that our stockholders may consider favorable. For example, our amended and restated certificate of incorporation authorizes our board of directors to issue shares of preferred stock to which special rights are attached, including voting and dividend rights. With these rights, preferred stockholders could make it more difficult for a third party to acquire us. In addition, our amended and restated certificate of incorporation provides for a staggered board of directors, whereby directors serve for three-year terms, with approximately one third of the directors coming up for reelection each year. Having a staggered board of directors would make it more difficult for a third party to obtain control of our board of directors through a proxy contest, which may be a necessary step in an acquisition of us that is not favored by our board of directors.

We are also subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. Under these provisions, if anyone becomes an interested stockholder, we may not enter into a business combination with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, interested stockholder means, generally, someone owning 15% or more of our outstanding voting stock or an affiliate of ours that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

Under our senior secured credit facility, a change of control is an event of default. Upon the occurrence of a change in control, the holders of our senior notes will have the right, subject to certain conditions, to require us to repurchase their notes at a price equal to 101% of their principal amount plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase.

Shares eligible for future issuance or sale may cause our common stock price to decline, which may negatively impact your investment.

Issuances or sales of substantial numbers of additional shares of our common stock, including in connection with future acquisitions, if any, or the perception that such issuances or sales could occur, may cause prevailing market prices for shares of our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at a time and price favorable to us. As of the date of this prospectus supplement, our amended and restated certificate of incorporation provides that we have authority to issue up to 500,000,000 shares of our common stock. As of August 2, 2006, 137,015,810 shares of our common stock were issued and outstanding and no shares of our common stock were issued and held in treasury. Also as of such date, there were 39,307,003 shares of our common stock reserved for issuance with respect to convertible preferred stock and under stock incentive plans or pursuant to individual option grants or stock awards. Future sales or a perception that such sales may occur could reduce the market price for our common stock.

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The market price of our common stock may be higher than that which would otherwise prevail as a result of the purchases of our common stock by the CSF subsidiaries and by CSS and its affiliates.

The CSF subsidiaries intend to use up to \$500,000,000 to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time during the offering of common stock under this prospectus supplement, including on and prior to the dates on which shares are sold in this offering. To fund such purchases, the CSF subsidiaries will receive proceeds from the sale of the notes and preferred interests to the CS transaction counterparties in connection with the CS transactions, as well as an equity contribution from NRG. In addition, over the same period that the shares offered by those prospectus supplement are sold, CSS or its affiliates expect to purchase additional shares of our common stock in the open market in connection with the hedging activities of the CS transaction counterparties. These purchases by the CSF subsidiaries and by CSS and its affiliates could have the effect of materially increasing the market price of our common stock above the price that would otherwise prevail.

Table of Contents**USE OF PROCEEDS**

We will not receive any proceeds from the sale of shares of our common stock by the CS transaction counterparties pursuant to this prospectus supplement. Sales of our common stock through this prospectus supplement by the CS transaction counterparties are being made pursuant to a hedging program instituted in connection with their investment in the CSF subsidiaries pursuant to the CS transactions.

The CSF subsidiaries will receive proceeds from the sale of notes and preferred interests to the CS transaction counterparties in connection with the CS transactions, together with the proceeds of an equity contribution from NRG, each as described in The CS Transactions. The aggregate proceeds of the CS transactions and the equity contribution is expected to be approximately \$500,000,000. The CSF subsidiaries will use those proceeds to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time. We expect that the CSF subsidiaries will be consolidated in our financial statements. We also expect the proceeds to be received by the CSF subsidiaries from the CS transactions will be reflected as debt on our consolidated balance sheet. Our shares of common stock to be purchased by the CSF subsidiaries are expected to be reflected as treasury stock, at cost, reducing shareholders equity on our consolidated balance sheet and reducing the number of outstanding shares of our common stock. In addition, there will be a reduction to our weighted average number of shares outstanding as disclosed in our statement of operations. These purchases by the CSF subsidiaries could have the effect of materially increasing the market price of our common stock above the price that would otherwise prevail.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Since March 25, 2004, NRG's common stock has been listed for trading on the New York Stock Exchange under the symbol NRG. The following table sets forth the quarterly high and low share price information for the periods indicated:

	High	Low
Year ended December 31, 2004		
Second Quarter	\$ 24.80	\$ 19.17
Third Quarter	\$ 28.43	\$ 24.10
Fourth Quarter	\$ 36.18	\$ 26.00
Year ended December 31, 2005		
First Quarter	\$ 39.10	\$ 32.79
Second Quarter	\$ 37.61	\$ 30.30
Third Quarter	\$ 44.45	\$ 36.40
Fourth Quarter	\$ 49.44	\$ 37.60
Year ended December 31, 2006		
First Quarter	\$ 49.46	\$ 45.50
Second Quarter	\$ 52.61	\$ 42.44
Third Quarter (through August 4, 2006)	\$ 50.19	\$ 46.35

On August 4, 2006, the closing sale price of NRG's common stock was \$48.85 and, as of August 2, 2006, there were 137,015,810 shares of common stock issued and outstanding.

NRG has not declared or paid dividends on its common stock, although we may do so in the future. The terms of our senior secured credit facility and the indentures for our senior notes restrict our ability to pay dividends to the holders of our common stock. In addition, under the terms of our outstanding preferred stock, we are restricted from paying any cash dividend on our common stock if we are not current in our dividend payments with respect to such preferred stock.

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THE CS TRANSACTIONS

During a period beginning on the date of this prospectus supplement, the CSF subsidiaries will use up to \$500,000,000 to purchase shares of our common stock in the open market or in privately negotiated transactions from time to time. That period of time, which we refer to as the reference period, is expected to be complete when the CSF subsidiaries have paid an aggregate of \$500,000,000 in connection with such purchases. The CSF subsidiaries will make such purchases using the proceeds of the CS transactions, as well as an equity contribution from NRG, which is expected to be approximately \$166,000,000. The CS transaction counterparties will make payments to the CSF subsidiaries pursuant to the CS transactions over the reference period as the CSF subsidiaries make purchases of our common stock. These purchases by the CSF subsidiaries, together with purchases by CSS and its affiliates, could have the effect of materially increasing the market price of our common stock above the price that would otherwise prevail.

We expect that the CSF subsidiaries will be consolidated in our financial statements. As such, we expect the proceeds from the CS transactions, which are expected to total approximately \$334,000,000, will be reflected as debt on our consolidated balance sheet. Our shares of common stock held by the CSF subsidiaries are expected to be reflected as treasury stock on our consolidated balance sheet at cost and will reduce the number of outstanding shares. In addition, there will be a reduction to our weighted average number of shares outstanding as disclosed in our statement of operations.

The CS transactions entered into by NRG CSF I will have a term of approximately two years and the CS transactions entered into by NRG CSF II will have a term of approximately three years. At maturity of the CS transactions, the CSF subsidiaries will be obligated to pay the CS transaction counterparties a stated amount in cash. In addition, at maturity the CS transaction counterparties will have the right to exchange the preferred interests and notes they purchased in the CS transactions for an additional payment equal to the excess, if any, of the market value of our common stock owned by each CSF subsidiary over a threshold amount. A portion of the CS transactions entered into by each CSF subsidiary will be secured by all of the assets of that CSF subsidiary, consisting primarily in both cases of the shares of our common stock purchased by that CSF subsidiary during the reference period. The CS transactions are non-recourse to NRG. We will not guarantee or provide any form of credit support to the CSF subsidiaries, and we will not enter into any agreement, contract, arrangement or understanding with the CSF subsidiaries with respect thereto.

Upon an event of default or certain specified termination events, the fair value of the CS transactions (including the exchange right) will become due and payable by the CSF subsidiaries to the CS transaction counterparties. In addition, the CSF subsidiaries will have the right to unwind the CS transactions at their fair value at any time.

Although the obligations of the CSF subsidiaries to the CS transaction counterparties are non-recourse to NRG, it is anticipated that NRG will purchase the common stock held by the CSF subsidiaries at maturity for a price sufficient both to pay all amounts owing to the CS transaction counterparties at maturity and to enable the CSF subsidiaries to return all equity contributions received from NRG.

As a result of the exchange right described above, the CS transactions are option-based transactions. The CS transaction counterparties will sell shares of our common stock covered by this prospectus supplement in connection with hedging the equity price risk arising from the CS transactions. The documents relating to the CS transactions will contain customary anti-dilution adjustments and adjustments for payments of dividends on our common stock or certain increased costs to the CS transaction counterparties.

If the CSF subsidiaries do not complete the purchase of \$500,000,000 of our common stock during the reference period, or if the CS transaction counterparties do not introduce the full number of shares underlying the CS transactions into the public markets pursuant to this prospectus supplement, the size of the CS transactions (including the payment amounts and the number of underlying shares for the CS transactions) will be reduced proportionally. The CSF subsidiaries are not obligated to complete any additional purchases of our common stock. As a result, we cannot assure you that any additional shares will be purchased by the CSF subsidiaries in the future.

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MATERIAL UNITED STATES TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax considerations applicable to non-U.S. holders with respect to their ownership and disposition of shares of our common stock. This discussion is for general information only and is not tax advice. Accordingly, all prospective non-U.S. holders of our common stock should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the acquisition, ownership and disposition of our common stock. A non-U.S. holder means a beneficial owner of our common stock who is not for U.S. federal income tax purposes:

an individual citizen or resident of the United States,

a corporation, partnership, or any other organization taxable for U.S. federal income tax purposes as a corporation or partnership created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia,

an estate the income of which is included in gross income for U.S. federal income tax purposes regardless of its source, or

a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) a valid election is in place to treat the trust as a U.S. person.

This discussion is based on current provisions of the United States Internal Revenue Code of 1986, as amended, existing and proposed United States Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all of which are in effect as of the date of this prospectus and all of which are subject to change, potentially with retroactive effect, or to differing interpretation. Any change, which may or may not be retroactive, could alter the tax consequences to non-U.S. holders described in this prospectus. We assume in this discussion that a non-U.S. holder holds shares of our common stock as a capital asset (generally property held for investment).

This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, including but not limited to:

banks, insurance companies, or other financial institutions;

tax-exempt organizations;

controlled foreign corporations or passive foreign investment companies;

brokers or dealers in securities or currencies;

pass-through entities (e.g. partnerships) or persons who hold our common stock through pass-through entities;

regulated investment companies;

pension plans;

owners of more than 5% of our common stock;

persons that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment; and

certain U.S. expatriates.

In addition, if a partnership holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that are prospective investors in our common stock, and partners in such partnerships, should consult their tax advisors.

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There can be no assurance that the Internal Revenue Service, or the IRS, will not challenge one of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, an opinion of counsel with respect to the U.S. federal income or estate tax consequences to a non-U.S. holder of the purchase, ownership, or disposition of our common stock. We urge prospective investors to consult with their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of shares of our common stock.

The following does not attempt to characterize or discuss the tax issues and/or ramifications, if any, resulting from the CSF subsidiaries transactions outlined herein, including any disposition of shares of NRG common stock by the CSF subsidiaries.

Distributions on Our Common Stock

NRG has not declared or paid distributions on its common stock, although, subject to certain restrictions, we may do so in the future. In the event we do pay distributions on our common stock, these distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in Gain on Sale or Other Disposition of Our Common Stock.

Dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be provided by an applicable income tax treaty. If we determine, at a time reasonably close to the date of payment of a distribution on our common stock, that the distribution will not qualify as a dividend because we do not anticipate having current or accumulated earnings and profits, we intend not to withhold any U.S. federal income tax on the distribution as permitted by United States Treasury Regulations. If we or another withholding agent withholds tax on such a distribution, a non-U.S. holder may be entitled to a refund of the tax withheld which the non-U.S. holder may claim by filing a United States tax return with the IRS.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States (and, if an applicable income tax treaty so provides, are also attributable to a permanent establishment of such non-U.S. holder), known as United States trade or business income, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and other requirements. However, such United States trade or business income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to United States persons and may be subject to state and local tax. Any United States trade or business income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as specified by an applicable income tax treaty.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty generally will be required to satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty and any potential impacts to state and local income taxes.

A non-U.S. holder that is eligible for a reduced rate of United States withholding tax or other exclusion from withholding under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS.

Gain on Sale or Other Disposition of Our Common Stock

In general, a non-U.S. holder will not be subject to any U.S. federal income tax or withholding tax on any gain realized upon such holder's sale or other disposition of shares of our common stock unless:

the gain is United States trade or business income, in which case such holder (i) will be subject to tax on the net gain derived from the sale or disposition under the graduated United States federal

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income tax rates applicable to United States persons and (ii) if a corporation, may be subject to the branch profits tax, both as described above in Distributions on Our Common Stock;

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements in which case the holder will be subject to a flat 30% tax on the amount by which the gain derived from the sale, and certain other United States source capital gains realized during such year exceed certain United States source capital losses realized during such year; or

certain rules (described below) relating to United States real property holding corporation status apply to such sale or other disposition.

Gain recognized on a sale or other disposition of our common stock may be subject to U.S. federal income tax (and, in certain circumstances, to withholding tax) if (1) our common stock has ceased to be traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs and (2) we are, or have been, a United States real property holding corporation during the shorter of the five-year period ending on the date of such sale or other disposition or the period that the non-U.S. holder held our common stock. Generally, a corporation is a United States real property holding corporation if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a United States real property holding corporation, or that we are likely to become one in the future.

United States Federal Estate Tax

Shares of our common stock that are owned or treated as owned by an individual non-U.S. holder at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise, and therefore may be subject to U.S. federal estate tax.

Backup Withholding, Information Reporting and Other Reporting Requirements

We must report to the IRS and to each non-U.S. holder the gross amount of the dividends on our common stock paid to such holder and the tax withheld, if any, with respect to such dividends. Dividends paid to non-U.S. holders subject to the United States withholding tax, as described above in Distributions on Our Common Stock, generally will be exempt from United States backup withholding.

Information reporting and backup withholding (currently at a rate of 28%) will generally apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the United States office of a broker unless the holder certifies its status as a non-U.S. holder and satisfies certain other qualifications, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. However, for information reporting purposes, certain brokers with substantial United States ownership or operations generally will be treated in a manner similar to United States brokers. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is incorporated.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax

liability, if any, provided that an appropriate claim is timely filed with the IRS.

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