NRG ENERGY, INC.
Form 424B5
January 27, 2006

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-130549

A filing fee of $61,525.00, 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. This fee includes the mandatory convertible preferred stock issuable upon the exercise of the underwriters over-allotment option.

PROSPECTUS SUPPLEMENT
(To Prospectus dated December 21, 2005)

2,000,000 Shares
NRG Energy, Inc.
5.75% Mandatory Convertible Preferred Stock

We are offering 2,000,000 shares of our 5.75% mandatory convertible preferred stock by this prospectus supplement and the accompanying prospectus. The closing of this offering is not conditioned on the consummation of our acquisition of Texas Genco LLC described elsewhere in this prospectus supplement. Concurrently with this offering, we are offering senior notes and shares of our common stock. This offering is not conditioned on the consummation of these concurrent offerings.

We will pay dividends on each share of our mandatory convertible preferred stock in an annual amount of $14.375. Dividends will accrue and cumulate from the date of issuance and, to the extent that we are legally permitted to pay dividends and our board of directors, or an authorized committee of our board of directors, declares a dividend payable, we will pay dividends in cash on March 15, June 15, September 15 and December 15 of each year prior to March 15, 2009, or the following business day if the 15th is not a business day and on the mandatory conversion date. The first dividend payment will be made on March 15, 2006 in the amount of $1.7170 per share of our mandatory convertible preferred stock, which reflects the time period from the date of issuance to March 14, 2006.

Each share of our mandatory convertible preferred stock has a liquidation preference of $250, plus accrued, cumulated and unpaid dividends. Each share of our mandatory convertible preferred stock will automatically convert on March 16, 2009, into between 4.1356 and 5.1282 shares of our common stock, subject to anti-dilution adjustments, depending on the average closing price per share of our common stock over the 20 trading day period ending on the third trading day prior to such date. At any time prior to March 16, 2009, holders may elect to convert each share of our mandatory convertible preferred stock into 4.1356 shares of our common stock, subject to anti-dilution adjustments. If the closing price per share of our common stock exceeds $90.675 for at least 20 trading days within a period of 30 consecutive trading days, we may elect, subject to certain limitations, to cause the conversion of all, but not less than all, of the shares of mandatory convertible preferred stock then outstanding at the conversion rate of 4.1356 shares of our common stock per share of our mandatory convertible preferred stock, provided that at the time of such conversion we are then legally permitted to and do pay an amount equal to any accrued, cumulated and unpaid dividends plus the present value of all remaining future dividend payments at that time.

Prior to this offering, there has been no public market for our mandatory convertible preferred stock. We have applied to list our mandatory convertible preferred stock on the New York Stock Exchange under the symbol NRGPra . Shares of our common stock are listed on the New York Stock Exchange under the symbol NRG. The last reported sale price of shares of our common stock on January 25, 2006 was $49.25 per share.

Investing in our mandatory convertible preferred stock involves risks. See Risk Factors on page S-17 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to the public	*$ 250*	*$ 500,000,000*

Underwriting discount	*$*	*6.875*	*$*	*13,750,000*
Proceeds, before expenses, to NRG Energy, Inc.	*$*	*243.125*	*$*	*486,250,000*

To the extent the underwriters sell more than 2,000,000 shares of our mandatory convertible preferred stock, the underwriters have the option to purchase up to 300,000 additional shares of our mandatory convertible preferred stock from us within 30 days of the date of this prospectus supplement at the initial price to the public less the underwriting discount.

The mandatory convertible preferred stock will be taken for delivery on or about February 2, 2006.

Joint Book-Running Managers

MORGAN STANLEY *CITIGROUP*

LEHMAN BROTHERS

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

The date of this prospectus supplement is January 26, 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 Certain 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 Certain 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 Certain 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, are incorporated by reference herein, after the date of this prospectus supplement but before the end of any offering made under this prospectus supplement:

1. NRG s annual report on Form 10-K for the year ended December 31, 2004 filed on March 30, 2005 as amended by the current report on Form 8-K filed on December 20, 2005.

2. NRG s Definitive Proxy Statement on Schedule 14A filed on April 12, 2005.

3. NRG s quarterly reports on Form 10-Q for the quarters ended March 31, 2005 (filed on May 10, 2005), June 30, 2005 (filed on August 9, 2005) and September 30, 2005 (filed on November 7, 2005).

4. NRG s current reports on Form 8-K filed on February 24, 2005, Form 8-K filed on March 3, 2005, two Forms 8-K filed on March 30, 2005 (which do not include information deemed furnished), Form 8-K filed on May 24, 2005, Form 8-K/ A filed on May 24, 2005, Form 8-K/ A filed on May 25, 2005, Form 8-K filed on June 15, 2005, Form 8-K/ A filed on June 15, 2005, Form 8-K filed on June 17,

2005, Form 8-K filed on July 18, 2005, Form 8-K filed on August 1, 2005, Form 8-K filed on August 3, 2005, Form 8-K filed on August 9, 2005 (which does not include information deemed furnished), Form 8-K filed on August 11, 2005, Form 8-K filed on September 1, 2005, Form 8-K filed on September 7, 2005 (which does not include information deemed furnished), Form 8-K filed on October 3, 2005, Form 8-K filed on October 12, 2005, Form 8-K filed on November 7, 2005 (which does not include information deemed furnished), Form 8-K filed on December 20, 2005, Form 8-K filed on December 21, 2005, Form 8-K filed on December 28, 2005 (which does not include information deemed furnished), 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 January 23, 2006, Form 8-K/A filed on January 23, 2006 and Form 8-K/A filed on January 26, 2006.

5. The description of NRG s common stock contained in the Registration Statement on Form 8-A dated March 22, 2004 filed with the SEC to register such securities under the Securities and Exchange Act of 1934, as amended, 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. 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 or the underwriters specifying the final terms of the offering. NRG has not, and the underwriters 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 underwriters 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.

Disclosure Regarding Forward-Looking Statements

This prospectus supplement contains, and the documents incorporated by reference herein may contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties and assumptions that include, but are not limited to, expected earnings and cash flows, future growth and financial performance and the expected synergies and other benefits of the acquisition of Texas Genco LLC described herein and typically can be identified by the use of words such as will, expect, estimate, anticipate, forecast, plan, similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others:

Risks and uncertainties related to the capital markets generally, including increases in interest rates and the availability of financing for the acquisition of Texas Genco LLC;

NRG s indebtedness and the additional indebtedness that it will incur in connection with the acquisition of Texas Genco LLC;

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NRG s ability to successfully complete the acquisition of Texas Genco LLC, regulatory or other limitations that may be imposed as a result of the acquisition of Texas Genco LLC, and the success of the business following the acquisition of Texas Genco LLC;

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;

NRG s potential inability to enter into contracts to sell power and procure fuel on terms and prices acceptable to it;

The liquidity and competitiveness of wholesale markets for energy commodities;

Changes in government regulation, including possible 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 or designs employed by independent system operators, or ISOs, or regional transmission organizations, or RTOs, that result in a failure to adequately compensate our generation units for all of their costs;

NRG s ability to realize its significant deferred tax assets, including loss carry forwards;

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

Significant operating and financial restrictions which may be placed on NRG as a result of the financing transactions described elsewhere in this prospectus supplement.

Market and Industry Data

Certain market and industry data included or incorporated by reference in this prospectus supplement and in the accompanying prospectus has been obtained from third party sources that we believe to be reliable. We have not independently verified such third party information and cannot assure you of its accuracy or completeness. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings Disclosure Regarding Forward-Looking Statements and Risk Factors in this prospectus supplement.

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SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors and the financial data and related notes, before making an investment decision.

In this prospectus supplement, unless otherwise indicated herein or the context otherwise indicates:

- *the term NRG refers to NRG Energy, Inc., together with its consolidated subsidiaries;*
- *the term Texas Genco refers to Texas Genco LLC, together with its consolidated subsidiaries;*
- *the term Acquisition refers to the purchase by NRG of all the outstanding equity interests of Texas Genco, pursuant to the acquisition agreement, dated as of September 30, 2005, between NRG, Texas Genco and the sellers named therein;*
- *the term Financing Transactions refers to this offering, the concurrent offering by NRG of its common stock and its fixed rate senior notes due 2014, or the 2014 fixed rate notes and fixed rate senior notes due 2016, or the 2016 fixed rate notes, together, the senior notes, and the application of the net proceeds therefrom, and the execution of NRG s new senior secured credit facility and the application of the initial borrowings thereunder, each as described elsewhere in this prospectus supplement;*
- *the term Transactions refers to the Acquisition, the Financing Transactions, the pending sale of Audrain Generating LLC, the pending acquisition of 50% interest in WCP (Generation) Holdings LLC and the pending sale of our 50% ownership interest in Rocky Road Power LLC, or Rocky Road;*
- *the terms we , our , us , the combined company and the Company refer to NRG and Texas Genco on a co basis, together with their consolidated subsidiaries, after giving pro forma effect to the completion of the Acquisition and the Financing Transactions;*
- *the terms MW and MWh refer to megawatts and megawatt-hours. The megawatt figures provided represent nominal summer net megawatt capacity of power generated as adjusted for the combined company s ownership position excluding capacity from inactive/mothballed units as of September 30, 2005. NRG has previously shown gross MWs when presenting its operations. Capacity is tested following standard industry practices. The combined company s numbers denote saleable MWs net of internal/parasitic load. The MW and MWh figures and other operational figures related to the combined company only give pro forma effect to the Acquisition and the Financing Transactions; and*
- *the term expected annual baseload generation refers to the net baseload capacity limited by economic factors (relationship between cost of generation and market price) and reliability factors (scheduled and unplanned outages).*

Our Business

We are a leading wholesale power generation company with a significant presence in many of the major competitive power markets in the United States. We are primarily engaged in the ownership and operation of power generation facilities, purchasing fuel and transportation services to support our power plant operations, and the marketing of energy, capacity and related products in the competitive markets in which we operate. As of September 30, 2005, the combined company would have had a total global portfolio of 235 operating generation units at 62 power generation plants, with an aggregate generation capacity of approximately 25,041 MW. Within the United States, the combined company will have one of the largest and most diversified power generation portfolios with approximately 23,124 MW of generation capacity in 213 generating units at 54 plants as of September 30, 2005. These power generation facilities are primarily located in our core regions in the Electric Reliability Council of Texas, or ERCOT, market (approximately 11,119 MW), and in the Northeast (approximately 7,099 MW), South Central (approximately 2,395 MW)

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and Western (approximately 1,044 MW) regions of the United States. Our facilities consist primarily of baseload, intermediate and peaking power generation facilities, which we refer to as the merit order, and also include thermal energy production and energy resource recovery plants. The sale of capacity and power from baseload generation facilities accounts for the majority of our revenues and provides a stable source of cash flow. In addition, our diverse generation portfolio provides us with opportunities to capture additional revenues by selling power into our core regions during periods of peak demand, offering capacity or similar products to retail electric providers and others, and providing ancillary services to support system reliability.

The Texas Genco Acquisition

On September 30, 2005, NRG entered into an acquisition agreement, or the Acquisition Agreement, with Texas Genco and each of the direct and indirect owners of equity interests in Texas Genco, or the Sellers. Pursuant to the Acquisition Agreement, NRG agreed to purchase all of the outstanding equity interests in Texas Genco for a total pro forma purchase price of approximately $6.121 billion that includes the assumption of approximately $2.7 billion of indebtedness. The purchase price is subject to adjustment, and includes an equity component valued at approximately $2.0 billion based on a price per share of $45.37 of NRG s common stock issued to the Sellers, and an average price per share of $40.73 for the consideration with a fair value of $368 million, or the Other Consideration. As a result of the Acquisition, Texas Genco will become a wholly-owned subsidiary of NRG. Each of NRG s and the Sellers obligation to consummate the Acquisition is subject to certain customary conditions, including the receipt of required regulatory consents and approvals. See The Acquisition for a discussion of the Acquisition.

The closing of this offering is not conditioned on the consummation of the Acquisition. While we expect that the Acquisition will be consummated in or about the first week of February 2006, no assurance can be given that the Acquisition will be completed in accordance with the anticipated timing or at all. See Risk Factors Risks Related to the Offering There can be no assurance that the Acquisition will be consummated in accordance with the anticipated timing or at all, and the closing of this offering is not conditioned on the consummation of the Acquisition. If the Acquisition is not consummated, NRG s common stock, and therefore our mandatory convertible preferred stock, will not reflect any actual or anticipated interest in Texas Genco, and if the Acquisition is delayed, this interest will not be reflected during the period of delay.

Our Strategy

Our strategy is to increase the value of, and extract value from, 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 who offer load, or otherwise consume wholesale electricity products and services in bulk. Our strategy includes the following elements:

Increase value from our existing assets. Following the Acquisition, we believe that we will 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: a strategy that we have branded *FOR*NRG, or Focus on ROIC@NRG.

Pursue intrinsic growth opportunities at existing sites in our core regions. We believe that 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 the merit order.

Maintain financial strength and flexibility. We remain focused on increasing cash flow and maintaining liquidity and balance sheet strength in order to ensure continued access to capital for growth; enhancing risk-adjusted returns; and providing flexibility in executing our business strategy. We intend to 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 portfolio of power generation assets while preserving the ability to capitalize on strong spot market conditions and to capture the extrinsic value of our portfolio. We believe that we can successfully execute this strategy by leveraging our expertise in marketing power and ancillary services, our knowledge of markets, our flexible 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 to meet the fuel and dispatch requirements in these regions. We intend to concentrate on acquisition and joint venture opportunities that 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.

Our Competitive Strengths

Scale and diversity of assets. The combined company will have one of the largest and most diversified power generation portfolios in the United States with approximately 23,124 MW of generation capacity in 213 generating units at 54 plants as of September 30, 2005. Our power generation assets will be diversified by fuel type, dispatch level and region, which will help mitigate the risks associated with fuel price volatility and market demand cycles. The combined company s U.S. baseload facilities, which will consist of approximately 8,558 MW of generation capacity measured as of September 30, 2005, will provide the combined company with a significant source of stable cash flow, while the combined company s intermediate and peaking facilities, with approximately 14,566 MW of generation capacity as of September 30, 2005, will provide the combined company with opportunities to capture the significant upside potential that can arise from time to time during periods of high demand. In addition, approximately 10% of the combined company s domestic generation facilities will have dual or multiple fuel capability, which will allow most of these plants to dispatch with the lowest cost fuel option.

Reliability of future cash flows. We have sold forward a significant amount of our expected baseload generation capacity for 2006 and 2007. As of September 30, 2005 the combined company would have sold forward 68% of its baseload generation in the Texas (ERCOT) market for 2006 through 2009. As of the same date, the combined company would have sold approximately 83% of its expected annual baseload generation in the Southeastern Electric Reliability Council/ Entergy, or SERC Entergy, market for 2006 through 2009, and approximately 70% of its expected annual baseload generation in the Northeast region for 2006. In addition, as of September 30, 2005, the combined company would have purchased forward under fixed price contracts (with contractually-specified price escalators) to provide fuel for approximately 81% of its expected baseload coal generation output from 2006 to 2009.

Favorable market dynamics for baseload power plants. As of September 30, 2005, approximately 38% of the combined company s domestic generation capacity would have been fueled by coal or nuclear fuel. In many of the competitive markets where we operate, the price of power typically is set by the marginal costs of natural gas-fired and oil-fired power plants that currently have substantially higher variable costs than our solid fuel baseload power plants. For example, in the ERCOT market, a 2004 report by Henwood Energy Services, Inc., or Henwood, found that natural gas-fired power plants set the market price of power more than 90% of the time. As a result of our lower marginal cost for baseload coal and nuclear generation assets, we expect such assets to generate power nearly 100% of the time they are available.

Locational advantages. Many of our generation assets are located within densely populated areas that are characterized by significant constraints on the transmission of power from generators outside the region. Consequently, these assets are able to benefit from the higher prices that prevail for energy in these markets during periods of transmission constraints. The combined company will have generation assets located within New York City, southwestern Connecticut, Houston and the Los Angeles and San Diego load basins, all areas with constraints on the transmission of electricity. This allows us to capture additional revenues through offering capacity to retail electric providers and others, selling power at prevailing market prices during periods of peak demand and providing ancillary services in support of system reliability.

Summary of Risk Factors

We are subject to a variety of risks related to our competitive position and business strategies. Some of the more significant challenges and risks include those associated with the operation of our power generation plants, volatility in power prices and fuel costs, our leveraged capital structure and extensive governmental regulation. See Risk Factors beginning on page S-17 for a discussion of the factors you should consider before investing in our securities.

The Financing Transactions

The offering of mandatory convertible preferred stock forms part of a larger financing plan for the Acquisition described elsewhere in this prospectus supplement. See The Acquisition. Concurrently with this offering, NRG intends to offer, by means of separate prospectus supplements (i) $1.0 billion of its common stock and (ii) $3.6 billion of its senior notes, or the New Senior Notes. See Description of Capital Stock Common Stock and Description of Certain Indebtedness New Senior Notes. This offering, the common stock offering and the New Senior Notes offering are expected to be consummated at or prior to the completion of the Acquisition. The closing of this offering will not necessarily be contemporaneous with the closing of the common stock offering and/or the closing of the New Senior Notes offering. The net proceeds of the offering of the New Senior Notes (after payment of underwriting discounts and commissions) will be placed into an escrow account held by the escrow agent until the consummation of the Acquisition.

In addition, NRG intends to enter into a new senior secured credit facility at or prior to the closing of the Acquisition that will replace its existing senior secured credit facility. See Description of Certain Indebtedness New Senior Secured Credit Facility. Concurrently with this offering, NRG is conducting a cash tender offer and consent solicitation with respect to (i) all of its outstanding 8% Second Priority Senior Secured Notes due 2013, or the Second Priority Notes, and (ii) all of Texas Genco s outstanding 6.875% Senior Notes due 2014, or the Unsecured Senior Notes. The completion of the Acquisition is not conditioned on the completion of the tender offer or receipt of the consents for either the Second Priority Notes or Texas Genco s Unsecured Senior Notes. The completion of the tender offer for the Second Priority Notes and Texas Genco s Unsecured Senior Notes is conditioned on the completion of the Acquisition. However, NRG can waive this condition in the case of the tender offer and consent solicitation for the Second Priority Notes.

NRG intends to use initial borrowings under its new senior secured credit facility, together with the net proceeds from this offering, the offerings of common stock and New Senior Notes and cash on hand (i) to finance the Acquisition, (ii) to repurchase NRG s outstanding Second Priority Notes, (iii) to repurchase Texas Genco s outstanding Unsecured Senior Notes, (iv) to repay amounts outstanding under NRG s existing senior secured credit facility and Texas Genco s existing senior secured credit facility, (v) for ongoing credit needs of the combined company, including replacement of existing letters of credit and (vi) to pay related premiums, fees and expenses. In the event that NRG does not consummate the Acquisition, NRG intends to use the net proceeds from this offering for general corporate purposes. See Use of Proceeds.

The closing of this offering is not contingent on the closing of the common stock offering, the closing of the New Senior Notes offering, the effectiveness of the new senior secured credit facility, the completion of the tender offers and receipt of the consents in connection with the outstanding tender offers for NRG s and

Texas Genco s notes or the consummation of the Acquisition. See Risk Factors Risks Related to the Offering There can be no assurance that the Acquisition will be consummated in accordance with the anticipated timing or at all, and the closing of this offering is not conditioned on the consummation of the Acquisition. If the Acquisition is not consummated, NRG s common stock, and therefore our mandatory convertible preferred stock, will not reflect any actual or anticipated interest in Texas Genco, and if the Acquisition is delayed, this interest will not be reflected during the period of delay. NRG s obligations under the Acquisition Agreement are not conditioned upon the consummation of any or all of the Financing Transactions.

NRG has entered into an amended and restated commitment letter, or the commitment letter, with Morgan Stanley Senior Funding, Inc., Citigroup Global Markets Inc., Lehman Commercial Paper Inc., Lehman Brothers Inc., Banc of America Bridge LLC, Deutsche Bank AG Cayman Islands Branch, Merrill Lynch Capital Corporation and Goldman Sachs Credit Partners L.P., or the bridge lenders. Under the commitment letter, the bridge lenders have committed to fund NRG s new senior secured credit facility and to provide, subject to certain conditions, the additional financing required for the Acquisition through a $5.1 billion bridge loan facility in the event that sufficient proceeds are not raised from this offering, the common stock offering and/or the New Senior Notes offering. See Description of Certain Indebtedness Bridge Loan Facility. In the event that NRG is unable to raise sufficient proceeds through the consummation of this offering, the common stock offering and the New Senior Notes offering, NRG may draw down on the bridge loan facility, in whole or in part, in order to finance the Acquisition. In the event that NRG does not consummate the common stock offering and/or the New Senior Notes offering as currently contemplated and elects not to consummate the financing under the bridge loan facility, it could seek alternative sources of financing for the Acquisition, which may include, among other alternatives, the issuance in part of senior secured debt securities or borrowing in part on a senior secured basis.

Sources and Uses of Funds

The following table sets forth the expected sources and uses of funds in connection with the Acquisition on a pro forma basis giving effect to the Transactions as if they occurred on September 30, 2005. No assurances can be given that the information in the following table will not change depending on the nature of our financings. See Risk Factors Risks Related to the Acquisition Because the historical and pro forma financial information incorporated by reference or included elsewhere in this prospectus supplement may not be representative of our results as a combined company or capital structure after the Acquisition, and NRG s and Texas Genco s historical financial information are not comparable to their current financial information, you have limited financial information on which to evaluate us, NRG, Texas Genco and your investment decision and Risk Factors Risks Related to the Offering If NRG is unable to raise sufficient proceeds through other Financing Transactions described elsewhere in this prospectus supplement, NRG may draw down on a bridge loan facility in order to close the Acquisition which would significantly increase our indebtedness. If NRG elects not to consummate the financing under the bridge loan facility, NRG may seek alternative sources of financing for the Acquisition, the terms of which are unknown to us and could limit our ability to operate our business.

Sources[1]	Amount (in millions)
Gross proceeds of mandatory convertible preferred stock offering	$ 500
New senior secured term loan facility	3,575
Cash released from canceling existing funded letter of credit facility[3]	350
Gross proceeds of common stock offering	1,016
Common stock consideration to be issued to Sellers	1,606[2]
Gross proceeds of 2014 fixed rate notes offering	1,200
Gross proceeds of 2016 fixed rate notes offering	2,400
NRG s cash on hand	373
Total	$ 11,020

Uses		Amount (in millions)
Purchase price less acquisition costs[2]		$ 6,005
Texas Genco s cash on hand to reduce consideration		(222)
Refinancing:		
Repayment of NRG s existing credit facilities[3]	877	
Repayment of Texas Genco s existing credit facilities[4]	1,614	
Total repayment of existing credit facilities		2,491
Repurchase of NRG s Second Priority Notes[5]		1,080
Repurchase of Texas Genco s Unsecured Senior Notes[6]		1,125
Accrued interest for NRG and Texas Genco outstanding debt		52
Estimated underwriting commissions, tender offer premiums, fees and expenses		489
Total		$ 11,020

(1) NRG has entered into the commitment letter with the bridge lenders pursuant to which the bridge lenders have committed to fund NRG s new senior secured credit facility and to provide, subject to certain conditions, the additional financing required for the Acquisition through a $5.1 billion bridge loan facility in the event that this offering, the common stock offering and/or the New Senior Notes offering are not consummated. In the event that NRG is unable to raise sufficient proceeds through the consummation of this offering, the common stock offering and/or the New Senior Notes offering, NRG may draw down on the bridge loan facility, in whole or in part, in order to finance the Acquisition. In the event that NRG does not consummate the common stock offering and the New Senior Notes offering as currently contemplated and elects not to consummate the financing under the bridge loan facility, it could seek alternative sources of financing for the Acquisition, which may include, among other alternatives, the issuance in part of senior secured debt securities or borrowing in part on a senior secured basis.

(2) The common stock component of the consideration for the Acquisition is based on a fair value of $45.37 per share of NRG s common stock and consideration with a fair value of $368 million, or the Other Consideration, which

may be comprised either of an additional 9,038,125 shares of common stock, additional cash, shares of a new series of NRG s Cumulative Preferred Stock or a combination of the foregoing. This fair value is based on an average stock price of $40.73, as prescribed by the Acquisition Agreement. The Company has elected to pay this amount in cash. This is because the foregoing table is based on a pro forma closing date of the Acquisition of September 30, 2005. To the extent the fair value of NRG s common stock price for purposes of the equity component, and Texas Genco s cash on hand is different at closing of the Acquisition, this amount and the purchase price for the Acquisition will be adjusted accordingly.

(3) Before giving effect to the Acquisition and the Financing Transactions, as of September 30, 2005, NRG had $876.6 million of outstanding indebtedness under its amended and restated credit facility, which consisted of (a) $446.6 million in term loans outstanding, which term loans provide for interest at a rate of LIBOR (4.02% at September 30, 2005) plus 187.5 basis points payable quarterly and mature on December 24, 2011, (b) $80.0 million in principal amount outstanding under the revolving credit facility, which provides for interest at a rate of LIBOR (3.83% at September 30, 2005) plus 2.5% and matures on December 24, 2007 and (c) $350.0 million outstanding under the funded letter of credit facility, which provide for a participation fee of 1.875%, a deposit fee of 0.10%, and an issuance fee of 0.25%, and matures on December 24, 2011.

(4) Before giving effect to the Acquisition and Financing Transactions, as of September 30, 2005, Texas Genco had $1,614 million in term loans outstanding under its existing senior secured credit facility, which term loans provide for interest at a rate of 5.94% (as of September 30, 2005) payable at least quarterly and mature in December 2011.

(5) Before giving effect to the Acquisition and Financing Transactions, as of September 30, 2005, NRG had $1.08 billion of Second Priority Notes outstanding, which provide for cash interest at 8.0% per annum payable semiannually.

(6) Before giving effect to the Acquisition and Financing Transactions, as of September 30, 2005, Texas Genco had $1.125 billion of Unsecured Senior Notes outstanding, which provide for cash interest at 6.875% per annum payable semiannually.

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Recent Developments

Acquisitions and Dispositions

We anticipate that the following transactions will be consummated after the Acquisition and Financing Transactions.

On December 8, 2005, NRG entered into an asset purchase and sale agreement to sell NRG Audrain Generating LLC, or Audrain, a gas fired 577 MW peaking facility in Vandalia, Missouri to AmerenUE, a subsidiary of Ameren Corporation. The purchase price is $115 million, subject to customary purchase price adjustments, plus the assumption of $240 million of non-recourse capital lease obligations and assignment of $240 million note receivable. Of the $115 million in cash proceeds, approximately $93 million of the proceeds will be paid to the project lenders with the balance of approximately $22 million paid to NRG. This transaction, which is subject to regulatory approval, is expected to close during the first half of 2006.

On December 27, 2005, NRG entered into two purchase and sale agreements with Dynegy Inc., or Dynegy, through which the companies will each simultaneously purchase the other s interest in two jointly held entities that own power generation facilities in the states of California and Illinois, respectively. Under the purchase and sale agreement for the California interests, NRG will acquire Dynegy s 50% interest in WCP (Generation) Holdings LLC, or WCP Holdings, for a purchase price of $205 million. As a result of this transaction, NRG will become the sole owner of power plants totaling approximately 1,800 MW in southern California. Pursuant to the terms of the purchase and sale agreement for the Illinois interests, NRG will sell to Dynegy its 50% ownership interest in the jointly held entity that owns the Rocky Road power plant, a 330 MW natural gas-fired peaking facility near Chicago, for a purchase price of $45 million. NRG will effectively fund the net purchase price of $160 million with cash held by West Coast Power LLC, or WCP. The transactions, which are conditioned upon each other and subject to regulatory approval, are expected to close in the first quarter of 2006.

These transactions have been reflected in our pro forma financial statements as filed on our amended Current Report on Form 8-K/A filed on January 23, 2006 and on our amended Current Report on Form 8-K/A filed on January 26, 2006 and incorporated herein by reference.

Tender Offers and Consent Solicitations

On January 24, 2006, NRG announced that it had received valid tenders and consents from holders of approximately $1,078,141,353 in aggregate principal amount of Second Priority Notes and $1,125,000,000 in aggregate principal amount of Unsecured Senior Notes, representing approximately 99.78% and 100% of the outstanding Second Priority Notes and Unsecured Senior Notes, respectively, in connection with the cash tender offer and consent solicitation for the Second Priority Notes and the Unsecured Senior Notes. Consummation of the tenders offers are conditioned upon the satisfaction of certain conditions.

NRG Energy, Inc. is a Delaware corporation. Our principal executive office is located at 211 Carnegie Center, Princeton, New Jersey 08540, and our telephone number at that address is (609) 524-4500. Our website is located at www.nrgenergy.com. The information on, or linked to, our website is not part of this prospectus supplement.

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The Offering

Issuer	NRG Energy, Inc.
Securities Offered	2,000,000 shares of 5.75% mandatory convertible preferred stock, which we refer to in this prospectus supplement as the mandatory convertible preferred stock.
Initial Offering Price	$250 for each share of mandatory convertible preferred stock.
Option to Purchase Additional Shares of Mandatory Convertible Preferred Stock	To the extent the underwriters sell more than 2,000,000 shares of our mandatory convertible preferred stock, the underwriters have the option to purchase up to 300,000 additional shares of our mandatory convertible preferred stock from us at the initial offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus supplement. If the underwriters exercise their option to purchase additional shares of our mandatory convertible preferred stock in full, we will have 2,300,000 shares of our mandatory convertible preferred stock outstanding.
Dividends	$14.375 for each share of our mandatory convertible preferred stock per year. Dividends will accrue and cumulate from the date of issuance and, to the extent that we are legally permitted to pay dividends and our board of directors, or an authorized committee of our board of directors, declares a dividend payable, we will pay dividends in cash on each dividend payment date. The dividend payable on the first dividend payment date is $1.7170 per share and on each subsequent dividend payment date will be $3.59375 per share.
Dividend Payment Dates	March 15, June 15, September 15 and December 15 of each year (or the following business day if the 15th is not a business day) prior to the mandatory conversion date (as defined below), commencing on March 15, 2006 and on the mandatory conversion date.
Redemption	Our mandatory convertible preferred stock is not redeemable.
Mandatory Conversion Date	March 16, 2009, which we call the mandatory conversion date.
Mandatory Conversion	On the mandatory conversion date, each share of our mandatory convertible preferred stock will automatically convert into shares of our common stock, based on the conversion rate as described below. Holders of our mandatory convertible preferred stock on the mandatory conversion date will have the right to receive the cash dividend due on such date (including any accrued, cumulated and unpaid dividends on our mandatory convertible preferred stock as of the mandatory conversion date), whether or not declared (other than previously declared dividends on our mandatory convertible preferred stock payable to holders of record as of a

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prior date), to the extent we are legally permitted to pay such dividends at such time.

Conversion Rate

Except as described under Description of Mandatory Convertible Preferred Stock Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount, the conversion rate for each share of our mandatory convertible preferred stock will be not more than 5.1282 shares of our common stock and not less than 4.1356 shares of our common stock, depending on the applicable market value of shares of our common stock, as described below.

The applicable market value of shares of our common stock is the average of the closing prices of our common share on each of the 20 consecutive trading days ending on the third trading day immediately preceding the mandatory conversion date. Applicable market value will be calculated as described under Description of Mandatory Convertible Preferred Stock Mandatory Conversion.

The conversion rate is subject to certain adjustments, as described under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments and Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount.

The following table illustrates the conversion rate per share of our mandatory convertible preferred stock (subject to certain adjustments described in this prospectus supplement).

Applicable Market Value on Conversion Date	Conversion Rate
equal to or greater than \$60.45	4.1356
less than \$60.45 but greater than \$48.75	4.1356 to 5.1282
less than or equal to \$48.75	5.1282

Optional Conversion

At any time prior to March 16, 2009, you may elect to convert each of your shares of our mandatory convertible preferred stock at the minimum conversion rate of 4.1356 shares of our common stock for each share of mandatory convertible preferred stock. This conversion rate is subject to certain adjustments as described in this prospectus supplement.

Provisional Conversion at Our Option

If, at any time prior to March 16, 2009, the closing price per share of our common stock exceeds \$90.675(150% of the threshold appreciation price of \$60.45), subject to adjustments described in this prospectus supplement, for at least 20 trading days within a period of 30 consecutive trading days, we may elect to cause the conversion of all, but not less than all, of our mandatory convertible preferred stock then outstanding at the minimum conversion rate of 4.1356 shares of our common stock for each share of mandatory convertible preferred stock (subject to certain adjust-

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	ments described in this prospectus supplement) only if, in addition to issuing you such shares of our common stock, at the time of such conversion we are then legally permitted to and pay you in cash (i) the present value of all the remaining future dividend payments through and including March 16, 2009, on our mandatory convertible preferred stock, computed using a discount rate equal to the treasury yield, plus (ii) an amount equal to any accrued, cumulated and unpaid dividend payments on our mandatory convertible preferred stock, whether or not declared (other than previously declared dividends on our mandatory convertible preferred stock payable to holders of record as of a prior date). See Description of Mandatory Convertible Preferred Stock Provisional Conversion at Our Option.
Conversion upon Cash Acquisition; Cash Acquisition Make-Whole Amount	If we are the subject of specified cash acquisitions on or prior to March 16, 2009, under certain circumstances, we will (1) permit conversion of our mandatory convertible preferred stock during the period beginning on the date that is 15 days prior to the anticipated effective date of the applicable cash acquisition and ending on the date that is 15 days after the actual effective date at a specified conversion rate determined by reference to the price per share of our common stock paid in such cash acquisition and (2) pay converting holders an amount equal to the sum of any accumulated and unpaid dividends on shares of our mandatory convertible preferred stock that are converted plus the present value of all remaining dividend payments on such shares through and including March 16, 2009, as described under Description of Mandatory Convertible Preferred Stock Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount. The applicable conversion rate will be determined based on the date such transaction becomes effective and the price paid per share of our common stock in such transaction. However, if such transaction constitutes a public acquirer change of control, in lieu of providing for conversion and paying the dividend amount, we may elect to adjust our conversion obligation such that upon conversion of the mandatory convertible preferred stock, we will deliver acquirer common stock as described under Description of Mandatory Convertible Preferred Stock Conversion Upon Cash Acquisition; Cash Acquisition Dividend Make-Whole Amount.
Anti-dilution Adjustments	The formula for determining the conversion rate and the number of shares of our common stock to be delivered upon conversion may be adjusted in the event of, among other things, stock dividends or distributions in shares of our common stock or subdivisions, splits and combinations of shares of our common stock. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.
Liquidation Preference	$250 per share of mandatory convertible preferred stock, plus an amount equal to the sum of all accrued, cumulated and unpaid dividends.

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Voting Rights

Holders of our mandatory convertible preferred stock will not be entitled to any voting rights, except as required by Delaware law and as described under Description of Mandatory Convertible Preferred Stock Voting Rights.

Ranking

Our mandatory convertible preferred stock, with respect to dividend rights and upon liquidation, winding up and dissolution, ranks:

junior to all our existing and future debt obligations;

junior to all senior stock, which is each class or series of our capital stock other than (i) our common stock and any other class or series of our capital stock the terms of which provide that such class or series will rank junior to the preferred stock and (ii) any other class or series of our capital stock the terms of which provide that such class or series will rank on a parity with the preferred stock;

on a parity with all parity stock, which includes our existing 4% Convertible Perpetual Preferred Stock, 3.625% Convertible Perpetual Preferred Stock and any class or series of our capital stock that has terms which provide that such class or series will rank on a parity with the preferred stock;

senior to all junior stock, which is our common stock and each class or series of our capital stock that has terms which provide that such class or series will rank junior to the preferred stock; and

effectively junior to all of our subsidiaries (i) existing and future liabilities and (ii) capital stock held by others.

We will not be entitled to issue any class or series of our capital stock the terms of which provide that such class or series will rank senior to our mandatory convertible preferred stock as to payment of dividends or distribution of assets upon our dissolution, liquidation or winding up without the approval of the holders of at least two-thirds of the shares of our mandatory convertible preferred stock then outstanding and any other shares of our preferred stock ranking on a parity with our mandatory convertible preferred stock then outstanding, voting together as a single class.

Listing

We have applied to list the mandatory convertible preferred stock on the New York Stock Exchange under the symbol NRGPra.

Use of Proceeds

We estimate that the net proceeds of this offering, after giving effect to underwriting discounts and estimated expenses payable by us, will be approximately $484.7 million. We intend to use the net proceeds from this offering and the offerings of common stock and the New Senior Notes, together with initial borrowings under our new senior secured credit facility and cash on hand, (i) to finance the Acquisition, (ii) to repurchase NRG s outstanding Second Priority Notes, (iii) to repurchase Texas Genco s outstanding Unsecured Senior Notes, (iv) to repay amounts out-