

EME Reorganization Trust
Trustees' Quarterly Report¹
For the period ended June 30, 2014

August 29, 2014

¹ This report was prepared pursuant to Sections 9.3(a) and 9.3(b) of the Reorganization Trust Agreement, dated April 1, 2014 by and among the Managing Trustees listed on the signature pages thereto and Wilmington Trust, National Association (the "**Trust Agreement**"). Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Trust Agreement.

Section 9.3(a) provides, in relevant part, that the Reorganization Trust prepare and post to a public website, on a quarterly and annual basis, financial reports that fairly present the assets, liabilities, income and expenses of the Reorganization Trust for and as of the end of each reporting period. The financial statements shall be prepared on a consistent basis (except as disclosed in the notes thereto), but need not be prepared in accordance with Generally Accepted Accounting Principles.

Section 9.3(b) provides, in relevant part, that the Reorganization Trust prepare and post to a public website, no later than sixty (60) days after the end of each fiscal quarter, reports containing the following information regarding the activity of the Reorganization Trust during (i) the most recently completed fiscal quarter and (ii) in the report prepared after the end of each fiscal year, (A) the most recently completed fiscal year and (B) the time period since the Effective Date:

- (1) the material Trust Assets disposed of during the relevant period and the material Trust Assets remaining as of the end of such period;
- (2) the distributable Cash and common stock of NRG Energy, Inc. distributed during the relevant period, in the aggregate and on a per Beneficial Interest basis;
- (3) the aggregate total amount of remaining expenses set forth in the Reorganization Trust Budget for the expected operation of the Reorganization Trust; and
- (4) such other information as the Managing Trustees may determine to include from time to time.

The Reorganization Trust may not disclose confidential information in such reports (including the Reorganization Trust Budget) other than to Beneficiaries or third parties subject to appropriate confidentiality protections.

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I. ASSETS AND LIABILITIES OF THE TRUST

EME REORGANIZATION TRUST
Report of Net Assets and Liabilities
Estimated as of: June 30, 2014
(Unaudited)

| | <u>Estimated Value as of 6/30/2014</u> |
|--|--|
| <u>ASSETS</u> | |
| Cash balance | \$ 428,194,703 |
| Professional fee retainers | 4,119,788 |
| Retained causes of action ⁽¹⁾ | - |
| Right to receive EIX notes under EIX settlement ⁽²⁾ | 409,365,123 |
| Prepaid expenses and deposits | <u>171,666</u> |
| Total Assets | 841,851,280 |
| <u>LIABILITIES</u> | |
| <u>Reserves:</u> | |
| Disputed claims reserve ⁽³⁾ | (254,933,318) |
| EIX escrow | (50,001,230) |
| Trust wind down budget | (62,780,037) |
| Professional fee escrow | (23,822,159) |
| Big Sky sale - Suzlon escrow | <u>(100,276)</u> |
| | <u>(391,637,020)</u> |
| Estimated net assets and liabilities | <u>\$ 450,214,260</u> |

Notes:

⁽¹⁾ Retained Causes of Action: Included as Exhibit F of the Plan Supplement was a list of Retained Causes of Action that are being investigated by the Reorganization Trust. Due to the uncertainties in the amount and timing of any recovery from this potential litigation, the Retained Causes of Action are valued at zero for accounting purposes. Upon further investigation, the Reorganization Trust may determine that some of the Retained Causes of Action should have a higher valuation.

⁽²⁾ Right to Receive EIX Notes: Pursuant to the EIX Settlement, EIX will issue certain notes related to tax attributes retained by EIX pursuant to the settlement. For purposes of confirmation of the Plan, the initial principal amount of the EIX Notes was established at \$409,365,123, which is the amount initially used for accounting purposes. The process to determine the final principal amount of the EIX Notes is ongoing; therefore, the principal amount of the EIX Notes is subject to adjustment, which may be material.

⁽³⁾ Disputed Claims Reserve: Included as Exhibit 1 of the Plan Supplement, the initial Disputed Claims Reserve was \$255,747,515. During the reporting period, \$814,197 has been disbursed from this reserve for claim settlements.

This report has been prepared in accordance with Section 9.3 of the Trust Agreement. This report of net assets and liabilities is not audited and has not been prepared in accordance with Generally Accepted Accounting Principles or the requirements of any other regulatory or professional body or organization.

II. INCOME AND EXPENSES OF THE TRUST

EME REORGANIZATION TRUST
Report of Cash Receipts and Disbursements
For the period: April 1, 2014 (Effective Date) through June 30, 2014
(UNAUDITED)

| | | | |
|--|--------------|----|---------------|
| Beginning cash balance | | \$ | - |
| <u>CASH RECEIPTS - Initial funding:</u> | | | |
| Plan of reorganization net cash flow | 97,034,609 | | |
| Disputed claims reserve | 255,747,515 | | |
| Houlihan Lokey escrow | 4,366,491 | | |
| Professional fee escrow | 34,436,851 | | |
| Compensation and benefits escrow | 79,713,378 | | |
| EIX escrow | 50,000,000 | | |
| Big Sky sale - Suzlon escrow | 500,014 | | |
| | | | 521,798,858 |
| <u>CASH RECEIPTS - Post Effective Date:</u> | | | |
| Final payroll true-up (EIX & NRG) | 4,046,022 | | |
| EIX retainer settlement | 2,332,000 | | |
| Escrow and retainer releases | 1,821,452 | | |
| Workers compensation refunds | 1,127,554 | | |
| Other receipts | 182,392 | | |
| Total - wind down receipts | | | 9,509,420 |
| Total cash receipts | | | 531,308,278 |
| <u>CASH DISBURSEMENTS - From reserves</u> | | | |
| Compensation and benefits escrow payments | (79,713,378) | | |
| Professionals final fee applications | (10,616,884) | | |
| Houlihan Lokey escrow payments | (4,366,191) | | |
| Disputed claims reserve payments | (814,197) | | |
| Big Sky sale - Suzlon escrow payments | (399,762) | | |
| Total - disbursements from reserves | | | (95,910,412) |
| <u>CASH DISBURSEMENTS - Post Effective Date:</u> | | | |
| NRG asset purchase agreement adjustments | (2,952,205) | | |
| Legal and professional fees | (2,092,443) | | |
| Trust employee payroll and benefits | (1,097,320) | | |
| EIX - union retirees PBOB | (418,000) | | |
| IT, data and document retention | (255,469) | | |
| Trust board of director fees | (206,250) | | |
| US Trustee fees | (80,800) | | |
| Insurance | (74,948) | | |
| Other administrative costs | (25,728) | | |
| Total - wind down disbursements | | | (7,203,163) |
| Total cash disbursements | | | (103,113,575) |
| Ending cash balance | | \$ | 428,194,703 |

This report has been prepared in accordance with Section 9.3 of the Trust Agreement. This report of cash receipts and disbursements is not audited and has not been prepared in accordance with Generally Accepted Accounting Principles or the requirements of any other regulatory or professional body or organization.

III. MATERIAL TRUST ASSETS

A. Material Assets Disposed of Prior to June 30, 2014

During the reporting period, the Reorganization Trust disbursed or released approximately \$94.5 million from reserves. The Reorganization Trust also disbursed approximately \$4.3 million related to post-Effective Date wind down activities and approximately \$2.9 million related to an asset purchase agreement adjustment.

B. Material Trust Assets Remaining as of June 30, 2014

As of June 30, 2014, the material trust assets remaining consisted primarily of cash in the total aggregate amount of approximately \$428.2 million, of which approximately \$328.9 million was reserved for disputed claims and various escrowed amounts. On July 11, 2014, the Managing Trustees of the Reorganization Trust approved an aggregate cash distribution of \$92,257,513.46 to holders of beneficial interests of the Reorganization Trust. This cash distribution was paid on July 31, 2014. Please see “VI. MISCELLANEOUS INFORMATION—Material Recent Developments” for more information on this cash distribution.

During the period April 1, 2014 through June 30, 2014, the Reorganization Trust received approximately \$9.5 million of cash recoveries consisting of:

| | |
|--|--------------------|
| Final payroll true-up (EIX & NRG) | 4,046,022 |
| EIX retainer settlement | 2,332,000 |
| Escrow and retainer releases | 1,821,452 |
| Workers compensation policy cancellation refunds | 1,127,554 |
| Other receipts | <u>182,392</u> |
| Total | <u>\$9,509,420</u> |

IV. DISTRIBUTABLE CASH AND COMMON STOCK (IN THE AGGREGATE AND ON A PER BENEFICIAL INTEREST BASIS)

An initial distribution of NRG common stock and cash was made on the Effective Date in accordance with the terms of the Plan in the aggregate amount of \$2,907,124,113. This distribution consisted of the following:

| | <u>Amount</u> | <u>% of Recovery</u> | <u>% of Claim</u> |
|-----------------------|------------------------|----------------------|-------------------|
| Cash component | \$2,500,574,428 | 86.015% | 0.307% |
| Stock component | \$394,708,514 | 13.577% | 10.243% |
| Advisor fees | \$11,841,171 | 0.407% | 64.890% |
| Total recovery | \$2,907,124,113 | 100.000% | 75.440% |

In addition, on July 11, 2014, the Managing Trustees of the Reorganization Trust approved an aggregate cash distribution of \$92,257,513.46 to holders of beneficial interests of the Reorganization Trust. This cash distribution was paid on July 31, 2014. Please see “VI. MISCELLANEOUS INFORMATION—Material Recent Developments” for more information on this cash distribution.

V. AGGREGATE REMAINING EXPENSES IN REORGANIZATION TRUST BUDGET

EME REORGANIZATION TRUST

Aggregate Expenses Remaining in Reorganization Trust Budget
For the period: April 1, 2014 (Effective Date) through June 30, 2014
(Unaudited)

| <u>Category</u> | <u>Original Budget</u> | <u>Expenditures To Date</u> | <u>Remaining Budget</u> |
|--|----------------------------|---------------------------------|-----------------------------|
| Legal | \$ 24,600,000 | \$ (724,774) | \$ 23,875,226 |
| Other professionals | 26,410,267 | (1,367,669) | 25,042,598 |
| Payroll and benefits | 10,226,789 | (1,097,320) | 9,129,469 |
| Board fees | 2,500,000 | (206,250) | 2,293,750 |
| Other general and administrative costs | 3,297,555 | (858,090) | 2,439,465 |
| | <u>\$ 67,034,611</u> | <u>\$ (4,254,103)</u> | <u>\$ 62,780,508</u> |

This report has been prepared in accordance with Section 9.3 of the Trust Agreement. This report of aggregate expenses remaining in reorganization trust budget is not audited and has not been prepared in accordance with Generally Accepted Accounting Principles or the requirements of any other regulatory or professional body or organization.

V. MISCELLANEOUS INFORMATION

EME HOMER CITY GENERATION LP
Report of Cash Receipts and Disbursements
For the period: April 1, 2014 (Effective Date) through June 30, 2014
(UNAUDITED)

| | | |
|----------------------------------|-----------|---------------------|
| Beginning cash balance | | \$ 167,834 |
| <u>Receipts:</u> | | |
| Liberty Mutual collateral return | 4,060,143 | |
| AEGIS collateral return | 2,010,518 | |
| Argo collateral return | 888,975 | |
| Other settlement | 196 | |
| Total receipts | | 6,959,832 |
| <u>Disbursements:</u> | | |
| Legal fees | (117,628) | |
| Other administrative costs | (14,789) | |
| Total - wind down disbursements | | (132,417) |
| Ending cash balance | | <u>\$ 6,995,249</u> |

This report has been prepared in accordance with Section 9.3 of the Trust Agreement. This report of net assets and liabilities is not audited and has not been prepared in accordance with Generally Accepted Accounting Principles or the requirements of any other regulatory or professional body or organization.

Material Recent Developments

On July 11, 2014, the Managing Trustees of the Reorganization Trust approved a cash distribution of \$0.02394 per beneficial interest, which was paid on July 31, 2014 to all record holders of beneficial interests as of the close of business on July 21, 2014.

Immediately prior to the distribution, there were 3,853,697,304 issued and outstanding beneficial interests of the Reorganization Trust.

Record Date: July 21, 2014
Payment Date: July 31, 2014
Distribution Amount: \$0.02394 per beneficial interest (\$92,257,513.46 in the aggregate)