

NRG ENERGY, INC.
Form DEF 14A
March 13, 2007

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NRG Energy, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 16, 2007

Dear Stockholder:

We are pleased to invite you to attend NRG Energy, Inc.'s Annual Meeting of Stockholders, which will be held on Wednesday, April 25, 2007, at 9:30 a.m. Eastern Time at Hotel du Pont, 11th and Market Streets, Wilmington, Delaware. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement. A report on Company operations and a discussion of our plans will be made at the meeting and there will be time for your questions and comments.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote by completing and mailing a proxy card as set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

Thank you for your ongoing interest and investment in NRG Energy, Inc.

Sincerely,

Howard E. Cosgrove
Chairman of the Board

David Crane
President and Chief Executive Officer

THIS PROXY STATEMENT AND PROXY CARD ARE
BEING DISTRIBUTED ON OR ABOUT MARCH 16, 2007.

Table of Contents

**2007 ANNUAL MEETING OF STOCKHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

TABLE OF CONTENTS

	Page
<u>Notice of Annual Meeting of Stockholders</u>	iii
<u>Proxy Statement</u>	1
<u>Purpose of the Annual Meeting</u>	1
<u>Annual Meeting Admission</u>	1
<u>Quorum</u>	1
<u>Stockholders Entitled to Vote</u>	1
<u>Required Vote</u>	2
<u>Voting Methods</u>	2
<u>Changing Your Vote</u>	2
<u>Counting the Vote</u>	3
<u>Confidentiality</u>	3
<u>List of Stockholders</u>	3
<u>Cost of Proxy Solicitation</u>	3
<u>Transfer Agent</u>	3
<u>Governance of the Company</u>	4
<u>Corporate Governance Guidelines</u>	4
<u>Director Independence</u>	4
<u>Board Structure and Committee Membership</u>	5
<u>Board Meetings</u>	5
<u>Audit Committee</u>	5
<u>Compensation Committee</u>	6
<u>Governance and Nominating Committee</u>	7
<u>Commercial Operations Oversight Committee</u>	9
<u>Nuclear Oversight Committee</u>	9
<u>Review, Approval or Ratification of Transactions with Related Persons</u>	9
<u>Communication with Directors</u>	10
<u>Proposals To Be Voted On</u>	11
<u>Proposal No. 1</u>	11
<u>Nominees for Director (Class I Directors)</u>	12
<u>Directors Continuing in Office</u>	12
<u>Proposal No. 2</u>	14
<u>Executive Officers</u>	15
<u>Voting Stock Ownership of Directors, Named Executive Officers, and Certain Beneficial Owners</u>	19
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	21
<u>Compensation Committee Report on Executive Compensation</u>	21
<u>Executive Compensation</u>	22
<u>Compensation Discussion and Analysis</u>	22

Table of Contents

	Page
<u>Summary Compensation Table</u>	32
<u>Grants of Plan-Based Awards</u>	34
<u>Outstanding Equity Awards at Fiscal Year-End</u>	36
<u>Option Exercises and Stock Vested</u>	37
<u>Pension Benefits</u>	37
<u>Non-Qualified Deferred Compensation</u>	38
<u>Severance and Change in Control</u>	38
<u>Director Compensation</u>	40
<u>Audit Committee Report</u>	42
<u>Independent Registered Public Accounting Firm</u>	43
<u>Audit and Nonaudit Fees</u>	43
<u>Audit Fees</u>	43
<u>Audit-Related Fees</u>	43
<u>Tax Fees</u>	43
<u>Policy on Audit Committee Pre-approval of Audit and Permissible Nonaudit Services of Independent Registered Public Accounting Firm</u>	43
<u>Requirements for Submission of Stockholder Proposals</u>	44

Table of Contents

NRG Energy, Inc.
211 Carnegie Center, Princeton, New Jersey 08540

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:30 a.m. Eastern Time on Wednesday, April 25, 2007
PLACE	Hotel du Pont 11th and Market Streets Wilmington, Delaware
ITEMS OF BUSINESS	(1) To elect four Class I directors. (2) To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm. (3) To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.
RECORD DATE	You are entitled to vote if you were a stockholder of record at the close of business on Monday, March 12, 2007.
ANNUAL REPORT	Our 2006 Annual Report, which is not part of the proxy soliciting materials, is enclosed.
PROXY VOTING	Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy by mail. For specific instructions, please refer to the information on page 2 of this Proxy Statement and the voting instructions on the proxy card.

By Order of the Board of Directors

Tanuja M. Dehne
Corporate Secretary

Table of Contents

PROXY STATEMENT

The Board of Directors (the Board) of NRG Energy, Inc. (NRG or the Company) is soliciting proxies for the Annual Meeting of Stockholders. You are receiving a Proxy Statement because you own shares of NRG s Common Stock, par value \$.01 per share (the Common Stock or Common Shares) and/or shares of NRG s 4% Convertible Perpetual Preferred Stock (the 4% Preferred Stock or 4% Preferred Shares) that entitle you to vote at the meeting. Holders of NRG s 3.625% Convertible Perpetual Preferred Stock and NRG s 5.75% Mandatory Convertible Preferred Stock are not entitled to vote at the Annual Meeting. By use of a proxy, you can vote whether or not you attend the meeting. The Proxy Statement describes the matters we would like you to vote on and provides information on those matters.

Purpose of the Annual Meeting

The purpose of the Annual Meeting is to elect directors, to ratify the appointment of KPMG LLP as NRG s independent registered public accounting firm, and to conduct such other business as may properly come before the Annual Meeting. Other than the proposals described in this Proxy Statement, the Board is not aware of any other matters to be presented for a vote at the Annual Meeting. If you grant a proxy, either of the persons named as proxy holders David Crane and Tanuja M. Dehne will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Annual Meeting Admission

Stockholders of NRG may attend the Annual Meeting. However, only stockholders who owned Common Stock or 4% Preferred Stock at the close of business on March 12, 2007, the record date, or their duly appointed proxies, are entitled to vote at the meeting. Proof of ownership of NRG stock, along with personal identification, must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other proof of ownership with you to the Annual Meeting.

No cameras, recording equipment, electronic devices, large bags, briefcases, or packages will be permitted in the Annual Meeting.

Quorum

A quorum is the minimum number of shares required to hold a meeting. Under NRG s Bylaws, to have a quorum, a majority of the outstanding shares of stock entitled to vote at a meeting must be represented in person or by proxy at the meeting. Both abstentions and broker nonvotes, if any, are counted as present for determining the presence of a quorum. Generally, broker nonvotes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (a) the broker has not received voting instructions from the beneficial owner and (b) the broker lacks discretionary voting power to vote such shares. Brokers who do not receive instructions are entitled to vote on the election of directors and the ratification of the appointment of the independent auditors.

Stockholders Entitled to Vote

Only stockholders of record at the close of business on March 12, 2007 are entitled to vote at the Annual Meeting. As of the record date, 137,391,492 shares of Common Stock and 420,000 shares of 4% Preferred Stock were issued and outstanding. Each holder of NRG s Common Stock and 4% Preferred Stock is entitled to one vote per share.

Table of Contents

Many NRG stockholders hold their shares through a stockbroker, bank, trustee, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

* *Stockholder of Record* If your shares are registered directly in your name with NRG's transfer agent, Bank of New York, N.A., you are considered the stockholder of record of those shares and these proxy materials are being sent to you by NRG. As the stockholder of record, you have the right to grant your voting proxy directly to NRG or to vote in person at the meeting.

* *Beneficial Owner* If your shares are held in a stock brokerage account, or by a bank, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, trustee, or nominee, who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote and are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting. Your broker, trustee, or nominee is obligated to provide you with a voting instruction card for you to use.

Required Vote

Director Nominees The nominees for election as directors at the Annual Meeting will be elected by a plurality of the votes cast at the meeting. This means that the director nominee with the most votes for a particular slot is elected for that slot. Votes withheld from a director nominee will have no effect on the election of the director from whom votes are withheld. Broker nonvotes, if any, will not be counted as having been voted and, thus, will have no effect on the outcome of the vote on the election of directors.

Ratification of the Appointment of the Independent Auditors This proposal requires the affirmative FOR vote of a majority of those shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will be counted toward the tabulation of votes cast on this proposal and will have the same effect as a vote against this proposal. Broker nonvotes, if any, will have no effect on the outcome of the vote on this proposal.

Voting Methods

If you hold shares directly as the stockholder of record, you may vote by granting a proxy or, if you hold shares beneficially in street name, by submitting voting instructions to your broker, trustee, or nominee. Please refer to the summary instructions below and those included on your proxy card or, for shares held in street name, the voting instruction card included by your broker, trustee, or nominee.

You may vote by mail by signing your proxy card or, for shares held in street name, the voting instruction card included by your broker, trustee, or nominee, and mailing it in the enclosed, postage-paid, addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign, but do not provide instructions, your shares will be voted as the Board recommended. Mark, sign, and date your proxy card and return it in the postage-paid envelope provided as soon as possible so that it is received by April 25, 2007, the meeting date.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

Changing Your Vote

Edgar Filing: NRG ENERGY, INC. - Form DEF 14A

You may change your proxy instructions or revoke your proxy at any time prior to the vote at the Annual Meeting. For shares held directly in your name, you may accomplish this by granting a new proxy or by voting in person at the Annual Meeting. For shares held beneficially by you, you may change your vote by submitting new voting instructions to your broker, trustee, or nominee.

Table of Contents

Counting the Vote

In the election of directors, you may vote **FOR** all of the nominees or your vote may be **WITHHELD** from one or more of the nominees. For the other proposal, you may vote **FOR**, **AGAINST**, or **ABSTAIN**. If you **ABSTAIN**, it has the same effect as a vote **AGAINST**. If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. Representatives of Bank of New York, N.A., NRG's transfer agent, will tabulate the votes and act as the inspectors of election.

Confidentiality

Stockholder proxies, ballots, and tabulations that identify stockholders are confidential. They will not be available for examination, nor will the identity or vote of any stockholder be disclosed, except as necessary to meet legal requirements and allow the inspectors of election to certify the results of the stockholder vote. Occasionally, stockholders provide written comments on their proxy card that may be forwarded to NRG management.

List of Stockholders

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for 10 days prior to the meeting for any purpose germane to the meeting, between the hours of 8:45 a.m. and 4:30 p.m. (Eastern Time), at our principal executive offices at 211 Carnegie Center, Princeton, New Jersey 08540, by contacting the Corporate Secretary.

Cost of Proxy Solicitation

NRG will pay for the cost of preparing, assembling, printing, mailing, and distributing these proxy materials. In addition to mailing these proxy materials, the solicitation of proxies or votes may be made in person, by telephone, or by electronic communication by our directors, officers, and employees, who do not receive any additional compensation for these solicitation activities. We will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and other solicitation materials to beneficial owners of stock.

Transfer Agent

Our transfer agent is The Bank of New York. All communications concerning stockholder inquiries can be handled by contacting The Bank of New York, Investor Services Department, P.O. Box 11258, New York, NY 10286-1258, 1-800-524-4458. Outside the U.S. and Canada 1-212-815-3700 and Hearing Impaired TTY Phone 1-888-269-5221. E-mail address is: shareowners@bankofny.com. Website is: <https://www.stockbny.com>. Send certificates for transfer and address changes to: Receive and Deliver Department, P.O. Box 11002, New York, NY 10286-1002.

Table of Contents

GOVERNANCE OF THE COMPANY

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with the Amended and Restated Certificate of Incorporation, the Bylaws and the charters of the Board committees, provide the framework for the governance of the Company. The Board's Governance and Nominating Committee is responsible for periodically reviewing the Guidelines and recommending any proposed changes to the Board for approval. The Corporate Governance Guidelines are available on our website at <http://www.nrgenergy.com/investor/corpgov/.htm>, along with the charters of our Audit, Compensation, and Governance and Nominating committees and our Code of Conduct. The Corporate Governance Guidelines, the charters of all of our Board committees and our Code of Conduct are available in print to any stockholder who requests them.

Director Independence

The Board is made up of a majority of independent directors. An independent director is a director who meets the criteria for independence as required by the applicable law and the New York Stock Exchange (NYSE) listing standards and is affirmatively determined to be independent by the Board. The Board has determined that each of the current directors is independent under the listing standards of the NYSE, with the exception of David Crane, President and Chief Executive Officer, and Paul Hobby, whose sister-in-law is a current partner at KPMG LLP, the Company's independent registered public accounting firm. William Hantke serves as director of Process Energy Solutions, which is one of many advisors to the Company on development projects; Maureen Miskovic serves as a director of State Street Corporation, a shareholder of NRG; and Thomas Weidemeyer serves as a director of Waste Management, Inc., a service provider to the Company as part of the ordinary course of business. The Board has evaluated the business relationships between the Company and each of these companies and has concluded that each business relationship is immaterial and does not interfere with Mr. Hantke's, Ms. Miskovic's or Mr. Weidemeyer's exercise of independent judgment on the Board or on the Audit Committee, in the case of Mr. Hantke. Each of the Audit, Compensation, and Governance and Nominating Committees is made up solely of independent directors. In accordance with the Company's Corporate Governance Guidelines (available on the Company's website) and the NYSE listing standards, all members of the Audit Committee meet additional independence standards applicable to audit committee members.

Table of Contents**Board Structure and Committee Membership**

The Board is set at 12 directors. The Board is divided into three classes, approximately equal in number, serving staggered three-year terms.

The Board presently has the following five Committees: Audit, Compensation, Governance and Nominating, Commercial Operations Oversight and Nuclear Oversight, which includes the Nuclear Oversight Subcommittee. The membership and the functions of each Committee are described below.

Name of Director	Audit	Governance and Nominating	Compensation	Commercial Operations Oversight	Nuclear Oversight
Howard E. Cosgrove ⁽¹⁾					X ⁽²⁾
John F. Chlebowski	X ⁽²⁾				X
Lawrence S. Coben			X ⁽²⁾		X
David Crane					X
Stephen L. Cropper				X ⁽²⁾	X
William E. Hantke	X				X
Paul W. Hobby				X	X
Maureen Miskovic				X	
Anne C. Schaumburg	X				X
Herbert H. Tate		X			X ⁽³⁾
Thomas H. Weidemeyer		X	X		X
Walter R. Young		X ⁽²⁾	X		X

X = Committee Member

(1) Chairman of the Board

(2) Committee Chair

(3) Chair of the Nuclear Oversight Subcommittee

Board Meetings

During 2006, the Board held 13 meetings. During 2006, no director attended less than 75% of the total of the Board meetings and the meetings of the committees upon which he or she served. In calendar year 2007, the Board has held one meeting through March 12, 2007.

The Company's Corporate Governance Guidelines provide that the nonmanagement directors meet in executive session periodically following Board meetings. The Company's nonexecutive Chairman, Howard Cosgrove, presides at these sessions.

Directors are encouraged to attend the Annual Meetings of Stockholders. All of the directors, except Lawrence Coben and Stephen Cropper, attended the 2006 Annual Meeting of Stockholders.

Audit Committee

The Audit Committee represents and provides assistance to the Board with respect to matters involving the accounting, auditing, financial reporting, internal controls, and legal compliance functions of the Company and its subsidiaries, including assisting the Board in its oversight of the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the qualifications, independence, and performance of the Company's independent auditors, the performance of the Company's internal audit function, and effectiveness of the Company's financial risk management. Among other things, the Committee:

Appoints, retains, oversees, evaluates, and compensates the independent auditors;

Table of Contents

Reviews the annual audited and quarterly consolidated financial statements;

Reviews major issues regarding accounting principles and financial statement presentations;

Reviews earnings press releases and earnings guidance provided to analysts and rating agencies;

Reviews with the independent auditors the scope of the annual audit, and approves all audit and permitted nonaudit services provided by the independent auditors;

Considers the adequacy and effectiveness of the Company's internal control and reporting system;

Discusses policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the effectiveness of the Company's system for monitoring compliance with laws and regulations, and reviews the Company's tax policies and findings of regulatory agencies and independent auditors;

Reports regularly to the Board regarding its activities and prepares and publishes required annual committee reports;

Establishes procedures for the receipt, retention, and treatment of complaints and concerns regarding accounting, internal accounting controls, or auditing matters; and

Annually evaluates the performance of the Audit Committee and the adequacy of its charter.

The Board has determined that all Audit Committee members are independent under the New York Stock Exchange definition of independence for directors and audit committee members, and that all members of the Audit Committee are financially literate. In addition, the Board has determined that John Chlebowski and William Hantke qualify as audit committee financial experts within the meaning of Securities and Exchange Commission (SEC) regulations. In calendar year 2006, the Audit Committee held eight meetings. In calendar year 2007, the Audit Committee has held two meetings through March 12, 2007.

Compensation Committee

The Compensation Committee oversees the Company's overall compensation structure, policies, and programs. Among other things, the Committee:

Reviews and recommends to the Board annual and long-term goals and objectives relevant to the compensation of the President and the Chief Executive Officer, evaluates the performance of the President and Chief Executive Officer in light of those goals and objectives, and either as a committee or together with the other independent directors, determines and approves the President and the Chief Executive Officer's compensation;

Reports to the Board the review of annual and long-term goals and objectives relevant to the compensation of the Chief Financial Officer, the Executive Vice Presidents and any other officer designated by the Board, the evaluation of those officers' performance in light of those goals and objectives, the determination and approval of compensation levels based on such evaluations and the review and approval of employment arrangements, severance arrangements and benefits plans;

Reviews and recommends to the Board the compensation, incentive-compensation and equity-based plans that are subject to Board approval;

Reviews and approves stock option and other stock incentive awards for executive officers other than for the President and Chief Executive Officer;

Makes recommendations regarding, and monitors compliance by officers and directors with, the Company's stock ownership guidelines;

Reviews the compensation of directors for service on the Board and its committees;

Table of Contents

Reviews and approves employment agreements and severance arrangements, benefits plans not otherwise subject to Board approval, and corporate goals and objectives for officers other than for the President and Chief Executive Officer;

Reviews and discusses with management the Compensation Discussion and Analysis, or the CD&A, to be included in the Company's proxy statement or annual report on Form 10-K and based on such review and discussions recommends to the Board that the CD&A be included in the Company's proxy statement or annual report on Form 10-K.

Reviews and oversees the Company's overall compensation strategy, structure, policies and programs, and assesses the compensation structure's establishment of appropriate incentives for management and employees; and

Annually evaluates the performance of the Compensation Committee and the adequacy of its charter.

The Compensation Committee may delegate to one or more subcommittees such power and authority as the Compensation Committee deems appropriate. No subcommittee shall consist of fewer than two members, and the Compensation Committee shall not delegate to a subcommittee any power or authority that is required by any law, regulation or listing standard to be exercised by the Compensation Committee as a whole.

The Compensation Committee has retained Mercer Human Resources Consulting, referred to as Mercer, to provide it with market information, analysis and guidance in the development and assessment of NRG's executive compensation program. For a more detailed discussion of the Compensation Committee's processes and procedures for the consideration and determination of executive officer and director compensation, including the role of the executive officers and Mercer in determining and recommending the amount or form of compensation, please see the CD&A included in this Proxy Statement.

The Board has determined that all Compensation Committee members are independent under the listing standards of the New York Stock Exchange, and that they are nonemployee directors for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the Exchange Act), as amended, and outside directors for purposes of Section 162(m) of the Internal Revenue Code (the Code). In calendar year 2006, the Compensation Committee held seven meetings. In calendar year 2007, the Compensation Committee has held one meeting through March 12, 2007.

Governance and Nominating Committee

The Governance and Nominating Committee recommends director candidates to the Board for election at the Annual Meeting of Stockholders, and periodically reviews the Company's Corporate Governance Guidelines and recommends changes to the Board. Among other things, the Committee also:

Identifies and reviews the qualifications of potential nominees to the Board consistent with criteria approved by the Board, and assesses the contributions and independence of incumbent directors in determining whether to recommend them for re-election;

Establishes and reviews procedures for the consideration of Board candidates recommended by the Company's stockholders;

Makes recommendations to the Board concerning the structure, composition, and functioning of the Board and its committees;

Reviews and assesses the channels through which the Board receives information, and the quality and timeliness of information received;

Reviews and recommends to the Board retirement and other tenure policies for directors;

Reviews and approves Company policies applicable to the Board, the directors and officers subject to Section 16 of the Exchange Act;

Reviews and reports to the Board regarding potential conflicts of interests of directors;

Table of Contents

Recommends to the Board director candidates for the annual meeting of stockholders, and candidates to be elected by the Board as necessary to fill vacancies and newly created directorships;

Oversees the evaluation of the Board, its committees and management and annually reviews the Company's senior management succession plans;

Monitors directorships in other public companies held by directors and senior officers of the Company; and

Annually evaluates the performance of the Governance and Nominating Committee and the appropriateness of its charter.

The Board has determined that all Governance and Nominating Committee members are independent under the listing standards of the New York Stock Exchange. In calendar year 2006, the Governance and Nominating Committee held six meetings. In calendar year 2007, the Governance and Nominating Committee has held one meeting through March 12, 2007. The Board and each of the Audit Committee, Compensation Committee, Commercial Operations Oversight Committee, and Nuclear Oversight Subcommittee conduct annual self-evaluations to assess their effectiveness and review their Charters. Individual directors are also evaluated by the Board. The Governance and Nominating Committee coordinates the annual evaluations.

The Governance and Nominating Committee is responsible for identifying individuals that the Committee believes are qualified to become Board members in accordance with criteria set forth in the Company's Corporate Governance Guidelines. These criteria include an individual's business experience and skills, independence, judgment, integrity, and ability to commit sufficient time and attention to the activities of the Board. The Guidelines provide that the Committee will consider these criteria in the context of the perceived needs of the Board as a whole and seek to achieve a diversity of backgrounds and perspectives on the Board. The Governance and Nominating Committee's process for identifying and evaluating director nominees also includes consultation with all directors, solicitation of proposed nominees from all directors, the engagement of one or more professional search firms, if deemed appropriate, interviews with prospective nominees by the Committee (and other directors, if deemed appropriate) and recommendations regarding qualified candidates to the full Board.

The Committee will consider nominations by stockholders who recommend candidates for election to the Board. A stockholder seeking to recommend a prospective candidate for the Committee's consideration may do so by writing to the Corporate Secretary, NRG Energy, Inc., 211 Carnegie Center, Princeton, New Jersey 08540. Recommendations submitted for consideration by the Committee in preparation for the 2008 Annual Meeting of Stockholders must be received by November 15, 2007 and must contain the following information: (a) the name and address of the stockholder; (b) the name and address of the person to be nominated; (c) a representation that the stockholder is a holder of the Company's stock entitled to vote at the meeting; (d) a statement in support of the stockholder's recommendation, including a description of the candidate's qualifications; (e) information regarding the candidate that would be required to be included in a proxy statement filed in accordance with the rules of the SEC; and (f) the candidate's written, signed consent to serve if elected. The Governance and Nominating Committee will follow the process described above in considering nominees proposed by stockholders in accordance with the foregoing requirements.

Alternatively, as discussed under Requirements for Submission of Stockholder Proposals for Next Year's Annual Meeting, stockholders intending to appear at the 2008 Annual Meeting of Stockholders in order to nominate a candidate for election by the stockholders at the meeting (in cases where the Board does not intend to nominate the candidate or where the Governance and Nominating Committee was not requested to consider his or her candidacy) must comply with the procedures in the Company's Bylaws, a copy of which is available upon request to our

Corporate Secretary.

Table of Contents

Commercial Operations Oversight Committee

The Commercial Operations Oversight Committee assists the Board in fulfilling its responsibilities with respect to the oversight of trading, power marketing and risk management issues at the Company. The Commercial Operations Oversight Committee consists of at least three directors, a majority of which must be independent, as defined under the listing standards of the New York Stock Exchange and as affirmatively determined to be independent by the Board. No member of the Commercial Operations Oversight Committee may be removed except by majority vote of the independent directors then in office.

The Commercial Operations Oversight Committee's duties and responsibilities consist of the following:

Providing Board oversight of the trading and power marketing of the Company;

Reviewing, advising and consulting with management and the Audit Committee regarding the Company's risk management policies, practices and procedures;

Approving as appropriate, the Company's power marketing and trading transactions, limits, policies, practices and procedures, and counterparty credit limit and policies, and approving exceptions to policies, as necessary;

Annually evaluating the performance of the Committee and the appropriateness of the Committee's charter; and

Performing such other responsibilities as may be delegated to it by the Board from time to time that are consistent with its purpose.

In calendar year 2006, the Commercial Operations Oversight Committee held six meetings. In calendar year 2007, the Commercial Operations Oversight Committee has held one meeting through March 12, 2007.

Nuclear Oversight Committee

The Nuclear Oversight Committee assists the Board in fulfilling its responsibilities with respect to the oversight of the Company's ownership and operation, directly or indirectly, of its undivided interests in nuclear power plant facilities as the Company may hold from time to time. The Nuclear Oversight Committee consists of all of the members of the Board who are citizens of the United States of America and who otherwise meet the requirements of applicable law to serve on the Committee, a majority of which shall be independent, as defined under the listing standards of the New York Stock Exchange and as affirmatively determined to be independent by the Board. The Nuclear Oversight Committee formed the Nuclear Oversight Subcommittee in April 2006 to review and report to the Board and the Nuclear Oversight Committee on matters not expressly reserved for review by the Board. The Nuclear Oversight Subcommittee consists of Herbert Tate (Chair of the subcommittee), Paul Hobby and Anne Schaumburg.

In calendar year 2006, the Nuclear Oversight Committee held one meeting. In calendar year 2007, the Nuclear Oversight Committee has held one meeting through March 12, 2007. In calendar year 2006, the Nuclear Oversight Subcommittee held three meetings. In calendar year 2007, the Nuclear Oversight Subcommittee has held one meeting through March 12, 2007.

Review, Approval or Ratification of Transactions with Related Persons

The Board has adopted written policies and procedures to address potential or actual conflicts of interest and the appearance that decisions are based on considerations other than the best interests of NRG that may arise in connection with transactions with certain persons or entities (the Policy). The Policy operates in conjunction with NRG s Code of Conduct and is applicable to all transactions, arrangements or relationships in which: (a) the aggregate amount involved will or may be expected to exceed \$50,000 in any calendar year; (b) the Company is a participant; and (c) any Related Person (as that term is defined in Item 404 under Regulation S-K of the Securities Act of 1933, as amended) has or will have a direct or indirect interest (a Related Person Transaction).

Table of Contents

A Related Person Transaction is subject to review and approval or ratification by the Governance and Nominating Committee. If the aggregate amount involved is expected to be less than \$500,000, the transaction may be approved or ratified by the Chair of the Committee. As part of its review of each Related Person Transaction, the Governance and Nominating Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than the terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction. This Policy also provides that certain transactions, based on their nature and/or monetary amount, are deemed to be pre-approved or ratified by the Committee and do not require separate approval or ratification.

Transactions involving ongoing relationships with a Related Person will be reviewed and assessed at least annually by the Committee to ensure that such Related Person Transactions remain appropriate and in compliance with the Committee's guidelines. The Committee's activities with respect to the review and approval or ratification of all Related Person Transactions are reported periodically to the Board of Directors.

There were no Related Person Transactions for the year ended December 31, 2006.

Communication with Directors

Stockholders and other interested parties may communicate with the Board by writing to the Corporate Secretary, NRG Energy, Inc., 211 Carnegie Center, Princeton, New Jersey 08540. Communications intended for a specific director or directors should be addressed to their attention to the Corporate Secretary at the address provided above. Communications received from stockholders are forwarded directly to Board members as part of the materials mailed in advance of the next scheduled Board meeting following receipt of the communications. The Board has authorized the Corporate Secretary, in his or her discretion, to forward communications on a more expedited basis if circumstances warrant or to exclude a communication if it is illegal, unduly hostile or threatening, or similarly inappropriate. Advertisements, solicitations for periodical or other subscriptions, and other similar communications generally will not be forwarded to the directors.

Table of Contents

PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board is divided into three classes serving staggered three-year terms. Directors for each class are elected at the Annual Meeting of Stockholders held in the year in which the term for their class expires.

The terms of the four Class I directors will expire at the 2007 Annual Meeting. The Class I directors elected at the 2007 Annual Meeting will hold office for a three-year term expiring at the Annual Meeting in 2010 (or until their respective successors are elected and qualified, or until their earlier death, resignation, or removal). There are no family relationships among the Company's executive officers and directors.

Each of the nominees for director have been recommended and nominated by the Governance and Nominating Committee. The persons named as proxies intend to vote the proxies for the election of the nominees to the Board. If any of the nominees should be unavailable to serve as a director, an event which is not anticipated, the persons named as proxies will vote your proxy for another candidate or candidates as may be nominated by the Board.

Nominees for Director (Class I Directors)

David Crane

Age 48

Nuclear Oversight Committee

Mr. Crane has served as the President, Chief Executive Officer and a director of NRG since December 2003. Prior to joining NRG, Mr. Crane served as Chief Executive Officer of International Power plc, a UK-domiciled wholesale power generation company, from January 2003 to November 2003, and as Chief Operating Officer from March 2000 through December 2002. Mr. Crane was Senior Vice President Global Power New York at Lehman Brothers Inc., an investment banking firm, from January 1999 to February 2000, and was Senior Vice President Global Power Group, Asia (Hong Kong) at Lehman Brothers from June 1996 to January 1999.

Stephen L. Cropper

Age 57

Commercial Operations Oversight Committee (Chair)

Nuclear Oversight Committee

Mr. Cropper has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. Mr. Cropper spent 25 years with The Williams Companies Inc., an energy company, before retiring in 1998 as President and Chief Executive Officer of Williams Energy Services. Mr. Cropper is a director of Berry Petroleum Company, Sunoco Logistics Partners L.P., Rental Car Finance Corporation, a subsidiary of Dollar Thrifty Automotive Group, Inc., Wawa, Inc. and QuikTrip Corporation.

Maureen Miskovic

Age 49

Commercial Operations Oversight Committee

Ms. Miskovic has been a director of NRG since September 2005. She currently serves as Chairman of Eurasia Group, a research and consulting firm focusing on political-risk analysis and industry research for global markets, where she oversees the firm's continued expansion and serves as chief advisor for the company's political risk services. Ms. Miskovic joined Eurasia Group in September 2002 after six years with Lehman Brothers, where she was Managing Director and Chief Global Risk Officer. Prior to joining Lehman Brothers, Ms. Miskovic was Treasurer at Morgan Stanley in London and before that she held various positions with SG Warburg and Company, also in London. Ms. Miskovic is a director of State Street Corporation.

Table of Contents

Thomas H. Weidemeyer

Age 59

Compensation Committee

Governance and Nominating Committee

Nuclear Oversight Committee

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

The Board recommends a vote FOR the election to the Board of each of the foregoing nominees. Proxies solicited by the Board will be voted FOR each of the nominees unless a contrary vote is specified.

Directors Continuing in Office

Information regarding NRG's directors continuing in office is provided below.

Class II Directors (Terms expire in 2008)

Lawrence S. Coben

Age 48

Compensation Committee (Chair)

Nuclear Oversight Committee

Mr. Coben has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. He is currently Chief Executive Officer of Tremisis Energy Acquisition Corporation II, a privately held company since June 2006, and Tremisis Energy LLC. He was Chairman and Chief Executive Officer of Tremisis Energy Acquisition Corporation from February 2004 to May 2006. From January 2001 to January 2004, he was a Senior Principal of Sunrise Capital Partners L.P., a private equity firm. From 1997 to January 2001, Mr. Coben was an independent consultant. From 1994 to 1996, Mr. Coben was Chief Executive Officer of Bolivian Power Company.

Paul W. Hobby

Age 46

Commercial Operations Oversight Committee

Nuclear Oversight Committee and Nuclear Oversight Subcommittee

Mr. Hobby has been a director of NRG since March 8, 2006. Mr. Hobby is the Managing Partner of Genesis Park, L.P., a Houston-based private equity business specializing in technology and communications investments which he helped to form in 2000. In that capacity, he serves as the Chief Executive Officer of Alpheus Communications, Inc., a Texas wholesale telecommunications provider, and as Former Chairman of CapRock Services Corp., the largest provider of satellite services to the global energy business. From November 1992 until January 2001, he served as Chairman and Chief Executive Officer of Hobby Media Services and was Chairman of Columbine JDS Systems, Inc. from 1995 until 1997. He was an Assistant U.S. Attorney for the Southern District of Texas from 1989 to 1992, Chief of Staff to the Lieutenant Governor of Texas, Bob Bullock, in 1991 and an Associate at Fulbright & Jaworski from 1986 to 1989. Mr. Hobby is also a director of EGL, Inc. and Stewart Information Services Corporation (Stewart Title).

Table of Contents

Herbert H. Tate

Age 54

Governance and Nominating Committee

Nuclear Oversight Committee and Nuclear Oversight Subcommittee (Chair)

Mr. Tate has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. Mr. Tate was Corporate Vice President, Regulatory Strategy of NiSource, Inc. from July 2004 to April 2006. He was Of Counsel of Wolf & Samson P.C., a law firm, from September 2002 to July 2004. Mr. Tate was Research Professor of Energy Policy Studies at the New Jersey Institute of Technology from April 2001 to September 2002 and President of New Jersey Board of Public Utilities from 1994 to March 2001. Mr. Tate is also a director of IDT Capital, Inc. and IDT Spectrum, Inc. Previously, Mr. Tate was a member of the Board of Directors for Central Vermont Public Service from April 2001 to June 2004, where he was a member of the Audit Committee. He has also been on the Board of Directors of the Environmental Law Institute since 2002.

Walter R. Young

Age 62

Governance and Nominating (Chair)

Compensation Committee

Nuclear Oversight Committee

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

Class III Directors (Terms expire in 2009)

John F. Chlebowski

Age 61

Audit Committee (Chair)

Nuclear Oversight Committee

Mr. Chlebowski has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. Mr. Chlebowski served as the President and Chief Executive Officer of Lakeshore Operating Partners, LLC, a bulk liquid distribution firm, from March 2000 until his retirement in December 2004. From July 1999 until March 2000, Mr. Chlebowski was a senior executive and cofounder of Lakeshore Liquids Operating Partners, LLC, a private venture firm in the bulk liquid distribution and logistics business, and from January 1998 until July 1999, he was a private investor and consultant in bulk liquid distribution. Prior to that, he was employed by GATX Terminals Corporation, a subsidiary of GATX Corporation, as President and Chief Executive Officer from 1994 until 1997. Mr. Chlebowski is a director of Laidlaw International Inc.

Table of Contents

Howard E. Cosgrove

Age 63

Chairman of the Board

Nuclear Oversight Committee

Mr. Cosgrove has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization, and Chairman of the Board since December 2003. He was Chairman and Chief Executive Officer of Conectiv and its predecessor Delmarva Power and Light Company from December 1992 to August 2002. Prior to December 1992, Mr. Cosgrove held various positions with Delmarva Power and Light including Chief Operating Officer and Chief Financial Officer. Mr. Cosgrove serves as Chairman of the Board of Trustees at the University of Delaware.

William E. Hantke

Age 59

Audit Committee

Nuclear Oversight Committee

Mr. Hantke has been a director of NRG since March 8, 2006. Mr. Hantke served as Executive Vice President and Chief Financial Officer of Premcor, Inc., a refining company, from February 2002 until December 2005. Mr. Hantke was Corporate Vice President of Development of Tosco Corporation, a refining and marketing company, from September 1999 until September 2001, and he also served as Corporate Controller from December 1993 until September 1999. Prior to that position, he was employed by Coopers & Lybrand as Senior Manager, Mergers and Acquisitions from 1989 until 1990. He also held various positions from 1975 until 1988 with AMAX, Inc., including Corporate Vice President, Operations Analysis and Senior Vice President, Finance and Administration, Metals and Mining. He was employed by Arthur Young from 1970 to 1975 as Staff/Senior Accountant. Mr. Hantke is on the Board of NTR Acquisition Co. and Process Energy Solutions, a non-public alternative energy company.

Anne C. Schaumburg

Age 57

Audit Committee

Nuclear Oversight Committee and Nuclear Oversight Subcommittee

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

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed the firm of KPMG LLP, independent registered public accounting firm, to audit the consolidated financial statements of the Company and its subsidiaries for the year 2007 at a meeting held in late April.

If the stockholders do not ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection. Representatives of KPMG LLP are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

The Audit Committee first engaged KPMG LLP as the Company's independent registered public accounting firm on May 24, 2004.

The Board recommends a vote FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm. Proxies solicited by the Board will be voted FOR ratification unless a contrary vote is specified.

Table of Contents

EXECUTIVE OFFICERS

Our executive officers are elected by the Board annually to hold office until their successors are elected and qualified.

David Crane

Age 48

President and Chief Executive Officer

For biographical information for David Crane, see Nominees for Director.

Robert C. Flexon

Age 48

Executive Vice President and Chief Financial Officer

Mr. Flexon has been Executive Vice President and Chief Financial Officer of NRG since March 2004. In this capacity, he manages NRG's corporate finance, accounting, tax, risk management, and overall internal control program. Prior to joining NRG, from June 2000 to March 2004, Mr. Flexon was Vice President, Corporate Development & Work Process and Vice President, Business Analysis and Controller of Hercules, Inc. Mr. Flexon also held various financial management positions from 1987 to June 2000, including General Auditor, Franchise Manager and Controller, during his 13 years with Atlantic Richfield Company. Mr. Flexon began his career with the former Coopers & Lybrand public accounting firm.

Jeffrey M. Baudier

Age 39

Senior Vice President and Regional President, South Central Region

Mr. Baudier was named Senior Vice President and Regional President, South Central Region in December 2006. He manages the asset portfolio for this region and most recently served as its General Counsel, a position he held since April 2005. Prior to joining NRG, Mr. Baudier was a Special Counsel and Partner from March 2001 to March 2005 with the New Orleans-based law firm Jones Walker. In private practice he represented public and closely-held companies in transactions and dispute resolution related to various aspects of the energy industry. Mr. Baudier also served from May 1993 to October 1998 and again from March 2000 to March 2001 as a Senior Attorney at Texaco, Inc., focusing on oil and gas exploration and development projects both domestically and abroad. From November 1998 to February 2000, he practiced with the Lafayette, Louisiana law firm of Caffery, Oubre, Dugas and Campbell.

John P. Brewster

Age: 53

Executive Vice President, Development Engineering, Procurement and Construction

Mr. Brewster has been Executive Vice President, Development Engineering, Procurement and Construction for NRG since December 2006. Prior to this position he served as Executive Vice President, International Operations and President South Central Region, a position he held since March 2004. Previously, he served as Vice President, Worldwide Operations of NRG, Vice President, North American Operations of NRG and Vice President of Production for NRG Louisiana Generating, Inc. Prior to joining NRG, Mr. Brewster spent 22 years with Cajun Electric Power Cooperative, where he served as Vice President of Production, Manager of Power System Operations and Assistant Plant Manager.

Table of Contents

Carolyn J. Burke

Age: 39

Vice President and Controller

Ms. Burke has been Vice President and Controller of NRG since August 2006. She is responsible for directing NRG's financial accounting and reporting activities, as well as ensuring NRG's Sarbanes-Oxley compliance. Ms. Burke joined NRG in May 2004 as Executive Director, Financial Planning and Analysis, and oversaw NRG's budget, forecasting, and long-term planning process. Prior to joining NRG, Ms. Burke served as Controller and Executive Director of Finance at the University of Pennsylvania's School of Arts and Sciences, where she was responsible for financial accounting and reporting systems and federal reporting compliance. Prior to her tenure at Penn, Carolyn served as the Executive Director of Financial Administration at Yale University and in various finance positions during her four years at the Atlantic Richfield Corporation (ARCO).

John B. (Thad) Hill, III

Age: 39

Executive Vice President and Regional President, Texas

Thad Hill has been Executive Vice President and Regional President of NRG Texas since December 2006. Most recently, Mr. Hill served as NRG's Executive Vice President, Corporate Business Development and Strategic Planning, as well as head of Environmental and New Business. Prior to joining NRG, he was Executive Vice President of Strategy & Business Development at Texas Genco LLC, a position he held until in February 2006, when NRG acquired Texas Genco LLC. Mr. Hill also served as Vice President and Director of The Boston Consulting Group, Inc., where he led the North American energy practice, serving companies in the power and gas sector with a focus on commercial and strategic issues. Mr. Hill joined The Boston Consulting Group, Inc. in 1995, was appointed an officer in 2001 and began leadership of the North American energy practice in 2003.

M. Stephen Hoffmann

Age: 53

Senior Vice President and President, West Region

Mr. Hoffmann has been Senior Vice President and President of NRG's West Region since May 2006. He is responsible for leading the management and development activities for the West Region. Prior to that, he led the West Region's business development and origination efforts. Mr. Hoffmann joined NRG in 2001 as General Manager of San Diego Energy Center, following 28 years in key business development and industrial sales roles with such power and gas companies as Energy Masters International, Planergy International, Reliant Energy and Utilicorp.

Kevin T. Howell

Age: 49

Executive Vice President, Commercial Operations

Mr. Howell has been Executive Vice President, Commercial Operations since August 2005 and is responsible for the commercial management of the North America asset portfolio. Prior to joining NRG, he served as President of Dominion Energy Clearinghouse since 2001. From 1995 to 2001, Mr. Howell held various positions within Duke Energy companies including Senior Vice President of Duke Energy Trading and Marketing, Senior Vice President of Duke Energy International, and most recently, Executive Vice President of Duke Energy Merchants where he managed a global trading group dealing in refined products, LNG and coal. Prior to his five years at Duke, Mr. Howell worked in a variety of trading, marketing and operations functions at MG Natural Gas Corp., Associated Natural Gas and Panhandle Eastern Pipeline L.P.

Table of Contents

Christine A. Jacobs

Age 54

Senior Vice President, Plant Operations

Christine Jacobs was named Senior Vice President, Plant Operations in August 2006. She previously served as Vice President, Plant Operations, a position she held since September 2004. She is responsible for domestic plant operations, including safety, physical security, and application of best operating practices. Ms. Jacobs has more than 30 years of diverse operating and commercial management experience. Prior to joining NRG, she served as Executive Vice President, Facility Services/Healthcare Management for Aramark Corporation from 2003 to 2004. Additionally, Ms. Jacobs served as Senior Vice President, Exelon Generation, and President, Exelon Power from 2000 to 2002.

J. Andrew Murphy

Age 46

Executive Vice President and General Counsel

Drew Murphy was appointed Executive Vice President and General Counsel effective December 18, 2006. Prior to joining NRG, Mr. Murphy was a partner in charge of the energy practice at the law firm of Hunton & Williams. Mr. Murphy has more than 15 years of experience representing issuers, developers, investors and lenders in a wide variety of US and cross-border energy projects and structured financings. His legal expertise includes supporting various development projects and financings including coal- and gas-fired power plants, transmission lines, gas storage facilities, waste-to-energy facilities, water treatment facilities and renewable energy projects. Mr. Murphy has a bachelor of arts degree from Harvard College and a law degree from George Washington University.

John W. Ragan

Age 47

Executive Vice President and Regional President, Northeast

John Ragan was appointed, effective December 18, 2006, Executive Vice President and Regional President, Northeast. Prior to joining, Mr. Ragan was Vice President of Trading, Transmission, and Operations at FPL Energy. Prior to this role, he served as Vice President of Business Management for FPL's Northeast Region. Ragan has more than 20 years of experience in the energy industry, including serving as Senior VP and Chief Executive Officer of Mirant's International Group where he led operations in five countries and managed 3,450 MW of generation and integrated utility assets. Prior to working internationally, he served in various domestic roles during his eight years at Mirant/Southern Energy, including Senior Vice President of Commercial Operations for the company's North American trading and asset portfolio. Mr. Ragan has a bachelor's and master's degree in science from West Virginia University. He also holds a master's degree in business administration from Tulane University, AB Freeman School of Business.

Denise M. Wilson

Age: 47

Executive Vice President and Chief Administrative Officer

As Executive Vice President and Chief Administrative Officer, Ms. Wilson oversees Information Technology (IT), Human Resources, Regulatory & Government Affairs, and Office Services. Prior to her current position, which she has held since August 2006, she served as the Company's Vice President, Human Resources. Ms. Wilson joined NRG as Principal Consultant/Executive Director, International and Domestic Compensation, Benefits, Retirement, HRMS in September 2000. Prior to joining NRG, she served as Vice President, Human Resources Operations with Metris Companies Inc. and Director, Human Resources with General Electric ITS.

Table of Contents

Steven C. Winn

Age: 41

Executive Vice President, Strategy and Environmental and New Business

Mr. Winn has been Executive Vice President, Strategy, and Environmental and New Business since December 2006. In this role, he is responsible for identifying opportunities to enhance NRG's competitive position in the energy industry and increase revenue growth through synergistic acquisitions and business alliances. Winn also will continue to oversee NRG's nuclear development efforts for South Texas Project (STP) units 3 and 4. Most recently, Mr. Winn served as Executive Vice President and Regional President for NRG Texas following NRG's acquisition of Texas Genco LLC since February 2006. He served as Vice President, Mergers and Acquisitions from April 2005 to December 2005 and as Director, Mergers and Acquisitions from November 2004, when he joined NRG, to April 2005. Prior to joining NRG, Mr. Winn worked in Power and Energy Investment Banking at Lehman Brothers and Salomon Brothers.

Table of Contents**VOTING STOCK OWNERSHIP OF DIRECTORS, NAMED EXECUTIVE OFFICERS,
AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth information concerning beneficial ownership of the Company's Common Stock as of March 12, 2007, for: (a) each director and the nominees for director; (b) named executive officers set forth in the Summary Compensation Table; (c) the directors and executive officers as a group; and (d) each person known to the Company to own more than 5 percent of the Company's Common Stock. None of the directors, nominees for director or named executive officers own any of the Company's preferred stock, and the Company is not aware of any person who owns more than 5 percent of the Company's preferred stock. Unless otherwise indicated, each person has sole investment and voting power with respect to the shares set forth in the following table.

Except as noted below, the address of the beneficial owners is NRG Energy, Inc., 211 Carnegie Center, Princeton, New Jersey 08540.

Name of Beneficial Owner	Percent of Class	Common Stock ⁽¹⁾
David Crane	*	785,895 ⁽²⁾
Robert C. Flexon	*	144,467 ⁽³⁾
Kevin T. Howell	*	18,194 ⁽⁴⁾
Steven C. Winn	*	25,721 ⁽⁵⁾
John P. Brewster	*	43,392 ⁽⁶⁾
Howard E. Cosgrove	*	35,863 ⁽⁷⁾
John F. Chlebowski	*	12,982 ⁽⁸⁾
Lawrence S. Coben	*	15,702 ⁽⁹⁾
Stephen L. Cropper	*	12,820 ⁽¹⁰⁾
William E. Hantke	*	507 ⁽¹¹⁾
Paul W. Hobby	*	2,088 ⁽¹²⁾
Maureen Miskovic	*	6,134 ⁽⁸⁾
Anne C. Schaumburg	*	5,309 ⁽⁸⁾
Herbert H. Tate	*	5,420 ⁽¹³⁾
Thomas H. Weidemeyer	*	10,121 ⁽¹⁴⁾
Walter R. Young	*	20,615
All Directors and Executive Officers	*	1,206,061 ⁽¹⁵⁾
Janus Capital Management LLC	7.3%	8,898,539 ⁽¹⁶⁾
151 Detroit Street Denver, Colorado 80206		
Massachusetts Financial Services Company	6.0%	7,312,114 ⁽¹⁷⁾
500 Boylston Street Boston, Massachusetts 02116		
Orbis Investment Management Limited	6.1%	7,472,777 ⁽¹⁸⁾
901 Marquette Avenue, Suite 2300 Minneapolis, Minnesota 55402		
Prudential Financial, Inc.	6.9%	8,401,697 ⁽¹⁹⁾
751 Broad Street Newark, New Jersey 07102-3777		

* Less than one percent of outstanding Common Stock.

Table of Contents

- (1) The number of shares beneficially owned by each person or entity is determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, each person or entity is considered the beneficial owner of any: (a) shares to which such person or entity has sole or shared voting power or investment power and (b) shares that such person or entity has the right to acquire within 60 days through the exercise of stock options or similar rights. Unless otherwise indicated, each person or entity has sole investment and voting power (or such person shares such powers with his or her spouse) with respect to the shares set forth in the table above.
- (2) Includes 680,370 shares that may be acquired at or within 60 days of March 12, 2007, pursuant to the exercise of options. Mr. Crane also owns 19,071 deferred stock units. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock. Mr. Crane will receive one such share of Common Stock for each deferred stock unit he owns six months from the date of his termination of employment with NRG.
- (3) Includes 111,167 shares that may be acquired at or within 60 days of March 12, 2007, pursuant to the exercise of options. Mr. Flexon also owns 5,680 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock. Mr. Flexon will receive one such share of Common Stock for each deferred stock unit he owns six months from the date of his termination of employment with NRG.
- (4) Includes 5,966 shares that may be acquired at or within 60 days of March 12, 2007, pursuant to the exercise of options.
- (5) Includes 25,721 shares that may be acquired at or within 60 days of March 12, 2007, pursuant to the exercise of options. Mr. Winn also owns 230 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock. Mr. Winn will receive one such share of Common Stock for each deferred stock unit he owns six months from the date of his termination of employment with NRG.
- (6) Includes 35,399 shares that may be acquired at or within 60 days of March 12, 2007, pursuant to the exercise of options. Mr. Brewster also owns 2,362 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock. Mr. Brewster will receive one such share of Common Stock for each deferred stock unit he owns six months from the date of his termination of employment with NRG.
- (7) Includes 10,000 shares held by Mr. Cosgrove's spouse and 25,863 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock, payable in the event Mr. Cosgrove ceases to be a member of the Board.
- (8) Represents DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock, payable in the event the director ceases to be a member of the Board.
- (9) Includes 14,476 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock, payable in the event Mr. Coben ceases to be a member of the Board.
- (10) Includes 9,320 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock, payable in the event Mr. Cropper ceases to be a member of the Board.
- (11) Mr. Hantke also owns 3,012 DSU's. Each deferred stock unit is equivalent in value to one share of NRG's Common Stock. The 3,012 DSU's issued to him will be exchanged for such Common Stock on a one-to-one basis on the following schedule: (i) 373 on June 1, 2007; (ii) 507 on March 1, 2008; (iii) 373 on June 1, 2008; (iv) 507 on March 31, 2009; (v) 373 on June 1, 2009; (vi) 506 on March 1, 2010; and (vii) 373 on June 1, 2010.

- (12) Mr. Hobby also owns 2,027 DSU s. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock. The 2,027 DSU s issued to him will be exchanged for such Common Stock on a one-to-one basis on January 1, 2008.
- (13) Includes 1,591 DSU s. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event Mr. Tate ceases to be a member of the Board. Mr. Tate also owns 2,455 DSU s that will be exchanged for such Common Stock on a one-to-one basis on the following schedule: (i) 1,930 on January 1, 2008 and (ii) 525 on January 1, 2009.
- (14) Includes 9,121 DSU s payable in the event Mr. Weidemeyer ceases to be a member of the Board.

Table of Contents

- (15) Consists of the total holdings of directors, named executive officers, and all other executive officers as a group. Includes 53,797 shares that may be acquired at or within 60 days of March 12, 2006, pursuant to the exercise of options and 215 shares that may be acquired at or within 60 days of March 12, 2006, pursuant to the exchange of DSU s. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock.
- (16) Based on information set forth in Schedule 13G filed on February 14, 2007 by Janus Capital Management LLC (Janus). Janus has an indirect ownership interest in Enhanced Investment Technologies LLC and Perkins, Wolf, McDonnell and Company, LLC. Due to this ownership structure, Janus may be deemed the beneficial owner of 8,898,539 shares.
- (17) Based upon information set forth in the Schedule 13G filed on February 9, 2007 by Massachusetts Financial Services Company (MFS), which includes shares beneficially owned by other non-reporting entities as well as MFS.
- (18) Based on information set forth in Schedule 13G filed jointly on October 27, 2006 by Orbis Investment Management Limited (OIMI) and Orbis Asset Management Limited (OAML) with respect to the shares beneficially owned by each. OIML is the beneficial owner of 7,114,377 shares and OAML is beneficial owner of 58,000 shares.
- (19) Based upon information set forth in the Schedule 13G filed on February 9, 2007 by Prudential Financial, Inc. (Prudential). Prudential, through its beneficial ownership of the Prudential Insurance Company of America (PICOA), may be deemed to hold 61,200 shares of Common Stock for the benefit of PICOA s general account. Prudential may also be deemed the beneficial owner of securities beneficially owned by certain other entities and may have direct or indirect voting and/or investment discretion over 8,340,497 shares which are held for it s own benefit or for the benefit of Prudential s clients by its separate accounts, externally managed accounts, registered investment companies, subsidiaries and/or other affiliates, which includes 7,558,705 shares held by Jennison Associates LLC who also filed a Schedule 13G on February 14, 2007. Prudential has reported the combined holdings of these entities.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file with the SEC reports regarding their ownership and changes in ownership of our stock. Based on a review of these reports and the written representations of its directors and executive officers, NRG believes that during 2006, its directors and executive officers complied with all Section 16(a) filing requirements, except for late Section 16 filings filed on behalf of David Crane and Curtis Morgan.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement required by Item 402(b) of Regulation S-K with management and, based upon such review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee:

Lawrence S. Coben, Chair
Thomas H. Weidemeyer

Walter R. Young

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis is focused on our executive compensation program as it relates to NRG's Named Executive Officers, or NEOs. The NEOs are the Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer serving as executive officers at the end of the 2006 fiscal year. Our analysis is based on the following outline:

the objectives of the executive compensation program at NRG;

what the executive compensation program is designed to reward;

all elements of compensation provided under the program, including:

- the reasons why these elements of compensation have been selected;
- how the amounts of each element are determined; and
- how each element and decision fits into NRG's overall objectives.

Objectives of NRG's executive compensation program

The Compensation Committee of the Board, referred to as the Committee for purposes of this CD&A, is responsible for the development and implementation of NRG's executive compensation program. The objectives of this program flow from the Committee's philosophy that executive compensation should be aligned with shareholder value and improvements in corporate performance.

These objectives include elements of both short- and long-term values, therefore the program strives to effectively utilize elements of compensation under a total reward philosophy that combines annual and multi-year reward opportunities. The intent is to develop a compensation program that rewards the annual accomplishment of the Company's goals and objectives while supporting the Company's long-term business strategy.

What is NRG's executive compensation program designed to reward

Shareholder value and corporate performance are realized through the Company's ongoing business strategy to consistently optimize the value of our generation assets while using that asset base as a platform for enhanced financial performance. This is attained by maintaining and enhancing the Company's position as a leading wholesale independent power generation company in a cost effective and risk-mitigating manner. This strategy consists of:

pursuing additional growth opportunities at existing sites;

increasing value from existing assets;

maintaining financial strength and flexibility;

reducing the volatility of cash flows through asset-based commodity hedging activities; and

participating in continued industry consolidation.

Our executive compensation program promotes this strategy by:

attracting, retaining and rewarding top executive talent;

encouraging performance that results in enhanced shareholder value over the long-term and attainment of our business goals and objectives, both financial and non-financial; and

rewarding strong individual performance.

Table of Contents

Elements of compensation provided under NRG's executive compensation program

To assist in selecting and determining amounts for NRG's executive compensation program, the Committee has retained Mercer Human Resources Consulting, or Mercer, a compensation consultant, to provide it with market information, analysis and guidance in the development and assessment of NRG's executive compensation program. In this capacity, Mercer is retained by, and is directly accountable to, the Committee. The Committee pursuant to its Charter has the authority to retain, at the expense of the Company, compensation experts, and other advisors as it deems appropriate to assist the Committee in the full performance of its functions, including sole authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of director, Chief Executive Officer or executive compensation, and to approve the consultant's fees and other retention terms. The Committee's Charter authorizes the Committee to engage a compensation consultant to provide independent advice, support, and expertise to support the Committee in overseeing, and reviewing, the Company's overall compensation strategy, structure, policies and programs, and to assess whether the Company's compensation structure establishes appropriate incentives for management and employees.

Annually, the Committee reviews all elements of executive compensation individually and in the aggregate against market data for companies with which NRG competes for executive talent. Mercer works with NRG's Human Resources Department in formulating recommendations for the Committee's consideration to determine the levels and components of compensation to be provided for any fiscal year. The Committee evaluates NRG's executive compensation based on competitive market information developed by Mercer via the development of a peer group targeting publicly-traded, independent power producers and utilities with power generation operations based on criteria targeting companies with:

Revenue of approximately 50% to 200% of NRG's projected revenue; and

Similar generation capacity as NRG.

In February 2006, NRG completed the acquisition of Texas Genco LLC. This transaction substantially increased the size of NRG and increased its annual revenues from approximately \$2.7 billion to approximately \$5.6 billion for the year ended December 31, 2006. In anticipation of the close of the Texas Genco acquisition, the Committee asked Mercer to develop a peer group for compensation review purposes more representative of the Company after the transaction.

The peer group for 2006 included the following companies:

Constellation Energy Group Inc. (NYSE: CEG), AES Corporation (NYSE: AES), TXU Corporation (NYSE: TXU), Calpine Corporation (OTC: CPNLQ), Reliant Energy, Inc. (NYSE: RRI), DTE Energy Company (NYSE: DTE), Dynegy Inc. (NYSE: DYN), El Paso Corporation (NYSE: EP), PPL Corporation (NYSE: PPL), CMS Energy Corporation (OTC: CMSRL), Mirant Corporation (NYSE: MIR), and Allegheny Energy, Inc. (NYSE: AYE).

The peer group for 2005 prior to the Texas Genco acquisition consisted of the following companies:

AES Corporation (NYSE: AES), Dynegy, Inc. (NYSE: DYN) Calpine Corporation (OTC: CPNLQ), Mirant Corporation (NYSE: MIR), Reliant Energy, Inc. (NYSE: RRI), Edison Mission Energy (NYSE: EME), and Covanta (NYSE: CVA).

The various elements of NRG's executive compensation program for 2006 were benchmarked relative to the compensation provided to executives of this peer group, as well as other published survey data. For the survey

analysis, Mercer benchmarked NRG's NEOs to survey data based on functional job responsibility, using energy data where available and supplementing it with general industry data. NRG's plan design, plan features, and level of participation were also considered during the benchmarking exercise.

For each element, and in the aggregate, NRG targeted the peer group median for its NEO population for both total cash compensation (base salary plus annual cash incentives) and the median for total direct compensation (total cash compensation plus expected value of long-term incentives). The Committee aims to emphasize performance-based pay balancing short- and long-term results through the use of an effective mix of cash, equity and other benefits.

Table of Contents

Based on Mercer's analysis of NRG's peer group and in conjunction with the objectives determined above, the Committee established the following six components of NRG's executive compensation program:

Base salary;

Annual incentive compensation;

Long-term incentive compensation;

Benefits;

Discretionary payments; and

Severance and change in control benefits.

The foundation for NRG's total reward philosophy is to align the short- and long-term interests of the Company with that of its shareholders, business goals and objectives, and to foster improvements in corporate performance. To fulfill this philosophy, we have selected various tools to address this strategic desire viewing reward in the aggregate with respect to base salary, annual incentives, equity, and benefits, with each serving a different function.

Base Salary

Base salary Annual base salary is designed to compensate NEOs for their level of experience and continued expectation of superior performance. Base salary is expected to increase year-on-year in relation to market competitiveness and individual performance.

For the fiscal year 2006, annual base salaries for NEOs were reviewed relative to the median base salary levels for each executive's position based on NRG's peer group. In alignment with the Company's pay-for-performance approach to total compensation, levels of base salary are targeted at the market median. The base salary recommendations also incorporate the NEO individual performance, the general contributions of the NEO to overall corporate performance and the level of responsibility of the NEO with respect to their specific position. In general, in January 2006, base salary levels for NEOs were increased between 3.5% to 5.5% to reflect the above mentioned criteria. We expect merit increases to remain within this range in the future, subject to actual performance, business conditions, and market performance. On occasion, it may become necessary to make adjustments to the salary of a NEO based on exceptional individual performance or due to a change in the competitive market.

Annual Incentive Compensation

Overview

Annual incentive compensation is designed to compensate NEOs for meeting specific individual and Company goals, and is determined as a percentage of each NEO's annual base salary. Annual incentives are designed to reward individuals for meeting financial and non-financial goals and objectives established as part of the Company's annual business plan. Incentive plan design is mindful of best practices and market competitiveness as benchmarked with NRG's peer group.

The Annual Incentive Plan, or AIP, is calculated using actual performance results from a weighted percentage of *performance criteria*. These criteria are chosen to align NEOs' clear line-of-sight responsibility to available

quantitative financial measures as well as to qualitative measures that NRG values in the leadership of the business, which includes safety, budget control, staff development, and individual performance compared to the Company's goals. Annually, quantitative and qualitative performance goals are recommended by the NRG Senior Management Team for approval by the Committee. These criteria were chosen as they are the primary short-term benchmarks to the strategies chosen for attaining the Company's business objectives of increasing shareholder value and the improvement in corporate performance.

Table of Contents**2006 AIP**

Range of AIP The Chief Executive Officer is accountable for developing the goals for all other NEOs, while the Committee, with input from the Chief Executive Officer, determines the goals for the Chief Executive Officer. These goals are established at the beginning of each fiscal year. For the fiscal year 2006, these goals were reviewed and approved by the Committee on January 24, 2006. For the fiscal year 2006, the target annual incentive opportunity for NEOs ranged from 75 percent to 100 percent of base salary. An additional maximum opportunity was established for each NEO ranging from 37.5 percent to 100 percent of base salary above the target opportunity. Mercer has reported that the AIP plan design, as displayed in the table below, is consistent with market practice both in terms of target percentages and range of opportunity.

The threshold, target and maximum incentive opportunities for the NEOs for 2006 were as follows:

Named Executive Officer	Threshold	Target	Maximum
David Crane President and Chief Executive Officer	50%	100%	200%
Robert C. Flexon Executive Vice President and Chief Financial Officer	37.5%	75%	150%
Kevin T. Howell Executive Vice President, Commercial Operations	37.5%	75%	112.5%
Steven C. Winn⁽¹⁾ Executive Vice President, Strategy and Environmental and New Business	37.5%	75%	112.5%
John P. Brewster⁽²⁾ Executive Vice President, Development Engineering, Procurement and Construction	37.5%	75%	112.5%

(1) Mr. Winn was the Executive Vice President and Regional President, Texas Region until December 2006.

(2) Mr. Brewster was the Executive Vice President and Regional President, South Central Region until November 2006.

Table of Contents

AIP Performance Criteria The following table provides the 2006 performance criteria established for the NEOs.