

NRG ENERGY, INC.
Form DEF 14A
April 02, 2008

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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.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

April 2, 2008

Dear Stockholder:

We are pleased to invite you to attend NRG Energy, Inc.'s Annual Meeting of Stockholders, which will be held on Wednesday, May 14, 2008, 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 on the Internet, by telephone, or by completing and mailing a traditional proxy card. Information about each of these voting methods is 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 APRIL 2, 2008.

**2008 ANNUAL MEETING OF STOCKHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

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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, May 14, 2008

PLACE Hotel du Pont
11th and Market Streets
Wilmington, Delaware

ITEMS OF BUSINESS

- (1) To elect four Class II directors.
- (2) To consider and act upon a proposal to adopt an employee stock purchase plan, the NRG Energy, Inc. Employee Stock Purchase Plan.
- (3) To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm.
- (4) 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 Thursday, March 27, 2008.

ANNUAL REPORT Our 2007 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:

- (1) Over the Internet;
- (2) By telephone; or
- (3) By mail.

For specific instructions, please refer to the information on page 5 of this Proxy Statement and the voting instructions on the proxy card.

By Order of the Board of Directors

Tanuja M. Dehne
Corporate Secretary

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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 (the "Annual Meeting"). 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, adopt the NRG Energy, Inc. Employee Stock Purchase Plan, ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm, and 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 27, 2008, 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, but not the approval of the Employee Stock Purchase Plan.

Stockholders Entitled to Vote

Only stockholders of record at the close of business on March 27, 2008 are entitled to vote at the Annual Meeting. As of the record date, 235,546,580 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.

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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 Mellon, you are considered the stockholder of record of those shares. As the stockholder of record, you have the right to vote by Internet, telephone or mail as described in "Voting Methods" below.

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. 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 entitled to vote in the election of directors present in person or represented by proxy. 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.

Approval of the Employee Stock Purchase Plan 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.

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.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on Wednesday, May 14, 2008

The Notice of Annual Meeting, Proxy Statement, and Annual Report on Form 10-K for the fiscal year ended December 31, 2007 are available at www.proxyvote.com.

Voting Methods

In addition to delivering printed versions of this proxy statement and proxy card to certain stockholders by mail, the proxy statement and proxy card are available on the Internet. Pursuant to the new rules adopted by the Securities and Exchange Commission ("SEC"), NRG has furnished the Company's proxy materials over the Internet to the Company's stockholders by delivering a Notice in the mail. The Notice was sent to certain record and beneficial stockholders. You have the ability to access the proxy materials, including the Company's proxy statement and annual report, at www.proxyvote.com or to request a printed or email set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to receive a printed set may be found in the Notice.

Stockholders who receive a printed set of proxy materials will not receive the Notice, but may still access the Company's proxy materials over the Internet at www.proxyvote.com.

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. In most instances, you will be able to do this over the Internet, by telephone or, if you have received or requested a paper copy of the proxy materials, by mail. 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.

** Vote By Internet* If you have Internet access, you may submit your proxy from any location in the world 24 hours a day, 7 days a week, up until 11:59 P.M. Eastern Time on May 13, 2008, by visiting www.proxyvote.com. Have your Notice or proxy card in hand when you access the web site. If you vote by using the Internet, you do not need to return your proxy card.

** Vote By Telephone* If you live in the United States, you may use any touch-tone telephone to vote your proxy toll-free 24 hours a day, 7 days a week up until 11:59 P.M. Eastern Time on May 13, 2008. The telephone number is printed on your proxy card, which you should have in hand when you call. If you vote by telephone, you do not need to return your proxy card.

** Vote by Mail* If you received a paper copy of the proxy materials, you may submit your proxy 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 May 14, 2008, the Annual Meeting date.

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

Changing Your Vote

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.

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 proposals, 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 Broadridge Financial Solutions, Inc. 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. You will need to obtain your own Internet access if you choose to access the proxy materials and/or vote over the Internet. 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 the Company's directors, officers, and employees, who do not receive any additional compensation for these solicitation activities. The Company does not anticipate hiring an agency to solicit votes from stockholders at this time; however, if the Company determines that such action would be appropriate or necessary, the Company would pay the cost of such service. The Company 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

The Company's transfer agent is The Bank of New York Mellon. All communications concerning stockholder inquiries can be handled by contacting NRG Energy c/o BNY Mellon Shareowner Services P.O. Box 358015 Pittsburgh, PA 15252-8015 1-800-857-9677. Outside the U.S. and Canada 1-201-680-6578 and Hearing Impaired TTY Phone 1-888-231-5469. The e-mail address issrrelations@melloninvestor.com and the website is: www.bnymellon.com/shareowner/isd. Send certificates for transfer and address changes to: BNY Mellon Shareowner services 480 Washington Boulevard Jersey City, New Jersey 07310-1900.

Householding

The Company has adopted a procedure approved by the SEC called "householding." Under this procedure, multiple stockholders who share the same last name and address and do not participate in electronic delivery will receive only one copy of the annual proxy materials or Notice. If the household received a printed set of proxy materials by mail, each stockholder will receive his or her own proxy card by mail. We have undertaken householding to reduce our printing costs and postage fees. Stockholders may elect to receive individual copies of the proxy materials or Notice at the same address by contacting Broadridge Financial Solutions, Inc. at 1-800-579-1639 or sendmaterial@proxymaterial.com.

Stockholders also may request additional copies of the proxy materials or Notice by contacting Broadridge Financial Solutions, Inc. at 1-800-579-1639 or sendmaterial@proxymaterial.com.

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 the Company's website at <http://www.nrgenergy.com/investor/corpgovl.htm>, along with the charters of the Audit, Compensation, and Governance and Nominating Committees and the Code of Conduct. The Corporate Governance Guidelines, the charters of all of the Company's Board committees and the 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 served as director of Process Energy Solutions until March 31, 2008, which is one of many advisors to the Company on development projects; Maureen Miskovic serves as a director of State Street Corporation, a stockholder of the Company; and Thomas Weidemeyer serves as a director of Waste Management, Inc., a service provider to the Company in 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, in the case of Mr. Hantke, on the Audit Committee. 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 NYSE listing standards, all members of the Audit Committee meet additional independence standards applicable to audit committee members.

Board Structure and Committee Membership

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

During 2007, the Board held five meetings. During 2007, 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 2008, the Board has held one meeting through March 27, 2008.

The Company's Corporate Governance Guidelines provide that 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 for Paul Hobby and Maureen Miskovic, attended the 2007 Annual Meeting of Stockholders.

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

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

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;

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;

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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;

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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 2007, the Audit Committee held nine meetings. In calendar year 2008, the Audit Committee has held one meeting through March 27, 2008.

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 on 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;

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 (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

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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 NYSE, 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 2007, the Compensation Committee held five meetings. In calendar year 2008, the Compensation Committee has held one meeting through March 27, 2008.

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;

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 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 2009 Annual Meeting of Stockholders must be received by December 2, 2008 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 2009 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 the Company's Corporate Secretary.

The Board has determined that all Governance and Nominating Committee members are independent under the listing standards of the NYSE. In calendar year 2007, the Governance and Nominating Committee held five meetings. In calendar year 2008, the Governance and Nominating Committee has held one meeting through March 27, 2008. The Board and each of the Audit Committee, Compensation Committee, Commercial Operations Oversight Committee, Nuclear Oversight Subcommittee and Finance Committee 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.

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 are independent as defined under the listing standards of the NYSE and as affirmatively

determined 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 2007, the Commercial Operations Oversight Committee held eight meetings. In calendar year 2008, the Commercial Operations Oversight Committee has held two meetings through March 27, 2008.

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 interests in nuclear power plant facilities. 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 are independent as defined under the listing standards of the NYSE and as affirmatively determined 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 currently consists of Herbert Tate (Chair of the subcommittee), Paul Hobby and Anne Schaumburg.

In calendar year 2007, the Nuclear Oversight Committee held one meeting. In calendar year 2008, the Nuclear Oversight Committee has held no meetings through March 27, 2008.

Finance Committee

The Finance Committee reviews and approves certain financial development transactions, and provides leadership and guidance to the Board and the Company on matters related to such transactions. The Finance Committee consists of at least three directors, a majority of which are independent as defined under the listing standards of the NYSE and as affirmatively determined by the Board. No member of the Finance Committee may be removed except by majority vote of the independent directors in office.

The Finance Committee's duties and responsibilities consist of the following:

Review, report and make recommendations to the Board on management recommendations or proposals regarding the Company's and its subsidiaries' (i) capital structure, (ii) liquidity, (iii) need for credit or debt or equity financing, (iv) amounts, timing and sources of capital market transactions, and (v) financial hedging and derivative activities.

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Review and approve, or authorize officers to approve, the pricing and other terms and conditions of transactions relating to debt or equity financings, financial hedging and derivatives activities, and other similar financial activities, in each case which have been reviewed and approved by the Board.

Review and approve, or authorize officers to approve, equity investments, sales of equity interests, joint venture arrangements, commercial and construction arrangements, financing transactions, provision of guarantees or other credit or liquidity support, and other arrangements related to the development, construction and operation of new power generation facilities and the repowering of or addition of new units to existing power generation, thermal or other energy producing facilities, in each case which have been discussed with or reviewed by the Board.

Review and approve, or authorize officers to approve, repurchases, early redemption or other similar actions with respect to the Company's securities.

Review and approve, or authorize officers to approve, the pricing and other terms and conditions of financing transactions related to mergers, acquisitions, tender offers, and reorganizations which have been reviewed and approved by the Board.

Review and approve, or authorize officers to approve, the pricing and other terms and conditions of securities offerings which have been reviewed and approved by the Board.

Approve determinations of the fair market value of assets and investments of the Company for purposes of the Company's note indentures, senior secured credit agreement or other similar financing documents where fair market value is required to be determined by the Board or by a committee of the Board.

Review and approve other matters that may be delegated by the Board.

Perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board deems appropriate.

The Finance Committee was formed in February 2008 and has held no meetings through March 27, 2008.

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").

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.

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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, 2007.

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.

**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 II directors will expire at the 2008 Annual Meeting. The Class II directors elected at the 2008 Annual Meeting will hold office for a three-year term expiring at the Annual Meeting in 2011 (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 II Directors)

Lawrence S. Coben

Age 49

Finance Committee

Governance and Nominating Committee

Nuclear Oversight Committee

Mr. Coben has been a director of NRG since December 2003. He is currently Chairman and Chief Executive Officer of Tremisis Energy Acquisition Corporation II, a publicly held company since July 2007. He was Chairman and Chief Executive Officer of Tremisis Energy Corporation LLC from May 2006 through June 2007 and 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 47

Commercial Operations Oversight Committee

Nuclear Oversight Committee and Nuclear Oversight Subcommittee

Mr. Hobby has been a director of NRG since March 2006. Mr. Hobby is the Managing Partner of Genesis Park, L.P., a Houston-based private equity business specializing in technology and communications investments which he 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).

Herbert H. Tate

Age 55

Nuclear Oversight Committee and Nuclear Oversight Subcommittee (Chair)

Mr. Tate has been a director of NRG since December 2003. 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 was also a former Assistant Administrator for Enforcement at the United States Environmental Protection Agency. He has also been on the Board of Directors of the Environmental Law Institute since 2002.

Walter R. Young

Age 63

Governance and Nominating Committee (Chair)

Compensation Committee

Nuclear Oversight Committee

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

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 III Directors (Terms expire in 2009)

John F. Chlebowski

Age 62

Audit Committee (Chair)

Finance Committee

Nuclear Oversight Committee

Mr. Chlebowski has been a director of NRG since December 2003. 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 First Midwest Bancorp Inc.

Howard E. Cosgrove

Age 64

Chairman of the Board

Nuclear Oversight Committee (Chair)

Mr. Cosgrove has been a director of NRG since December 2003 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