

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

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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.
- 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:

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- 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:

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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.

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**2007 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, 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*



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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. 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.



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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, 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**

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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.

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### **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](mailto: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.

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**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.

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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 <sup>(1)</sup>					X <sup>(2)</sup>
John F. Chlebowski	X <sup>(2)</sup>				X
Lawrence S. Coben			X <sup>(2)</sup>		X
David Crane					X
Stephen L. Cropper				X <sup>(2)</sup>	X
William E. Hantke	X				X
Paul W. Hobby				X	X
Maureen Miskovic				X	
Anne C. Schaumburg	X				X
Herbert H. Tate		X			X <sup>(3)</sup>
Thomas H. Weidemeyer		X	X		X
Walter R. Young		X <sup>(2)</sup>	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;



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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;

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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;

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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.

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### **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 ).



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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 f