

NRG ENERGY, INC.
Form PRE 14A
February 29, 2012

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 under §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)

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- No fee required.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

March 15, 2012

Dear Stockholder:

We are pleased to invite you to attend NRG Energy, Inc.'s Annual Meeting of Stockholders, which will be held at 10:00 a.m., Mountain Time, on Wednesday, April 25, 2012, at the DoubleTree Resort located at 5401 North Scottsdale Road, Scottsdale, Arizona. 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.

Since our last annual meeting, the NRG Board has engaged in a review of NRG's strategy in an increasingly difficult natural gas price environment. Your Board focused on making our financial results less dependent on the price of gas by quickly expanding NRG's solar and retail businesses. In 2011, these businesses accounted for about 40% of the Company's EBITDA and we expect that to increase in the next several years as our retail businesses expand and large-scale solar projects come online.

With NRG's industry-leading success developing large-scale solar projects, the Company is now the nation's largest developer of solar with 920 megawatts in operation or under construction. Your Board has approved investments in the solar industry that we expect to yield \$330 million of EBITDA annually by the end of 2014. We also approved a joint venture to develop up to 733 megawatts of solar projects on commercial rooftops across 28 states, positioning NRG to further grow EBITDA in the future as the solar industry transitions toward more installations at homes and businesses.

Your Board approved the acquisition of Energy Plus, a retail energy provider that added a strong third leg to NRG's growing retail business. Energy Plus's unmatched marketing platform combines with Green Mountain Energy's leading green energy products and Reliant's dynamic smart energy solutions to allow NRG to offer customers three distinct retail value propositions.

On a less positive note, we made the critical decision to stop development of new nuclear units at the South Texas Project in the wake of the Fukushima disaster. While we still believe in nuclear as a solution to environmental issues, it was no longer in the Company's or stockholders' best interests to continue development.

On the capital allocation front, the Board approved \$430 million of share repurchases for the benefit of our stockholders in 2011, and is now focused on helping lead NRG to further define a strong capital allocation strategy that takes into consideration the current power and natural gas market dynamics. As NRG continues its effort to maximize stockholder value while executing its strategy to capitalize on opportunities in the industry, the increased voice of the NRG stockholder is necessary to ensure your Company continues to have your full support.

At this annual meeting, your Board is putting forward two proposals that reflect ways we are focused on increasing your voice. We are putting forward changes to executive compensation and director accountability to better align these key drivers of performance with stockholder interests.

Our proposal to declassify the NRG Board will reduce directors' terms from three years to one year, beginning in 2013 with full implementation by 2015, and will allow your voice to be heard more clearly each year through your election of a full slate of directors. The NRG Board welcomes the increased efficacy our stockholders would have with a declassified board as we continue to oversee the transition of NRG from a traditional wholesale generation operator into the premier energy company of the 21st century.

Following the results of your advisory vote on "Say on Pay" at our 2011 annual meeting, we instituted several changes to our executive compensation plan for 2012. These changes are intended to better align our executive compensation with your interests, particularly share price performance and the return of capital to our stockholders.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. Information about voting methods is set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

On behalf of everyone at NRG, we thank you for your ongoing interest and investment in NRG Energy, Inc. We are committed to acting in your best interests. If you have any questions with respect to voting, please call our proxy solicitor, Georgeson Inc., at (888) 605-7561 (toll free).

Sincerely,

HOWARD E. COSGROVE
Chairman of the Board

THIS PROXY STATEMENT AND PROXY CARD ARE
BEING DISTRIBUTED ON OR ABOUT MARCH 15, 2012.

2012 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 | 10:00 a.m., Mountain Time, on Wednesday, April 25, 2012 |
| PLACE | DoubleTree Resort 5401 North Scottsdale Road Scottsdale, Arizona |
| ITEMS OF BUSINESS | (1) To elect four Class III directors. (2) To consider and act upon a proposal to approve an amendment to NRG's Amended and Restated Certificate of Incorporation to declassify the Board of Directors. (3) To consider and act upon a proposal to adopt the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan. (4) To hold a vote to approve, on an advisory basis, the compensation of NRG's named executive officers. (5) To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm for fiscal year 2012. (6) 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 March [5], 2012. |
| ANNUAL REPORT | Our 2011 Annual Report on Form 10-K, 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. For specific instructions, please refer to the information on pages 2-4 of this Proxy Statement, the Notice of Internet Availability of Proxy Materials or the voting instructions on the proxy card. |

By Order of the Board of Directors

BRIAN E. CURCI
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") that entitle you to vote at the 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: (i) elect four Class III directors, (ii) approve an amendment to the Company's Amended and Restated Certificate of Incorporation to declassify the Board of Directors, (iii) approve the adoption of the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan, (iv) approve, on an advisory basis, the compensation of NRG's named executive officers (the "say on pay vote"), (v) ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm for fiscal year 2012, and (vi) 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 Brian E. Curci 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 at the close of business on March [5], 2012, 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 (such as a driver's license or passport), 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 and you plan to attend the Annual Meeting in person, you must bring a brokerage statement, the proxy card mailed to you by your bank or broker or other proof of ownership (or the equivalent proof of ownership as of the close of business on the record date of the stockholder who granted you the proxy) with you to the Annual Meeting. Registration will begin at 9:00 a.m., Mountain Time. Please allow ample time for check-in.

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 non-votes, if any, are counted as present for determining the presence of a quorum. Generally, broker non-votes 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 from the beneficial owner are entitled to vote on the ratification of the appointment of the independent auditors for fiscal year 2012, but not on the election of directors, the declassification of the Board, the adoption of the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan, or the say on pay vote.

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Stockholders Entitled to Vote

Only stockholders of record at the close of business on March [5], 2012, are entitled to vote at the Annual Meeting. As of the record date, [227,685,120] shares of Common Stock were issued and outstanding. Each holder of NRG Common Stock is entitled to one vote per share.

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, The 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 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. Please see "Required Vote" below.

Required Vote

Election of Directors The nominees for election as directors at the Annual Meeting will be elected by a majority of the votes cast at the Annual Meeting at which a quorum is present. A majority of the votes cast means that the number of shares voted "FOR" a director must exceed the number of votes cast "AGAINST" that director. Abstentions will not be considered votes properly cast and therefore will not have any effect on the election of directors. If you are a beneficial owner of shares held in street name, brokers are no longer entitled to vote on the election of directors in the absence of your specific instructions as to how to vote. You must provide your broker with voting instructions so that your vote will be counted. Broker non-votes will have no effect on the outcome of the vote on this proposal.

In a contested election, each nominee for election as director at the Annual Meeting will be elected by the vote of a plurality of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on the election of directors. This means that the director nominees who receive the most votes will be elected to fill the available seats on your Board. Votes withheld from a director nominee will have no effect on the election of the director from whom votes are withheld. Broker non-votes, if any, will have no effect on the outcome of the vote on this proposal.

Approval of Amendment to the Amended and Restated Certificate of Incorporation to Declassify the Board of Directors Under Article Thirteen of the Certificate of Incorporation, this proposal requires the affirmative "FOR" vote of at least 66²/₃% of the combined voting power of the Common Shares and 3.625% Preferred Shares outstanding on the record date for the Annual Meeting. Abstentions will be counted toward the tabulation of votes on this proposal and will have the same effect as a vote against this proposal. If you are a beneficial owner of shares held in street name, brokers are no longer entitled to vote on the declassification of the Board in the absence of your specific instructions as to how to vote. You must provide your broker with voting instructions so that your vote will be counted. Broker non-votes, if any, will have the same effect as a vote against this proposal.

Adoption of the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan This proposal requires the affirmative "FOR" vote of a majority of those shares present in person or

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represented by proxy at the Annual Meeting and entitled to vote on the proposal. Abstentions will be counted toward the tabulation of votes on this proposal and will have the same effect as a vote against this proposal. If you are a beneficial owner of shares held in street name, brokers are no longer entitled to vote on this proposal in the absence of your specific instructions as to how to vote. You must provide your broker with voting instructions so that your vote will be counted. Broker non-votes, if any, will have no effect on the outcome of the vote on this proposal.

Approval, on an Advisory Basis, of the Compensation of NRG's Named Executive Officers Under applicable law, 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 on this proposal and will have the same effect as a vote against this proposal. If you are a beneficial owner of shares held in street name, brokers are not entitled to vote on the matters related to executive compensation, including this say on pay vote, in the absence of your specific instructions as to how to vote. You must provide your broker with voting instructions so that your vote will be counted. Broker non-votes, if any, will have no effect on the outcome of the vote on this proposal. This vote is advisory and therefore is not binding on the Company. However, the Board and the Compensation Committee value the opinions of stockholders and to the extent there is a significant number of votes against the named executive officer compensation as disclosed in this Proxy Statement, stockholders' concerns will be considered and the Board and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Approval of the Ratification of the Appointment of the Independent Auditors for Fiscal Year 2012 Under applicable law, 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 on this proposal and will have the same effect as a vote against this proposal. Broker non-votes, if any, will have no effect on the outcome of the vote on this proposal.

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 Securities and Exchange Commission ("SEC") rules, NRG has furnished the Company's proxy materials over the Internet to the Company's stockholders and delivered a Notice of Internet Availability of Proxy Materials ("Notice") in the mail to certain beneficial stockholders. You have the ability to access the proxy materials, including the Company's Proxy Statement and Annual Report on Form 10-K, at the website provided on the Notice 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 <http://www.edocumentview.com/NRG>.

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. Beneficial owners 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 and hold shares beneficially in street name, 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 April 24, 2012 by visiting the website provided on the Notice or voting

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instruction card. Have your Notice or voting instruction card in hand when you access the website. If you vote by using the Internet, you do not need to return your proxy card or voting instruction card.

* *Vote By Telephone:* If you live in the United States and hold shares beneficially in street name, 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 April 24, 2012. The telephone number is printed on your Notice or voting instruction card, which you should have in hand when you call. If you vote by telephone, you do not need to return your proxy card or voting instruction card.

* *Vote By Mail:* If you received or requested a paper copy of the 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 recommends. 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, 2012, 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: (i) delivering a written notice of revocation bearing a later date than the proxy being revoked, (ii) duly executing and delivering a later dated written proxy relating to the same shares, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). 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

For all proposals, you may vote "FOR," "AGAINST," or "ABSTAIN." For the election of directors (Proposal 1), abstentions will not be considered votes properly cast and therefore will not have any effect on the election of directors. For each of the other proposals, abstentions have 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.

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 8:30 a.m. and 5:00 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 has retained Georgeson Inc. to assist it in soliciting your proxy for an estimated fee of \$21,000, plus reasonable out-of-pocket expenses. The Company will also reimburse

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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, Inc. c/o BNY Mellon Shareowner Services, Shareholder Relations Department, P.O. Box 358015 Pittsburgh, PA 15252-8015, 1-877-296-3711. Outside the U.S. and Canada 1-201-680-6578 and Hearing Impaired-TTY Phone 1-888-231-5469. The website is: <http://m1.melloninvestor.com/mellonone/index.jsp>. Send certificates for transfer and address changes to: BNY Mellon Shareholder Services, Securities Transfer Services, P. O. Box 358010, Pittsburgh, Pennsylvania 15252-8010.

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. by telephone at (800) 579-1639 or by e-mail at sendmaterial@proxyvote.com.

Stockholders may also request additional copies of the proxy materials or Notice by contacting Broadridge Financial Solutions, Inc. by telephone at (800) 579-1639 or by e-mail at sendmaterial@proxyvote.com.

Whom should you call if you have questions about the Annual Meeting?

If you have any questions or need any assistance in voting your shares, please contact our proxy solicitor:

Georgeson Inc.
199 Water Street, 26th floor,
New York, NY 10038
Tel: (212) 440-9800,
Fax: (212) 440-9009

Toll Free: (888) 605-7561
Email: NRG@georgeson.com

* * *

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be held on Wednesday, April 25, 2012**

Each of the Notice of Annual Meeting, this Proxy Statement and the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2011 is available at <http://www.edocumentview.com/NRG>. **If you would like to receive, without charge, a paper copy of NRG's Annual Report on Form 10-K, including the financial statements and the financial statement schedules, please send your request to Chad Plotkin, Investor Relations, 211 Carnegie Center, Princeton, New Jersey 08540.**

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GOVERNANCE OF THE COMPANY

Corporate Governance Guidelines and Charters

The Board has adopted Corporate Governance Guidelines (the "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 Guidelines are available on the Company's website at <http://www.nrgenergy.com/investors/corpgov.htm>, along with the charters of all the Committees of the Board and the Code of Conduct. The 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 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. Thomas Weidemeyer serves as a director of Waste Management, Inc., a service provider to the Company in the ordinary course of business, and a Reliant Energy electricity customer. Mr. Weidemeyer also serves as a director of Goodyear Tire & Rubber Company, a Reliant Energy electricity customer. Kirbyjon Caldwell served as a director of United Continental Holdings, Inc., a Reliant Energy electricity customer, until he resigned on September 28, 2011. Stephen Cropper serves as a director of Sunoco Logistics Partners L.P., which is also a Reliant Energy electricity customer. Kathleen McGinty serves as Senior Vice President and Managing Director of Weston Solutions, Inc., which provided approximately \$28,000 of services for toxicity and water testing in the Company's West Region and is also a Reliant Energy electricity customer. Howard Cosgrove serves on the Board of Trustees for the University of Delaware, which received payments from the Company for approximately \$68,000 related to the partnership between NRG and the University of Delaware for electric vehicle-to-grid technology. 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. Weidemeyer's, Mr. Caldwell's, Mr. Cropper's, Ms. McGinty's or Mr. Cosgrove's exercise of independent judgment on the Board. Each of the Audit, Compensation, and Governance and Nominating Committees is made up solely of independent directors. In accordance with the Company's 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

The Board is set at 14 directors. The Board is currently divided into three classes serving staggered three-year terms. Classes I and II each has five members while Class III has four members.

As described below under Proposal 2, the Board voted to approve, and to recommend that our stockholders approve at the 2012 Annual Meeting, an amendment to NRG's Amended and Restated Certificate of Incorporation that, upon filing with the Secretary of State of the State of Delaware, will eliminate the Board's classified structure. If the stockholders approve the proposed amendment, directors who have been elected to three-year terms prior to the filing of the amendment (including directors elected at the 2012 Annual Meeting) will complete those terms. Thereafter, their successors

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will be elected to one-year terms and from and after the 2015 Annual Meeting of Stockholders, all directors will stand for election annually.

During 2011, the Board held five regularly scheduled meetings and three special meetings. During 2011, no director attended less than 75% of the total of the Board meetings and the meetings of the committees on which he or she served. In calendar year 2012, the Board has held 1 meeting through March [5], 2012.

The Company's Guidelines provide that nonmanagement directors meet in executive session regularly following Board meetings. The Company's Non-Executive Chairman, Howard Cosgrove, presides at these sessions. Also, pursuant to the Company's Bylaws, Mr. Cosgrove has been designated as an "alternate member" of all Committees to replace any absent or disqualified members of a Committee.

Directors are encouraged to attend the Annual Meetings of Stockholders. All of the directors attended the 2011 Annual Meeting of Stockholders.

Governance Practices

The Board takes a proactive approach in applying leading governance practices, which is evidenced by the Board's recommendation, and our stockholders' subsequent approval, of the majority voting standard for the election of directors at the 2009 Annual Meeting of Stockholders. Furthermore, as described in the Guidelines, the Board follows a series of governance practices that they believe foster effective Board oversight and accountability to the Company's stockholders. These practices include:

Executive and director stock ownership guidelines to align interests with our stockholders;

Ongoing succession planning for the Chief Executive Officer and other senior management;

Annual performance evaluations of the Board and each of its standing Committees, as well as periodic peer review for individual directors;

Robust director orientation and continuing education program, including Company site visits and information sessions with Company management at relevant sites, such as plants, commercial operations trading floors and Reliant call centers; and

Access to and engagement of outside advisors and consultants to assist in their performance of their duties, as appropriate.

Board Leadership

Since the Company's emergence from bankruptcy in December 2003, the Company's governance structure has been led by a separate Chief Executive Officer and Chairman of the Board. Irrespective of the Company's current practice, the Board believes that effective board leadership structure can be highly dependent on the experience, skills and personal interaction between persons in leadership roles. As stated in the Company's Guidelines, the Board believes that it is in the best interest of the Company for the Board to make a determination regarding whether or not to separate the roles of Chairman and Chief Executive Officer based upon the present circumstances.

Currently, the Chief Executive Officer, Mr. Crane, and the Chairman, Mr. Cosgrove, work closely together in complementary roles. Mr. Crane focuses on the day-to-day developments of the Company and establishes the Company's various growth initiatives and strategic plan. Mr. Cosgrove leads the Board's responsibilities to review, approve and monitor fundamental financial and business strategies and major corporate actions, assess major risks facing the Company and management, oversee succession planning, most notably at the Chief Executive Officer level and preside over the Board and

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its committees as they perform their broad and varied oversight functions. The Board believes that these complementary roles provide the appropriate governance structure for the Company at this time.

Risk Oversight

While the Company's management is responsible for the day-to-day management of the risks that the Company faces, the Board, as a whole and through its Committees, has responsibility for overall risk oversight of the Company. A fundamental aspect of risk oversight includes not only understanding the material risks to the business and what steps management is taking or should be taking to manage those risks, but also understanding and determining the appropriate risk appetite for the Company. The Board's role in reviewing and approving matters such as the Company's annual business plan, budget and long-term plan, strategic initiatives, individual development projects, acquisitions and divestitures, and capital allocation plan, represents the primary means by which the Board defines for management what constitutes an appropriate level of risk for the Company.

The Board performs its risk oversight function in several ways. The Board monitors, reviews and reacts to strategic and corporate risks through reports by management, including the Enterprise Risk Management team, and through Committees of the Board, which are identified on page 10 of this Proxy Statement. The Board does not have a separate risk committee, but instead believes that the entire Board is responsible for overseeing the Company's risk management with the assistance of management and the Board Committees. The Chairs of each of the Board's Committees regularly report to the Board on all matters reviewed by their respective Committees, thereby providing the full Board with the opportunity to identify and discuss any risk-related issues or request additional information from management or the Committees that may assist the Board in its risk oversight role. To this end, risk-related issues presented to the Finance, Nuclear Oversight and Governance and Nominating Committees are routinely presented to the full Board to ensure proper oversight and, with respect to the Finance Committee in particular, matters are previewed by the full Board prior to delegation to the Finance Committee.

With the full Board providing the top level of risk oversight, the Audit, Commercial Operations Oversight, and Compensation Committees have a more specific risk oversight role for matters that fall under their purview. The Audit Committee focuses on financial risks, including reviewing the effectiveness of our internal controls, conducting a detailed review of the financial portions of the Company's SEC reports, approving the independent auditor and the annual audit plan, and receiving periodic reports from the Company's independent auditor, the Company's internal auditor and the Company's corporate compliance officer. The Commercial Operations Oversight Committee (the "COOC") provides risk oversight with respect to the Company's trading of fuel, transportation, energy and related products and services, regulatory compliance, and its management of the risks associated with such activities. The Company's Financial Risk Management Committee, a Committee comprised of senior management and key personnel in and around the commercial operations function, reports to the COOC and Audit Committee on a regular basis.

The Compensation Committee monitors the risks related to our compensation policies and practices, with input from management and the Compensation Committee's independent outside compensation consultant, Frederic W. Cook & Co., Inc. The Compensation Committee has reviewed the Company's compensation policies and practices to determine whether they subject the Company to unnecessary risk or could potentially motivate employees to take excessive risk. To assist the Compensation Committee in its assessment, the Company's Enterprise Risk Management team conducted a review of the Company's compensation policies and practices and reported to the Compensation Committee its findings as follows:

base salaries are a sufficient component of total compensation to discourage risk taking;

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earnings goals under the Company's Annual Incentive Plan (the "AIP") are based upon its audited financial statements and the Company believes that the goals are attainable without the need to take inappropriate risks or make material changes to the Company's business or strategy;

named executive officers who receive payment under the AIP may be required to reimburse the Company for all or a portion of the payment (commonly referred to as a clawback) if the Company must prepare an accounting restatement because it is in material noncompliance with any financial reporting requirements, which discourages risk taking;

awards under the Amended and Restated Long-Term Incentive Plan (the "LTIP") are typically based upon total stockholder return and return on equity over three-year periods, which mitigates risks associated with taking short-term risks;

because incentive compensation has a large stock component to it, the value is best realized through long-term appreciation of stockholder value, especially when coupled with the stock ownership guidelines, which expose the Company's named executive officers to the loss of the value of the retained equity if stock appreciation is jeopardized; and

the use of incentive compensation components that are paid or vest over an extended period also mitigates against unnecessary or excessive risk taking.

Furthermore, the Enterprise Risk Management team has continued to evaluate and review new or amended compensation policies or practices and has reported its findings to the Compensation Committee, which are consistent with the principles identified above.

As a result of the review, management and the Compensation Committee have concluded that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

Table of Contents**Committee Membership**

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

| Name of Director | Audit | Compensation | Governance and Nominating | Commercial Operations Oversight | Finance | Nuclear Oversight |
|-----------------------------------|------------------|---------------------|--|--|----------------|------------------------------|
| Howard E. Cosgrove ⁽¹⁾ | | | | | | X ⁽²⁾ |
| Kirbyjon H. Caldwell | | X | X | | | X |
| John F. Chlebowski | | X ⁽²⁾ | | | | X |
| Lawrence S. Coben | | | X ⁽²⁾ | | | X |
| David Crane | | | | | | X |
| Stephen L. Cropper | | X | | X | | X |
| William E. Hantke | X ⁽²⁾ | | | | | X |
| Paul W. Hobby | | | | X ⁽²⁾ | | X |
| Gerald Luterman | X | | | | X | X |
| Kathleen A. McGinty | | | | | | |