

NRG ENERGY, INC.
Form DEF 14A
April 12, 2005

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

**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**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
Section 240.14a-11(c)
or Section 240.14a-2.

NRG ENERGY, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

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

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

(3) Per unit price 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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Fee paid previously with preliminary materials.

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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April 15, 2005

Dear Stockholder:

We are pleased to invite you to attend NRG Energy, Inc.'s Annual Meeting of Stockholders, which will be held on Tuesday, May 24, 2005, at 10:00 a.m. Eastern Daylight 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 options 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 15, 2005.

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2005 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. Eastern Daylight Time on Tuesday, May 24, 2005
PLACE	Hotel du Pont 11th and Market Streets Wilmington, Delaware
ITEMS OF BUSINESS	(1) To elect three Class II directors. (2) To approve an amendment to Article Seven of the Amended and Restated Certificate of Incorporation giving the Board of Directors authority to enlarge the size of the Board of Directors to up to 15 directors and to fill newly created directorships. (3) To approve an amendment deleting Article Sixteen of the Amended and Restated Certificate of Incorporation which currently prohibits the issuance of non-voting equity securities. (4) To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm. (5) 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 Friday, April 8, 2005.
ANNUAL REPORT	Our 2004 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 pages 2-3 of this proxy statement and the voting instructions on the proxy card.

By Order of the Board of Directors

TIMOTHY W. J. O BRIEN

Vice President, General Counsel and 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 common or preferred stock 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 elect directors, to approve an amendment to Article Seven of the Amended and Restated Certificate of Incorporation, to approve an amendment deleting Article Sixteen of the Amended and Restated Certificate of Incorporation, 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 Timothy W. J. O'Brien 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 NRG stock at the close of business on April 8, 2005, 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, the amendment to Article Seven of the Amended and Restated Certificate of Incorporation, the amendment deleting Article Sixteen of the Amended and Restated Certificate of Incorporation and the ratification of the appointment of the independent auditors.

Stockholders Entitled to Vote

Only shareholders of record at the close of business on April 8, 2005 are entitled to vote at the Annual Meeting. As of the record date, 87,045,104 shares of common stock and 420,000 shares of preferred stock were issued and outstanding. Each share of NRG's common stock and 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, Wells Fargo Bank, 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.

Amendments to Articles Seven and Sixteen of the Amended and Restated Certification of Incorporation These two proposals require the affirmative **FOR** vote of a majority of the outstanding common shares and preferred shares voting together. Abstentions and broker nonvotes, if any, will have the same effect as voting against these two proposals.

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. In most instances, you will be able to do this over the Internet, by telephone, or 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.

The Internet and telephone voting procedures are designed to authenticate stockholders by use of a control number and to allow you to confirm that your instructions have been properly recorded. If you vote by telephone or on the Internet, you do not need to return your proxy card. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day, and will close at noon (Eastern Daylight Time) on the day before the Annual Meeting.

* *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 by visiting the web site listed on the proxy card. Have your proxy card in hand when you access the web site. You will be prompted to enter your company number and a security control number (these numbers are located on the proxy card) to create an electronic ballot.

* *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. The telephone number is printed on your proxy

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card, which you should have in hand when you call. You will be prompted to enter your company number and a security control number (these numbers are located on the proxy card). Follow the recorded instructions.

* *Vote By Mail* You may do this 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 24, 2005.

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 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 Wells Fargo Bank, 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 Daylight 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 our directors, officers, and employees, who do not receive any additional compensation for these solicitation activities. We have hired MacKenzie Partners to assist us in the distribution of proxy materials and the solicitation of votes. We will pay MacKenzie Partners a fee of \$7,000 plus expenses for these services. We will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners of stock.

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Transfer Agent

Our transfer agent is Wells Fargo Bank, N.A. All communications concerning stockholders of record accounts, including address changes, name changes, common stock transfer requirements, and similar issues can be handled by contacting Wells Fargo Bank, N.A. at 1-800-468-9716 (local: (651) 450-4064), www.wellsfargo.com/shareownerservices, or by writing to P.O. Box 64854, St. Paul, MN 55164-0864.

GOVERNANCE OF THE COMPANY

NRG became an independent public company upon our emergence from bankruptcy on December 5, 2003. The implementation of NRG's plan of reorganization resulted in the establishment of an entirely new board of directors, effective December 5, 2003. On December 21, 2004, three directors, Mark R. Patterson, Ramon Betolaza and Frank S. Plimpton, who had been designated by MatlinPatterson Global Opportunities Partners, L.P and one of its affiliates (MatlinPatterson) stepped down from the Board in connection with MatlinPatterson's sale of 13 million shares of common stock to NRG. As a result of these three directors stepping down and the subsequent appointment of Anne C. Schaumburg to the Board effective April 1, 2005, there are now currently nine directors on the Board and two vacancies. The Board has not nominated individuals for election at the Annual Meeting to fill these vacancies, but expects to fill these vacancies in 2005. Pursuant to NRG's Amended and Restated Certificate of Incorporation, a majority of the directors may elect to fill these vacancies at any time in the future without shareholder approval, provided, however, that any such director shall hold office only until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified. Notwithstanding the current vacancies on the Board of Directors, proxies may not be voted at the Annual Meeting for a greater number of persons than the number of nominees named herein.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with 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 Board committees and our Code of Conduct. The Corporate Governance Guidelines, the charters of our Board committees and our Code of Conduct are available in print to any stockholder who requests them.

Director Independence

The Board has determined that each of the current directors, except David Crane, President and Chief Executive Officer, is independent under the listing standards of the New York Stock Exchange. 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 and the New York Stock Exchange listing standards, all members of the Audit Committee meet additional independence standards applicable to audit committee members.

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The Board is divided into three classes, approximately equal in number, serving staggered three-year terms. The Board presently has nine directors and the following three Committees: Audit, Compensation, and Governance and Nominating. The membership and the functions of each Committee are described below.

Name of Director	Audit	Governance and Nominating	Compensation
Howard E. Cosgrove(1)	X		
John F. Chlebowski	X(2)	X	
Lawrence S. Coben			X(2)
David Crane			
Stephen L. Cropper		X(2)	
Anne C. Schaumburg			
Herbert H. Tate		X	
Thomas H. Weidemeyer			X
Walter R. Young	X		X

X = Committee Member

(1) = Chairman of the Board

(2) = Committee Chair

Board Meetings

During 2004, the Board held 18 meetings. During 2004, no director attended less than 75% of the total of the Board meetings and the meetings of the committees on which he served. In calendar year 2005, the Board has held three meetings through April 8, 2005.

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

Directors are expected to attend the Annual Meetings of Stockholders. All of the directors attended the 2004 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, and the performance of the Company's internal audit function. 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;

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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;

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 each member of the Audit Committee qualifies as an "audit committee financial expert" within the meaning of Securities and Exchange Commission (SEC) regulations. The Audit Committee was established by the Board in January 2004. In calendar year 2004, the Audit Committee held 19 meetings. In calendar year 2005, the Audit Committee has held five meetings through April 8, 2005.

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 corporate goals and objectives relevant to the compensation for the Chief Executive Officer, evaluates the performance of the 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 Chief Executive Officer's compensation;

Reviews and recommends for approval to the Board stock option and other stock incentive awards for executive officers;

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 recommends employment agreements and severance arrangements for officers; and

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

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, as amended and "outside directors" for purposes of Section 162(m) of the Internal Revenue Code. In calendar year 2004, the Compensation Committee held nine meetings. In calendar year 2005, the Compensation Committee has held four meetings through April 8, 2005.

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;

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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;

Oversees the evaluation of the Board 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.

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.

In calendar year 2004, the Governance and Nominating Committee held ten meetings. In calendar year 2005, the Governance and Nominating Committee has held one meeting through April 8, 2005. 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 2006 Annual Meeting of Stockholders must be received by February 23, 2006, 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 shareholders 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 2006 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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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 this address. 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.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

Nonmanagement directors receive 60 percent of their compensation in the form of cash and the remaining 40 percent in the form of vested but deferred stock units. Nonmanagement directors other than the nonexecutive Chairman receive total annual compensation of \$110,000. Members of the Audit Committee receive an additional \$5,000 per year and the Chair of the Audit Committee receives an additional \$50,000 per year. In 2004, the Audit Committee members received an additional \$10,000 for the extraordinary number (19) of meetings held in 2004. Directors who served on the Special Committee formed in connection with a transaction in early 2004 were each paid an additional \$20,000 for their services on that committee. Directors who served on a Special Committee formed in connection with the purchase of the MatlinPatterson shares were each paid an additional \$5,000. The nonexecutive Chairman receives \$270,000 in annual compensation. David Crane, our President and Chief Executive Officer, does not receive separate compensation for Board service.

Directors are required to retain all stock received as compensation for the duration of their service on the Board, although they may sell shares as necessary to cover tax liability associated with the payout of deferred stock units. Exceptions to these requirements may be made by the Board under special circumstances.

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 three Class II directors will expire at the 2005 Annual Meeting. The Class II directors elected at the 2005 Annual Meeting will hold office for a three-year term expiring at the Annual Meeting in 2008 (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.

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.

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Nominees for Director (Class II Directors)

Lawrence S. Coben

Age 46

Compensation Committee (Chair)

Mr. Coben has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. He is Chairman and CEO of Tremis Energy Acquisition Corporation. From January 2001 to January 2004, he was a Senior Principal of Sunrise Capital Partners, a private equity firm. From 1997 to 2001, Mr. Coben was an independent consultant. From 1994 to 1996, Mr. Coben was Chief Executive Officer of Bolivian Power Company. Mr. Coben is also a director of Prisma Energy.

Herbert H. Tate

Age 52

Governance and Nominating Committee

Mr. Tate has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. Mr. Tate joined NiSource, Inc. as Corporate Vice President, Regulatory Strategy in July 2004. He was Of Counsel of Wolf & Samson P.C., a law firm, since 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 and IDT Spectrum. 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.

Walter R. Young

Age 60

Audit Committee

Compensation Committee

Mr. Young has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization. Mr. Young was Chairman, Chief Executive Officer and President of Champion Enterprises, Inc., an assembler and manufacturer of manufactured homes, from May 1990 to June 2003. 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.

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Directors Continuing in Office

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

Class III Directors (Terms expire in 2006)

John F. Chlebowski

Age 59

Audit Committee (Chair)

Governance and Nominating Committee

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

Howard E. Cosgrove

Age 62

Chairman of Board, Member of Audit Committee

Mr. Cosgrove has been a director of NRG since December 2003, pursuant to the NRG plan of reorganization, and Chairman of the Board since December 2003. He was Chairman and Chief Executive Officer of Conectiv and its predecessor Delmarva Power and Light 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, and he also serves on the Board and Audit Committee of Henlopen Mutual Fund.

Anne C. Schaumburg

Age 55

Ms. Schaumburg was appointed a director of NRG, effective April 1, 2005. From 1984 until her retirement in 2002, she was at Credit Suisse First Boston in the Global Energy Group, where she last served as Managing Director. From 1979 to 1984, she was in the Utilities Group at Dean Witter Financial Services Group, where she last served as Managing Director. From 1971 to 1978, she was at The First Boston Corporation in the Public Utilities Group.

Class I Directors (Terms expire in 2007)

David Crane

Age 46

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

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Stephen L. Cropper

Age 55

Governance and Nominating Committee (Chair)

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

Thomas H. Weidemeyer

Age 57

Compensation Committee

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

PROPOSAL NO. 2

AMENDMENT TO ARTICLE SEVEN OF THE AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

Article Seven of our Amended and Restated Certificate of Incorporation currently states the following:

Subject to any rights of the holders of any series of Preferred Stock to elect additional Directors under specified circumstances, the number of Directors which shall constitute the Board of Directors shall initially be established at eleven and, thereafter, may be enlarged only with the approval of the holders of at least a majority of the shares of Common Stock then outstanding and may be reduced by resolution adopted by the affirmative vote of a majority of the total number of Directors then in office. Newly created directorships resulting from an increase in the size of the Board of Directors shall be filled by vote of the stockholders.

The Board believes that it is in the best interests of the Company and our stockholders that the Board have the authority to enlarge the Board to up to 15 directors and to fill newly created directorships. Therefore, the Board recommends that our stockholders approve a proposal to amend Article Seven of our Amended and Restated Certificate of Incorporation to state the following:

Subject to any rights of the holders of any series of Preferred Stock to elect additional Directors under specified circumstances, the number of Directors which shall constitute the Board of Directors shall initially be established at eleven and, thereafter, may be enlarged to up to fifteen by the affirmative vote of a majority of the total number of directors then in office or may otherwise be enlarged with the approval of the holders of at least a majority of the shares of Common Stock then outstanding, and may be reduced by resolution adopted by the affirmative vote of a majority of the total number of Directors then in office. Newly created directorships resulting from an increase in the size of the Board of Directors may be filled

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by the affirmative vote of a majority of the total number of Directors then in office or by vote of the stockholders.

The principal purpose of the proposed amendment to our Amended and Restated Certificate of Incorporation is to provide our Board with more flexibility to add selected talents and skills from time to time. The proposed amendment will allow the Board to increase its size and add directors with diverse backgrounds and experiences while at the same time ensuring continuity on the Board. Also, the amendment would enable the Board to increase the number of independent directors and their numbers on Board committees in a manner that would potentially permit greater diversity on committees and a greater ability to cover unplanned vacancies.

The Board recommends a vote FOR the amendment to Article Seven of the Amended and Restated Certificate of Incorporation giving the Board of Directors authority to enlarge the size of the Board of Directors to up to 15 directors and to fill newly created directorships. Proxies solicited by the Board will be voted FOR approval of the amendment unless a contrary vote is specified.

PROPOSAL NO. 3

AMENDMENT DELETING ARTICLE SIXTEEN OF THE AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

During NRG's Chapter 11 proceedings, pursuant to the requirements of the Bankruptcy Code, our Certificate of Incorporation was amended to include the limitation in Article Sixteen on our ability to issue non-voting equity securities while Section 1123(a)(6) of the Bankruptcy Code applied to us. Article Sixteen is no longer required since it was included in the Certificate of Incorporation solely to satisfy the requirement that it be included as a condition to confirmation of our plan of reorganization. As a result, our Amended and Restated Certificate of Incorporation contains a limitation that is no longer applicable to us. Therefore, the Board recommends deleting Article Sixteen.

The current text of Article Sixteen of our Amended and Restated Certificate of Incorporation states the following:

The Corporation shall not issue any class of non-voting equity securities unless and solely to the extent permitted by Section 1123(a)(6) of the United States Bankruptcy Code (the "Bankruptcy Code") as in effect on the date of filing this Certificate with the Secretary of State of the State of Delaware; provided, however, that this ARTICLE SIXTEEN: (a) will have no further force and effect beyond that required under Section 1123(a)(6) of the Bankruptcy Code; (b) will have such force and effect, if any, only for so long as Section 1123(a)(6) of the Bankruptcy Code is in effect and applicable to the Corporation; and (c) in all events may be amended or eliminated in accordance with applicable law from time to time in effect.

If this Proposal is approved by our shareholders, Article Sixteen will be deleted in its entirety.

The Board recommends a vote FOR the amendment deleting Article Sixteen of the Amended and Restated Certificate of Incorporation which currently prohibits the issuance of non-voting equity securities. Proxies solicited by the Board will be voted FOR the amendment unless a contrary vote is specified.

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PROPOSAL NO. 4

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee expects to appoint the firm of KPMG LLP, independent registered public accounting firm, to audit the consolidated financial statements of the Company and its subsidiaries for the year 2005 at a meeting to be held in late April 2005. If the stockholders do not ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection. Representatives of KPMG LLP are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

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

The Board recommends a vote FOR the ratification of the appointment of

KPMG LLP as the Company's independent registered public accounting firm.

Proxies solicited by the Board will be voted FOR ratification unless a contrary vote is specified.

EXECUTIVE OFFICERS

Our executive officers are elected by our board of directors annually to hold office until their successors are elected and qualified.

David Crane

Age 46

President and Chief Executive Officer

For biographical information for David Crane, see Directors Continuing in Office.

Robert C. Flexon

Age 46

Executive Vice President and Chief Financial Officer

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

John P. Brewster

Age 51

Executive Vice President, International Operations and President, South Central Region

Mr. Brewster has been Executive Vice President, International Operations and President, South Central Region of NRG since March 2004. He is responsible for managing the asset portfolio for NRG's South Central Region and international operations. Previously, he served as Vice President, Worldwide Operations of NRG, Vice President, North American Operations and Vice President of Production for NRG Louisiana Generating, Inc. Prior to joining NRG, Mr. Brewster spent 22 years with Cajun Electric Power Cooperative, where he served as Vice President of Production, Manager of Power System Operations and Assistant Plan Manager.

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Scott J. Davido

Age 43

Executive Vice President and President, Northeast Region

Mr. Davido has been Executive Vice President and Regional President, Northeast Region of NRG since March 2004 and served as Senior Vice President, General Counsel and Secretary from October 2002 to March 2004. Mr. Davido also served as Chairman of the Board from May 2003 to December 2003, the period in which NRG was reorganizing under chapter 11 of the bankruptcy code. He served as Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Elder-Beerman Stores Corp., a department store retailer, from March 1999 to May 2002 and Senior Vice President, General Counsel from January 1998 to March 1999. Mr. Davido was a Partner, Business Practice