

NRG ENERGY, INC.
Form DEF 14A
June 14, 2010

Table of Contents

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 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)(4) 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 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:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

June 14, 2010

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., Eastern Time, on Wednesday, July 28, 2010, at the 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. 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, The Altman Group, at (800) 820-2415 (toll free).

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 JUNE 14, 2010.

Table of Contents

**2010 ANNUAL MEETING OF STOCKHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

TABLE OF CONTENTS

	Page
<u>Notice of Annual Meeting of Stockholders</u>	iii
<u>Proxy Statement</u>	1
<u>Purpose of the Annual Meeting</u>	1
<u>Annual Meeting Admission</u>	1
<u>Quorum</u>	1
<u>Stockholders Entitled to Vote</u>	1
<u>Required Vote</u>	2
<u>Voting Methods</u>	2
<u>Changing Your Vote</u>	3
<u>Counting the Vote</u>	3
<u>List of Stockholders</u>	3
<u>Cost of Proxy Solicitation</u>	4
<u>Transfer Agent</u>	4
<u>Householding</u>	4
<u>Whom should you call if you have questions about the Annual Meeting</u>	4
<u>Governance of the Company</u>	5
<u>Corporate Governance Guidelines and Charters</u>	5
<u>Director Independence</u>	5
<u>Board Structure</u>	5
<u>Governance Practices</u>	6
<u>Board Leadership</u>	6
<u>Risk Oversight</u>	6
<u>Committee Membership</u>	8
<u>Audit Committee</u>	8
<u>Compensation Committee</u>	9
<u>Governance and Nominating Committee</u>	10
<u>Commercial Operations Oversight Committee</u>	12
<u>Finance Committee</u>	12
<u>Nuclear Oversight Committee</u>	13
<u>Review, Approval or Ratification of Transactions with Related Persons</u>	13
<u>Communication with Directors</u>	14
<u>Proposals to Be Voted On</u>	15
<u>Proposal No. 1</u>	15
<u>Nominees for Director (Class I Directors)</u>	15
<u>Directors Continuing in Office</u>	18
<u>Class II Directors (Terms expire in 2011)</u>	18
<u>Class III Directors (Terms expire in 2012)</u>	20

Table of Contents

	Page
<u>Proposal No. 2</u>	23
<u>Purpose of Amendment</u>	23
<u>Eligibility</u>	23
<u>Types of Awards</u>	23
<u>Stock Subject to the Plan</u>	25
<u>Administration</u>	25
<u>Termination of Employment</u>	26
<u>Change in Control</u>	27
<u>Dividends and Dividend Equivalents</u>	27
<u>Transferability</u>	27
<u>Clawback</u>	27
<u>Duration and Amendment of the Plan</u>	27
<u>Plan Benefits</u>	28
<u>Federal Income Tax Consequences of Awards</u>	29
<u>Securities Authorized for Issuance under Equity Compensation Plans</u>	31
<u>Proposal No. 3</u>	32
<u>Executive Officers</u>	33
<u>Voting Stock Ownership of Directors, Named Executive Officers, and Certain Beneficial Owners</u>	37
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	40
<u>Compensation Committee Interlocks and Insider Participation</u>	40
<u>Compensation Committee Report on Executive Compensation</u>	40
<u>Executive Compensation</u>	41
<u>Compensation Discussion and Analysis</u>	41
<u>Summary Compensation Table</u>	56
<u>Grants of Plan-Based Awards</u>	58
<u>Outstanding Equity Awards at Fiscal Year-End</u>	60
<u>Option Exercises and Stock Vested</u>	62
<u>Pension Benefits</u>	63
<u>Non-Qualified Deferred Compensation</u>	63
<u>Severance and Change-in-Control</u>	64
<u>Director Compensation</u>	66
<u>Audit Committee Report</u>	68
<u>Independent Registered Public Accounting Firm</u>	69
<u>Audit and Nonaudit Fees</u>	69
<u>Audit Fees</u>	69
<u>Audit-Related Fees</u>	69
<u>Tax Fees</u>	69
<u>Policy on Audit Committee Pre-approval of Audit and Permissible Nonaudit Services of Independent Registered Public Accounting Firm</u>	69
<u>Requirements For Submission of Stockholder Proposals For Next Year's Annual Meeting</u>	70
<u>Appendix A NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan</u>	A-1

Table of Contents

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	10:00 a.m., Eastern Time, on Wednesday, July 28, 2010
PLACE	Hotel du Pont 11th and Market Streets Wilmington, Delaware
ITEMS OF BUSINESS	(1) To elect five Class I directors. (2) To approve the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan. (3) To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm. (4) To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.
RECORD DATE	You are entitled to vote if you were a stockholder of record at the close of business on June 4, 2010.
ANNUAL REPORT	Our 2009 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. For specific instructions, please refer to the information on pages 2-3 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

Tanuja M. Dehne
Corporate Secretary

Table of Contents

PROXY STATEMENT

The Board of Directors (the Board) of NRG Energy, Inc. (NRG or the Company) is soliciting proxies for the Annual Meeting of Stockholders (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 directors, (ii) approve the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan, (iii) ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm, and (iv) 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 at the close of business on June 4, 2010, 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., Eastern 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 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 ratification of the appointment of the independent auditors (Proposal 3), but not the election of directors or the approval of the Amended and Restated Long-Term Incentive Plan.

Stockholders Entitled to Vote

Only stockholders of record at the close of business on June 4, 2010, are entitled to vote at the Annual Meeting. As of the record date, 254,308,616 shares of Common Stock were issued and outstanding. Each holder of NRG Common

Stock is entitled to one vote per share.

Table of Contents

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

Stockholder of Record If your shares are registered directly in your name with NRG's transfer agent, Bank of New York 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 note that starting this year, the rules that determine how your broker can vote your shares have changed. 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, the rules that determine how your broker can vote your shares have changed. Brokers are not 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 will have no effect on the outcome of the vote on this proposal.

Approval of the Amended and Restated Long-Term Incentive Plan 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 cast on this proposal and will have the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of the vote on this proposal.

Approval of the Ratification of the Appointment of the Independent Auditors 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 cast 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, 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

Table of Contents

will not receive the Notice, but may still access the Company's proxy materials over the Internet at <http://www.shareholdermaterial.com/nrgenergy>.

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 July 27, 2010 by visiting the website provided on the Notice or voting 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 July 27, 2010. 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 July 28, 2010, 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, 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. Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as the inspectors of election.

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.

Table of Contents

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 The Altman Group to assist it in soliciting your proxy for an estimated fee of \$15,500, plus reasonable out-of-pocket expenses. The Altman Group expects that approximately 25 of its employees will assist in the solicitation. The Company will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and other solicitation materials to beneficial owners of stock.

Transfer Agent

The Company's transfer agent is The Bank of New York Mellon. All communications concerning stockholder inquiries can be handled by contacting NRG Energy c/o BNY Mellon Shareowner Services, P.O. Box 358015 Pittsburgh, PA 15252-8015 1-877-296-3711. Outside the U.S. and Canada 1-201-680-6578 and Hearing Impaired-TTY Phone 1-888-231-5469. The e-mail address is: shrrelations@melloninvestor.com and the website is: www.bnymellon.com/shareowner/isd. Send certificates for transfer and address changes to: BNY Mellon Shareowner Services, 480 Washington Boulevard, Jersey City, New Jersey 07310-1900.

Householding

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

The Altman Group
1200 Wall Street West
Lyndhurst, NJ 07071
Tel: 201-806-7300
Fax: 201-460-0050

Toll Free: (800) 820-2415
Email: nrg@altmangroup.com

* * *

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be held on Wednesday, July 28, 2010**

Each of the Notice of Annual Meeting, this Proxy Statement and the Annual Report of the Company for the fiscal year ended December 31, 2009 is available at <http://www.shareholdermaterial.com/nrgenergy>.

Table of Contents

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/investor/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 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, Gerald Luterman, during his service as Interim Chief Financial Officer, which ended on May 10, 2010, 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. Kirbyjon Caldwell serves as director of Continental Airlines, which is also a Reliant Energy electricity customer. Kathleen McGinty serves as director of Weston Solutions, Inc., which provided approximately \$80,000 of services for toxicity and water testing in the Company's West Region. 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, or Ms. McGinty'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 divided into three classes serving staggered three-year terms. Classes I and II each has five members while Class III has four members.

During 2009, the Board held five regularly scheduled meetings and nine special meetings. During 2009, 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 2010, the Board has held two meetings through June 4, 2010.

The Company's Guidelines provide that nonmanagement directors meet in executive session regularly following Board meetings. The Company's nonexecutive 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, except for Mr. Hobby, attended the 2009 Annual Meeting of Stockholders.

Table of Contents

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 last year's annual meeting. 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 (Chairman). 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 of review, approval and monitoring of fundamental financial and business strategies and major corporate actions, assessment of major risks facing the Company and management, oversight of succession planning, most notably at the Chief Executive Officer level and presides over the Board and 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.

Table of Contents

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. 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 and the Company's internal auditor. 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, 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. In 2010, the Compensation Committee 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. In 2010, to assist the Compensation Committee in its assessment, the Company's Enterprise Risk Management team conducted a review of the compensation policies and practices and reported to the Compensation Committee their findings as follows:

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

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

the fact that 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 is required to prepare an accounting restatement because it is in material noncompliance with any financial reporting requirements, discourages risk taking.

LTIP and performance share awards are typically based upon earnings per share and return on equity over three-year periods, which mitigates against the taking of 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 vests over an extended period also mitigates against unnecessary or excessive risk taking.

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 presently 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	Governance and Nominating		Commercial Operations Oversight	Finance	Nuclear Oversight
	Audit	Compensation			
Howard E. Cosgrove ⁽¹⁾					X ⁽²⁾
Kirbyjon H. Caldwell		X	X		X
John F. Chlebowski		X			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				X	X
Anne C. Schaumburg	X			X ⁽²⁾	X
Herbert H. Tate					X ⁽³⁾
Thomas H. Weidemeyer		X ⁽²⁾			X
Walter R. Young	X			X	X

X = Committee Member

(1) Chairman of the Board

(2) Committee Chair

(3) Chair of the Nuclear Oversight Subcommittee

Audit Committee

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

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

Reviews the annual audited and quarterly consolidated financial statements;

Reviews major issues regarding accounting principles and financial statement presentations;

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

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

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

Table of Contents

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 NYSE 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 of Walter Young, William Hantke and Gerald Luteran qualify as audit committee financial experts within the meaning of SEC regulations. In calendar year 2009, the Audit Committee held nine meetings. In calendar year 2010, the Audit Committee has held two meetings through June 4, 2010.

Compensation Committee

The Compensation Committee oversees the Company's overall compensation structure, policies, and programs. Among other things, the Compensation 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 with the Chairman of the Board or together with the other independent directors, determines and approves the President and the Chief Executive Officer's compensation;

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

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

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

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

Table of Contents

Reviews and oversees the Company's overall compensation strategy, structure, policies and programs, risk profile 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.

Frederic W. Cook & Co., Inc. serves as the independent consultant to the Committee to assist with executive compensation decisions.

The Board has determined that all Compensation Committee members are independent under the listing standards of the NYSE, and that they are nonemployee directors for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the Exchange Act), as amended, and outside directors for purposes of Section 162(m) of the Internal Revenue Code (the Code). In calendar year 2009, the Compensation Committee held six meetings. In calendar year 2010, the Compensation Committee has held two meetings through June 4, 2010.

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 Guidelines and recommends changes to the Board. Among other things, the Governance and Nominating Committee also:

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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 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 Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all Board members. While the Company does not have a formal diversity policy, the Guidelines, since their adoption in 2004, 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 composition of the current Board reflects diversity in business and professional experience, skills, gender and race.

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 Governance and Nominating 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 2011 Annual Meeting of Stockholders must be received no later than the close of business on February 17, 2011, which is the 120th day prior to the first anniversary of the date on which this Proxy Statement was first released to our stockholders in connection with the 2010 Annual Meeting. If we change the date of the 2011 Annual Meeting of Stockholders by more than 30 days from the anniversary of this year's annual meeting, recommendations of director candidates must be received a reasonable time before we begin to print and mail the proxy materials for the 2011 Annual Meeting. Each notice of recommendation 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 2011 Annual Meeting of Stockholders in order to nominate a candidate for election by the stockholders at the meeting (in cases where the Board does not intend to nominate the candidate or where the Governance and Nominating Committee was not requested to consider his or her candidacy) must comply with the procedures in the Company's Bylaws, a copy of which is available upon request to the Company's Corporate Secretary.

The Board has determined that all Governance and Nominating Committee members are independent under the listing standards of the NYSE. In calendar year 2009, the Governance and Nominating Committee held eight meetings. In calendar year 2010, the Governance and Nominating Committee has held two meetings through June 4, 2010. The Board and each of the Audit Committee, Compensation Committee, Governance and Nominating Committee, Commercial Operations Oversight Committee, Finance 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 each of these annual evaluations.

Table of Contents

Commercial Operations Oversight Committee

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

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

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

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

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

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

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

In calendar year 2009, the Commercial Operations Oversight Committee held five meetings. In calendar year 2010, the Commercial Operations Oversight Committee has held two meetings through June 4, 2010.

Finance Committee

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

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

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

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

Review and approve, or authorize officers to approve, equity investments, sales of equity interests, joint venture arrangements, commercial and construction arrangements, financing transactions, provision of

guarantees or other credit or liquidity support, and other arrangements related to the development, construction and operation of new power generation facilities and the repowering of or addition of new units to existing power generation, thermal or other energy producing facilities, in each case which have been discussed with or reviewed by the Board;

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

Table of Contents

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

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

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

Review with management, on a periodic basis, contributions to employee benefit retirement plans of the Company, investment performance, funding, asset allocation policies and other similar performance measures of the employee benefit retirement plans of the Company;

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

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

The Finance Committee held six meetings in calendar year 2009. In calendar year 2010, the Finance Committee has held three meetings through June 4, 2010.

Nuclear Oversight Committee

The Nuclear Oversight Committee assists the Board in fulfilling its responsibilities with respect to the oversight of the Company's ownership and operation, directly or indirectly, of its interests in nuclear power plant facilities. The Nuclear Oversight Committee consists of all of the members of the Board, all of whom are citizens of the United States of America and meet the requirements of applicable law to serve on the Committee, a majority of which are independent as defined under the listing standards of the NYSE and as affirmatively determined by the Board. The Nuclear Oversight Committee formed the Nuclear Oversight Subcommittee to review and report to the Board and the Nuclear Oversight Committee on matters not expressly reserved for review by the Board. In this capacity, the Nuclear Oversight Subcommittee regularly meets with Company management regarding the Company's nuclear operating facilities and the Chairman of the Subcommittee subsequently reports to the Board and Nuclear Oversight Committee on such matters during the regularly scheduled Board meetings. The Nuclear Oversight Subcommittee currently consists of Herbert Tate (Chair of the Subcommittee), Paul Hobby and Kathleen A. McGinty. In calendar year 2009, the Nuclear Oversight Subcommittee held three meetings and the Nuclear Oversight Committee held one meeting. In calendar year 2010, the Nuclear Oversight Subcommittee has held two meetings through June 4, 2010 and the Nuclear Oversight Committee has not held a meeting through June 4, 2010.

Review, Approval or Ratification of Transactions with Related Persons

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

amended) has or will have a direct or indirect interest (a Related Person Transaction).

Table of Contents

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

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

There were no Related Person Transactions for the year ended December 31, 2009.

Communication with Directors

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

Table of Contents

PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1

ELECTION OF DIRECTORS

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

The terms of the five Class I directors will expire at the 2010 Annual Meeting. The Class I directors elected at the 2010 Annual Meeting will hold office for a three-year term expiring at the Annual Meeting in 2013 (or until their respective successors are elected and qualified, or until their earlier death, resignation, or removal). There are no family relationships among the Company's executive officers and directors.

Each of the nominees for director named in this Proxy Statement have been recommended and nominated by the Governance and Nominating Committee. The persons named as proxies on the proxy card intend to vote the proxies for the election of the nominees listed below to the Board. Each nominee listed below has consented to being named in this Proxy Statement and to serve as a director if elected. The biography for each director includes the specific experience, qualifications, attributes and skills that led the Board to conclude that the nominee should serve as a director. The Board believes that each of the directors has valuable individual skills and experiences that, taken together, provide the Company with the variety and depth of knowledge, judgment and vision necessary to provide effective oversight of the Company.

Nominees for Director (Class I Directors)

Kirbyjon H. Caldwell

Age 56

Compensation Committee

Governance and Nominating Committee

Nuclear Oversight Committee

Pastor Caldwell has been director of NRG since March 2009. He was a director of Reliant Energy, Inc. (now known as RRI Energy, Inc.) from August 2003 to March 2009. Since 1982, he has served as Senior Pastor at the 16,000-member Windsor Village United Methodist Church in Houston, Texas. Pastor Caldwell is also a director of Continental Airlines, Inc.

As a result of his six years of service as a director of Reliant Energy, Inc., now RRI, Inc., a peer of the Company, Pastor Caldwell brings valuable experience and insight regarding the energy industry and is able to share with the Board suggestions about how similarly-situated companies effectively assess and undertake business considerations and opportunities. Pastor Caldwell also provides the Board with valuable insight regarding the Company's retail business following the Company's acquisition of Reliant Energy, as well as additional viewpoints from the perspective of a large publicly traded company stemming from his position on the board of Continental Airlines. The Board also values his leadership and community involvement in the Houston area, where the Company has a significant wholesale and retail presence. Finally, Pastor Caldwell as a result of his principal occupation offers a different point of view on a

Board that is otherwise constituted by directors with business and finance experience.

Table of Contents

David Crane

Age 51

Nuclear Oversight Committee

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

As Chief Executive Officer of the Company, Mr. Crane provides the Board with management's perspective regarding the Company's day-to-day operations and overall strategic plan. His extensive leadership experience enables Mr. Crane to play a key role in all matters involving our Board and act as the head of management to the independent directors of the Board. In addition, as director of El Paso Corporation, Mr. Crane is able to contribute additional perspective from the energy industry.

Stephen L. Cropper

Age 60

Governance and Nominating Committee

Commercial Operations Oversight Committee

Nuclear Oversight Committee

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

Mr. Cropper's career in the natural gas and pipeline industry, knowledge of both of which are critical to the success of a wholesale power generation company like NRG, adds significant value to the Company. In addition to his significant experience in the energy industry, the Board values Mr. Cropper's skills in identifying, assessing and addressing various business issues as a result of his service on various public and private boards.

Table of Contents

Kathleen A. McGinty

Age 47

Commercial Operations Oversight Committee

Nuclear Oversight Committee

Nuclear Oversight Subcommittee

Ms. McGinty has been a director of NRG since October 2008. Most recently, Ms. McGinty served as Secretary of the Pennsylvania Department of Environmental Protection (DEP), a position she held from 2003 until July 2008. Before joining the DEP, Ms. McGinty spent six years in the Clinton White House, where she was chair of the White House Council on Environmental Quality and earlier served as a senior environmental advisor to Vice President Al Gore. She currently serves as Secretary of the Board of Trustees at Saint Joseph s University in Pennsylvania and is the former Chair of the Pennsylvania Energy Development Authority. Ms. McGinty is also a founding partner of Peregrine Technology Partners, LLC, a firm focused on commercialization of resource efficient technologies and operating partner of Element Partners, an investor in the clean technology sector. Ms. McGinty is also a director of Iberdrola USA and Weston Solutions, Inc.

Ms. McGinty s experience and leadership in the clean energy sector, as well as with the DEP and as an environmental advisor, provide a perspective into climate change legislation and environmental awareness that is increasingly central to the Company as it develops, refines and implements its forward strategy. Furthermore, her experiences in high-level government positions enable Ms. McGinty to bring significant insights into government mindset and processes in an environment where most major projects embarked upon by the Company are, to some degree at least, a public/private partnership.

Thomas H. Weidemeyer

Age 63

Compensation Committee (Chair)

Nuclear Oversight Committee

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

Mr. Weidemeyer s executive management experience with a logistics company involving extensive supply chain management brings important skills highly valued both by the Company itself and by its Board of Directors. In addition, Mr. Weidemeyer s service on other boards gives him a direct insight into best practices that is valuable to our Board.

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.

17

Table of Contents

Directors Continuing in Office

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

Class II Directors (Terms expire in 2011)

Lawrence S. Coben

Age 52

Governance and Nominating Committee (Chair)

Nuclear Oversight Committee

Mr. Coben has been a director of NRG since December 2003. He is currently Chairman and Chief Executive Officer of Tremisis Energy Acquisition Corporation II, a publicly held company since July 2007. He was Chairman and Chief Executive Officer of Tremisis Energy Corporation LLC from May 2006 through June 2007 and of Tremisis Energy Acquisition Corporation from February 2004 to May 2006. From January 2001 to January 2004, he was a Senior Principal of Sunrise Capital Partners L.P., a private equity firm. From 1997 to January 2001, Mr. Coben was an independent consultant. From 1994 to 1996, Mr. Coben was Chief Executive Officer of Bolivian Power Company.

Mr. Coben's experience as a chief executive officer and venture capitalist in the energy industry brings a valuable cross section of skills to the Board. Mr. Coben brings to the Board significant managerial, strategic, and financial expertise particularly as it relates to Company financings, transactions and development initiatives.

Paul W. Hobby

Age 49

Commercial Operations Oversight Committee (Chair)

Nuclear Oversight Committee

Nuclear Oversight Subcommittee

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

Mr. Hobby joined the Board following the Company's acquisition of Texas Genco, LLC in which he served on its board of directors, and as a result brings historical and present context

to the Company's ongoing business endeavors in the Texas region. The Board also values his entrepreneurial and financial expertise in evaluating the Company's growth initiatives, as well as his involvement in the Houston and greater Texas community, which is the Company's principal market.

Table of Contents

Gerald Luterman

Age 66

Audit Committee

Finance Committee

Nuclear Oversight Committee

Mr. Luterman has been a director of NRG since April 2009. He also served as Interim Chief Financial Officer of the Company from November 2009 through May 2010. Mr. Luterman was Executive Vice President and Chief Financial Officer of KeySpan Corporation from August 1999 to September 2007. Prior to this time, Mr. Luterman had more than 30 years experience in senior financial positions with companies including American Express, Booz Allen & Hamilton, Emerson Electric Company and Arrow Electronics. Mr. Luterman also served as a director of IKON Office Solutions, Inc. from November 2003 until August 2008 and U.S. Shipping Partners L.P. from May 2006 until November 2009.

Mr. Luterman brings extensive experience in the energy industry as a result of his employment at KeySpan Corporation, which is further complemented by his financial expertise as the former chief financial officer. Mr. Luterman's finance and accounting background is a valuable asset to the Board, and particularly the Finance and Audit Committees. In addition, Mr. Luterman's service as the Company's Interim Chief Financial Officer of the Company from November 3, 2009 through May 10, 2010 gave him valuable insights into the operations of the Company and its management.

Herbert H. Tate

Age 57

Nuclear Oversight Committee

Nuclear Oversight Subcommittee (Chair)

Mr. Tate has been a director of NRG since its formation in December 2003. Mr. Tate was Of Counsel to Wolff & Samson, P.C. a New Jersey law firm from 2002 to 2004. In 2004, he became Corporate Vice President of Regulatory Strategy for NiSource Corporation and served until April 2006. From 1994 to 2001, Mr. Tate was appointed by New Jersey Governor Christine Todd Whitman as President to the New Jersey Board of Public Utilities (NJBPU). During that period, Mr. Tate also served on the Board of Directors for the National Regulatory Research Institute (NRRI), at Ohio State University; as a member of the Electricity Committee of the National Association of Regulatory Utility Commissioners (NARUC); and as a member of the Harvard Electric Policy Group. During 2001 and 2002, Mr. Tate was Professor for Energy Policy Studies at the New Jersey Institute of Technology, and from 2001 through 2005, Mr. Tate served as a member of the Advisory Committee to the Electric Power Research Institute (EPRI) Board of Directors. Upon leaving the NJBPU in 2001 and until 2004, Mr. Tate served on the Board of Directors for Central Vermont Public Service electric utility and on the Audit Committee. From 2001 to 2005, Mr. Tate also served on the Board of Directors for IDT Capital and IDT Spectrum, subsidiaries to IDT Corporation. In addition to his experience in the electric and natural gas industries, Mr. Tate was appointed by President George H.W. Bush as Assistant Administrator for Enforcement to the United States Environmental Protection Agency from 1991 to 1993. Mr. Tate served on the Board of Directors to the Environmental Law Institute from 2004 to 2009.

Mr. Tate brings to the Board extensive expertise in the electric and natural gas industries through his diversified background and experience with management, regulatory and policy, as well as his prior board experience. Particularly, Mr. Tate's experiences with both the electric power generation wholesale markets and competitive retail electricity markets through his regulatory, policy and business experience enables him to provide the Board with significant managerial, strategic, and compliance-based expertise which has proven valuable since he joined the Board with the original class in 2003.

Table of Contents

Walter R. Young

Age 65

Audit Committee

Finance Committee

Nuclear Oversight Committee

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

Mr. Young brings a wide array of experience, expertise and points of view to the Board as a result of his service as a former chief executive officer of a large public company outside of the energy sector and his involvement in numerous private start-up businesses, buy-outs and later stage investment. Mr. Young's skills in corporate finance and accounting matters enable him to be a valuable asset to the Audit and Finance Committees.

Class III Directors (Terms expire in 2012)

John F. Chlebowski

Age 64

Compensation Committee

Nuclear Oversight Committee

Mr. Chlebowski has been a director of NRG since December 2003. Mr. Chlebowski served as the President and Chief Executive Officer of Lakeshore Operating Partners, LLC, a bulk liquid distribution firm, from March 2000 until his retirement in December 2004. From July 1999 until March 2000, Mr. Chlebowski was a senior executive and cofounder of Lakeshore Liquids Operating Partners, LLC, a private venture firm in the bulk liquid distribution and logistics business, and from January 1998 until July 1999, he was a private investor and consultant in bulk liquid distribution. From 1994 until 1997, he was the President and Chief Executive Officer of GATX Terminals Corporation, a subsidiary of GATX Corporation. Prior to that, he served as Vice President of Finance Chief Financial Officer of GATX Corporation from 1986 to 1994. Mr. Chlebowski is a director of First Midwest Bancorp Inc. and the Non-Executive Chairman of SemGroup Corporation. Mr. Chlebowski also served as a director of Laidlaw International, Inc. from June 2003 until October 2007, SpectraSite, Inc. from June 2004 until August 2005, and Phosphate Resource Partners Limited Partnership from June 2004 until August 2005.

Mr. Chlebowski's extensive leadership and financial expertise, as a result of his position as a former chief executive officer and his service on several boards of companies involved in the restructuring or recovery of their core business, enable him to contribute to the Board significant managerial, strategic, and financial oversight skills. Furthermore, Mr. Chlebowski's service on other public boards, notably as a non-executive Chairman, provides valuable insight into the application of various governance principals to the Company's Board.

Table of Contents

Howard E. Cosgrove

Age 67

Chairman of the Board

Nuclear Oversight Committee (Chair)

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

Mr. Cosgrove brings extensive experience and expertise from the utility industry as a result of his service as chief executive officer of Conectiv and Delmarva Power and Light Company, which not only translates into effective leadership as Chairman of the Board, but enables him to share with the Board and management suggestions about how the more traditional power companies (many of which NRG seeks to partner with, or sell power to) effectively assess and undertake business considerations and opportunities.

William E. Hantke

Age 62

Audit Committee (Chair)

Nuclear Oversight Committee

Mr. Hantke has been a director of NRG since March 2006. Mr. Hantke served as Executive Vice President and Chief Financial Officer of Premcor, Inc., a refining company, from February 2002 until December 2005. Mr. Hantke was Corporate Vice President of Development of Tosco Corporation, a refining and marketing company, from September 1999 until September 2001, and he also served as Corporate Controller from December 1993 until September 1999. Prior to that position, he was employed by Coopers & Lybrand as Senior Manager, Mergers and Acquisitions from 1989 until 1990. He also held various positions from 1975 until 1988 with AMAX, Inc., including Corporate Vice President, Operations Analysis and Senior Vice President, Finance and Administration, Metals and Mining. He was employed by Arthur Young from 1970 to 1975 as Staff/Senior Accountant. Mr. Hantke was Non-Executive Chairman of Process Energy Solutions, a private alternative energy company until March 31, 2008 and served as director and Vice-Chairman of NTR Acquisition Co., an oil refining start-up, until January 2009.

Mr. Hantke joined the Board following the Company's acquisition of Texas Genco, LLC, in which he served on the board of directors, and as a result brings historical and present context to the Company's ongoing business endeavors in the Texas region. Furthermore, Mr. Hantke's extensive experience in executive management positions in the independent refining industry, considered by many to be a similar industry to the IPP sector and as a director of public and nonpublic boards enables him to provide the Board significant managerial, strategic, and financial oversight. As a result, his fellow directors have elected him as Chair of the Company's Audit Committee and determined that he is an audit committee financial expert as defined by SEC rules.

Table of Contents

Anne C. Schaumburg

Age 60

Audit Committee

Finance Committee (Chair)

Nuclear Oversight Committee

Ms. Schaumburg has been a director of NRG since April 2005. From 1984 until her retirement in January 2002, she was employed by 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. Ms. Schaumburg is also a director of Brookfield Infrastructure Partners L.P.

Ms. Schaumburg brings extensive financial experience and expertise to the Board which is valuable to the review of the Company's financings, transactions, and overall financial oversight. In addition, Ms. Schaumburg is able to provide the Board with essential insight into the financial services industry and financial markets. In recognition of Ms. Schaumburg's skills in corporate finance and strategic matters, the Board has elected Ms. Schaumburg to serve as the Chair of the Finance Committee.

Table of Contents

PROPOSAL NO. 2

**ADOPTION OF THE NRG ENERGY, INC. AMENDED AND
RESTATED LONG-TERM INCENTIVE PLAN**

Purpose of Amendment

The Board and stockholders previously approved the Amended and Restated Long-Term Incentive Plan to promote the long-term growth and profitability of the Company by providing certain directors, officers, employees and consultants of the Company incentives to maximize stockholder value and to enable the Company to attract, retain, and reward the best available persons for positions of responsibility. Presently, the Board has adopted, subject to stockholder approval, the Amended and Restated Long-Term Incentive Plan (the Plan) to (i) increase the number of shares available for issuance under the Plan, (ii) add a clawback provision to the Plan that will require participants under the Plan to repay Awards, as defined below, under the Plan in certain circumstances, and (iii) update and make other technical or clarifying changes that are contained in the summary of the terms below and the complete text of the Plan, as amended, attached to this Proxy Statement as Appendix A.

Currently, 16,000,000 shares of Common Stock of the Company are reserved for issuance under the Plan, which number reflects the two-for-one stock split which was approved by the Board in April 2007. The maximum number of shares of Common Stock with respect to which incentive stock option shares may be granted is 8,000,000. In order to continue to attract and retain highly qualified directors, officers, employees and consultants, the Board believes it is in the best interests of the Company to amend the Plan to increase the total number of shares available under the Plan from 16,000,000 shares to 22,000,000 shares.

The following is a summary of the material features of the Plan, which is qualified in its entirety by reference to the complete text of the Plan, as amended, attached to this Proxy Statement as Appendix A.

Eligibility

All directors, officers, employees and consultants of the Company and its subsidiaries are eligible to be selected by the Compensation Committee for participation in the Plan. As of June 4, 2010, there were approximately 2,710 directors, officers, employees, and consultants eligible to be selected for participation in the Plan.

Types of Awards

The Plan provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and deferred stock units (collectively, the Awards). The material features of these types of Awards are described below. Subject to the terms of the Plan, the specific terms and conditions of any Award are established in the discretion of the Compensation Committee at the time of grant and set forth in an award agreement issued to the participant.

Options. The Plan provides for the grant of incentive stock options qualified under Section 422 of the Code and nonqualified stock options as designated by the Compensation Committee in the award agreement for the option. Subject to the terms of the Plan, the option price, the number of shares subject to an option, and the conditions on exercisability will be determined by the Compensation Committee at the date of grant.

Under the Plan, the exercise price per share of an option may not be less than the fair market value of a share of Common Stock of the Company as of the date of grant, except for certain awards that are granted in assumption of or in substitution for awards of a company that the Company acquired. Under the Plan, the fair market value of a share is equal to the closing selling price (or bid price) of the Common Stock on the NYSE (or other stock exchange on which the stock is listed) on the date the value is being determined, or if such market is not open on that day, the last preceding day on which the market was open. If an option granted to an employee that owns more than 10 percent of the total combined voting power of all classes of Company stock on the date of grant (a 10 Percent Stockholder) is intended to qualify as an incentive stock option, the exercise price may not be less than 110 percent of the fair market value of the Common Stock on the date of grant.

Table of Contents

Under the Plan, no option may be exercisable more than 10 years after the date the option is granted, provided that if an option expires on a day that the participant cannot exercise the option because such exercise would violate any applicable securities laws, the expiration may be tolled at the discretion of the Compensation Committee until a date not later than 30 days following the lapse of any such restriction, to the extent allowed pursuant to certain tax restrictions. However, an option granted to a 10 Percent Stockholder that is intended to qualify as an incentive stock option may not be exercisable more than five years from the grant date. Unless otherwise determined by the Compensation Committee, participants may exercise any vested options by paying the exercise price either in cash, unrestricted shares of Common Stock owned for at least six months, any cashless exercise procedures approved by the Compensation Committee, by withholding shares of Common Stock otherwise deliverable upon exercise of the option, or any combination of the foregoing. In general, prior to exercise, participants will not have any rights as stockholders with respect to any shares of Common Stock covered by an option.

Stock Appreciation Rights. Under a stock appreciation right (SAR), a participant is awarded an interest in the appreciated value of the shares of Common Stock underlying the Award above a base amount for such shares established by the Compensation Committee at the time the right is granted. In no event may the base amount under a SAR be less than the fair market value of the shares underlying the SAR as of the date of grant, except for certain awards that are granted in assumption of or in substitution for awards of a company that the Company acquired. The appreciated value of the stock subject to a SAR will be payable to a participant at the time and under the terms and conditions of the SAR established by the Compensation Committee at the time of grant. SARs may be granted either alone or in tandem with options. The amount payable under a SAR will be paid in cash or shares of Common Stock, or any combination of cash or Common Stock as the Compensation Committee may decide. In general, prior to payment of a SAR in Common Stock, a participant will not have any rights as a stockholder with respect to the shares of Common Stock underlying a SAR.

Restricted Stock. Under a restricted stock award, a participant is issued shares of Common Stock of the Company that are subject to certain forfeiture or vesting provisions and restrictions on transferability as determined by the Compensation Committee at the time of the Award. Unless the restricted shares issued are treasury shares, a participant is required to pay the Company the aggregate par value for the shares of restricted stock within 10 days of the date of grant. Unless otherwise provided under the terms of the Award, a participant has voting and dividend rights with respect to awards of restricted stock, except that any dividends on shares of restricted stock that vest based upon the satisfaction of any performance conditions will only be paid if the underlying performance conditions are satisfied. Any stock or other securities received as a distribution with respect to restricted stock are subject to the same restrictions that apply to the shares of restricted stock.

Restricted Stock Units. Each restricted stock unit represents the right of a participant to be paid one share of Common Stock of the Company subject to the vesting provisions, restrictions and other terms and conditions of the Award. Prior to the vesting of restricted stock units or the expiration of any applicable restriction period under the Award, the participant does not have any rights as a Company stockholder. Pursuant to the tax rules applicable to nonqualified deferred compensation plans under Section 409A, an Award of restricted stock units may permit the participant to elect to defer the receipt of shares of Common Stock that would otherwise be payable when the units vest.

Performance Awards. Performance awards issued under the Plan entitle a participant to receive an amount based on the satisfaction of certain performance criteria or goals established in the discretion of the Compensation Committee for a performance measurement period determined by the Compensation Committee in its discretion. Performance awards may include specific dollar-value target awards or the grant of performance units or shares, the value of which will be determined by the Compensation Committee at the time of grant and may be based on the fair market value of Common Stock of the Company. In general, a participant is required to remain employed or engaged by the Company at the end of the performance measurement period in order to receive payment of a performance award. Performance awards earned or vested may be paid in shares of Common Stock of the Company or other property or securities of the

Company as the Compensation Committee may determine. If the Company undergoes a Change of Control, the Committee shall determine the level at which performance awards shall become vested.

Table of Contents

Deferred Stock Units. Each deferred stock unit represents the right of a participant to be paid one share of Common Stock of the Company at the end of a deferral period established under the Award by the Compensation Committee or elected by the participant under the terms of an Award and the tax rules applicable to nonqualified deferred compensation plans under Section 409A of the Code. Unless otherwise provided under an Award, during the applicable deferral period, a participant will not have any rights as a stockholder of the Company. However, unless otherwise provided, once the deferral period ends, the participant will be entitled to receive accumulated dividends and distributions with respect to the corresponding number of shares of Common Stock underlying each deferred stock unit. Except in the case of death, disability or retirement, a participant is required to remain employed or engaged by the Company as of the end of the deferral period in order to receive payment of a deferred stock unit.

Stock Subject to the Plan

If this proposal is approved by the stockholders, an additional 6,000,000 shares of Company Common Stock, par value \$0.01 per share, will be reserved for issuance under the Plan so that the total shares reserved for issuance under the Plan since its initial adoption will be 22,000,000. This stock may be either authorized and unissued shares or treasury shares held by the Company. The shares of Common Stock subject to Awards that expire, terminate, are forfeited or are withheld in payment of the exercise price of or the taxes related to an Award, will be available for future grants under the Plan. With respect to a SAR, only the number of shares of Common Stock actually delivered to the participant upon settlement will count against the share reserve. Generally, certain Awards that are granted in assumption of or in substitution for awards of a company that the Company acquired will not count against this share reserve under the Plan and in some circumstances available shares of certain stockholder approved plans of a company that the Company acquires may be used for Awards under the Plan.

In the event that a change affecting the capital structure of the Company is implemented, such as a stock dividend, stock split or merger, the Compensation Committee will equitably adjust the number and kind of shares or other property available for issuance under the Plan, and the number, kind and exercise price of outstanding Awards. In the event of a merger, consolidation, or other reorganization where the Company is not the surviving or continuing entity, all outstanding Awards will be either assumed by the surviving or continuing entity or cancelled in exchange for cash or other property.

The aggregate number of shares of Company Common Stock granted as stock options under the Plan during any calendar year to any one participant may not exceed 1,000,000 shares. Likewise, a participant may not be granted SARs with respect to more than 1,000,000 shares of Common Stock during a calendar year. Performance awards granted to any one participant in any one calendar year may not be payable in Common Stock in excess of 1,000,000 shares and if payable in other property or securities of the Company, may not exceed the greater of the fair market value of 1,000,000 shares of Common Stock as of the date of grant or the date of payment. In addition, the fair market value of stock options (determined at the date of grant) that will first become exercisable during any one calendar year that are intended to qualify as incentive stock options under Section 422 of the Code, may not exceed \$100,000.

The market value of a share of the Company's Common Stock based on the closing price on the NYSE on June 4, 2010, was \$22.51.

Administration

The Plan is administered by the Compensation Committee, which is composed of non-employee members of the Board. Subject to the provisions of the Plan, the Compensation Committee has the discretionary power and authority to select persons to participate in the Plan and to determine the type, amount, timing and terms and conditions of Awards granted under the Plan. The Compensation Committee also has the power and authority to interpret the terms

of the Plan and Awards issued thereunder.

Table of Contents

The Committee may establish such rules and regulations and take such actions as it deems necessary or advisable for the proper administration of the Plan. All decisions and interpretations by the Compensation Committee regarding the Plan are final and binding on all participants and beneficiaries, unless an arbitration or other dispute resolution procedure is expressly provided in the applicable Award grant agreement. In addition, members of the Compensation Committee and the Company's officers will not be liable for any acts or omissions in connection with the performance of their duties under the Plan, except in the case of the person's own willful misconduct or as expressly provided by statute.

Termination of Employment

Unless the Compensation Committee determines otherwise or as otherwise provided in a grant agreement, and except as provided above for deferred stock units, if a participant's employment or performance of service with the Company ceases, the following terms and conditions apply to the participant's outstanding Awards:

Death. All outstanding Awards will become fully vested, to the extent not already vested, and they will be exercisable, if applicable, for one year from the date of death, or until the Award expires if earlier.

Disability. All of the participant's Awards that are vested and exercisable on the date he or she becomes disabled will remain exercisable, if applicable, for one year from the date of disability, or until the Award expires if earlier. All Awards that are not fully vested or exercisable on the date of disability will be forfeited.

Retirement. All of the participant's Awards that are vested and exercisable on his or her retirement date will remain exercisable, if applicable, for two years from the retirement date, or until the Award expires if earlier. All Awards that are not fully vested or exercisable on the date of retirement will be forfeited; provided that if a director retires, all of his or her unvested Awards will immediately vest and be exercisable for two years after the retirement date, or until the Awards expire if earlier. In general, a director qualifies for retirement under the Plan if his or her service on the Board terminates after five years of service. Other participants in the Plan qualify for retirement upon termination from employment or service after attaining age 55 with 10 or more years of service.

Termination for Cause. If a participant's employment or service with the Company is terminated for cause, all Awards granted under the Plan will be immediately forfeited regardless of whether or not they are vested and/or exercisable. For purposes of the Plan, the term "cause" means any one or more of the following events unless determined otherwise by the Compensation Committee: conviction of, or agreement to a plea of nolo contendere to, a felony, or any crime or offense lesser than a felony involving the property of the Company or a subsidiary; conduct that has caused demonstrable and serious injury to the Company or a subsidiary, monetary or otherwise; willful refusal to perform or substantial disregard of duties properly assigned, as determined by the Company; breach of duty of loyalty to the Company or a subsidiary or other act of fraud or dishonesty with respect to the Company or a subsidiary; or violation of the Company's code of conduct.

All Other Terminations. All of the participant's Awards that are vested and exercisable will remain exercisable, if applicable, for 90 days from the date of termination, or until the Award expires if earlier. All Awards that are not fully vested or exercisable on the date of termination will be forfeited.

Table of Contents

Change in Control

Unless determined otherwise by the Compensation Committee, all outstanding Awards will become fully vested and exercisable until the Awards otherwise expire if the Company undergoes a change in control. For purposes of the Plan, a change in control is deemed to occur in any one of the following events: (1) any person or entity becoming the direct or indirect beneficial owner of 50% or more of the Company's voting stock, (2) directors serving on the Board as of a specified date cease to constitute at least a majority of the Board unless such directors are approved by a vote of at least two-thirds (2/3) of the incumbent directors, provided that a person whose assumption of office is in connection with an actual or threatened election contest or actual or threatened solicitation of proxies including by reason of agreement intended to avoid or settle such contest shall not be considered to be an incumbent director, (3) any reorganization, merger, consolidation, sale of all or substantially all of the assets of the Company or other transaction is consummated and the previous stockholders of the Company fail to own at least 50% of the combined voting power of the resulting entity (a Business Combination) or (4) the stockholders approve a plan or proposal to liquidate or dissolve the Company.

If a change in control occurs as a result of a Business Combination described above, then the Compensation Committee may cancel any or all outstanding options under the Plan by paying the option holders an amount equal to the portion of the consideration, if any, that would have been payable to them pursuant to the transaction if their options had been fully exercised immediately prior to the transaction, less the aggregate exercise price of their options; or, if the options are underwater, cancel the options for no consideration or payment of any kind. Payments in exchange for options may be made in cash, securities, or other Company property as determined by the Compensation Committee in its sole discretion.

Dividends and Dividend Equivalents

The Compensation Committee may grant Awards that provide participants with the right to receive dividend payments or dividend equivalent payments on the Common Stock of the Company subject to the Award, whether or not the Award has been exercised or is vested. However, any dividend payment rights granted on account of Awards that vest based upon the satisfaction of performance conditions will only be paid if the underlying performance conditions are satisfied.

Transferability

Unless determined otherwise by the Compensation Committee, no Award granted under the Plan will be transferable by a participant, other than by will or the laws of descent and distribution, except to a participant's family member by gift or pursuant to a qualified domestic relations order as defined by the Code or to a charitable organization, in each case only with Compensation Committee approval or as may be provided in an Award.

Clawback

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirements under the securities laws, then any participant who has been paid an Award under the Plan based upon the affected report will be required to repay such Award at the discretion of the Board.

Duration and Amendment of the Plan

No Awards will be granted pursuant to the Plan 10 years after the date the Plan was initially effective, which is intended to be July 28, 2010. The Board or the Compensation Committee may amend or terminate the Plan at any time, except that no amendment shall become effective without prior approval of the stockholders of the Company if such approval is required by applicable law, regulations or the rules of any exchange or market on which the Company's Common Stock is traded or listed or the amendment would increase the number of shares reserved for issuance under the Plan.

Table of Contents

The Compensation Committee may amend the terms of any outstanding Award under the Plan, except that no amendment may adversely affect any right of a participant under an Award without his or her written consent. Furthermore, no amendment may reduce the exercise price of any options or SARs awarded under the Plan, exchange an option or a SAR which has an exercise price greater than the fair market value of a share of Common Stock for cash or shares of Common Stock, or cancel an option or SAR in exchange for a replacement option or another Award with a lower exercise price, in each case without approval of the stockholders of the Company.

Plan Benefits

As of June 4, 2010, the following Awards have been granted under the Plan:

Name/Group & Title	Stock Options	Restricted Stock Units	Deferred Stock Units	Performance Awards/Units⁽¹⁾
David Crane President and Chief Executive Officer	2,370,416	525,588	38,142	334,600
Denise M. Wilson Executive Vice President and Chief Administrative Officer	216,598	33,900	4,724	81,000
Kevin T. Howell Executive Vice President and Regional President, Texas	67,200	334,200		
Mauricio Gutierrez Executive Vice President, Commercial Operations	185,268	32,768		79,000
Gerald Luterman Former Interim Chief Financial Officer				
Robert C. Flexon Former Executive Vice President and Chief Financial Officer ⁽²⁾	287,000	65,400	11,360	24,000
Clint C. Freeland Senior Vice President, Strategy, Financial Structure (former Chief Financial Officer) ⁽³⁾	75,800	19,220		32,600
All current executive officers as a group	3,606,482	1,093,276	46,856	774,600
All current directors who are not executive officers as a group			377,467	
Director nominees				
Each other person who received or is to receive 5% or more of such Awards				
All other employees as a group	1,791,110	2,801,845	7,596	1,548,000

(1) Amounts represent the number of performance units granted. Each performance unit represents the right to receive Common Stock at the time specified in the Award but only if the price per share of Common Stock on such date (the measurement price) equals or exceeds the threshold price under the Award. The number of shares of Common Stock to be paid for each performance unit will be equal to: (i) a prorated amount in between one-half and one share of Common Stock if the measurement price equals or exceeds the threshold price but is

less than the target price; (ii) one share of Common Stock, if the measurement price equals the target price; (iii) a prorated amount in between one and two shares of Common Stock, if the measurement price is greater than the target price but less than the maximum price under the Award; and (iv) two shares of Common Stock, if the measurement price is equal to or greater than the maximum price. The number of shares included in the table assumes a maximum payout.

- (2) From February 18, 2009, to November 3, 2009, Mr. Flexon served as Executive Vice President and Chief Financial Officer.
- (3) As of February 18, 2009, Mr. Freeland moved from Chief Financial Officer to Senior Vice President, Strategy, Financial Structure.

Table of Contents

The Awards that will be granted or paid under the Plan following the stockholders' approval of the Plan are not currently determinable.

Federal Income Tax Consequences of Awards

The following discussion of the Plan's federal income tax consequences is a summary of applicable federal law as currently in effect. This discussion does not cover all federal provisions that may apply to a participant, including federal gift tax or estate tax issues, and is not intended to be relied on by any person as tax advice.

Nonqualified Stock Options. A participant will not have taxable income upon the grant of a nonqualified stock option. Upon the exercise of a nonqualified option, the participant will be subject to tax withholding and will recognize ordinary income equal to the difference between (a) the fair market value of one share of Common Stock on the day the option is exercised and (b) the option price of one share, times the number of shares exercised. The Company will be entitled to a tax deduction at the same time and in the same amount.

The subsequent sale of the shares by a participant generally will give rise to capital gain or loss equal to the difference between the sale price and the sum of the exercise price paid for the shares plus the ordinary income recognized with respect to shares, and the capital gains will be taxable as long-term capital gains if the shares are held for more than one year.

Incentive Stock Options. Neither the grant nor exercise of an incentive stock option under the Plan is taxable to the participant receiving the option. If the participant holds the stock purchased upon exercise of an incentive stock option for at least one year after exercising the option and at least two years after the option was granted, his or her later sale of the stock will produce long-term capital gain or loss, and the Company will not be entitled to any tax deduction. However, if the employee disposes of the stock before these holding periods have elapsed (a disqualifying disposition), he or she will generally be taxed at ordinary income rates on the excess of the fair market value of the stock when the option was exercised over the option exercise price (or, if less, the amount realized in the case of an arm's length disqualifying disposition to an unrelated third party), and the Company will be entitled to a tax deduction in the same amount. Any remaining gain or loss will be short-term or long-term capital gain or loss depending on the holding period of the shares. If shares acquired pursuant to the exercise of an incentive option are surrendered to the Company upon exercise of an incentive option and if the shares have not been held for the requisite one and two-year periods, the surrender will be treated as a disqualifying disposition.

Stock Appreciation Rights (SARs). The grant of a SAR is generally not a taxable event for a participant. Upon exercise of the SAR, the participant will generally recognize ordinary income equal to the fair market value of any shares or property received. The participant will be subject to income tax withholding at the time when the ordinary income is recognized. The Company will be entitled to a tax deduction at the same time for the same amount. If the SAR is settled in shares, the participant's subsequent sale of the shares generally will give rise to capital gain or loss equal to the difference between the sale price and the ordinary income recognized when the participant received the shares, and these capital gains will be taxable as long-term capital gains if the participant held the shares for more than one year.

Restricted Stock. The grant of restricted stock is not a taxable event for a participant. When the restricted stock vests, the participant will recognize ordinary income in an amount equal to the excess, if any, of the fair market value of the restricted stock on the date of the expiration over the purchase price of the shares and will be subject to tax withholding. The participant may, however, elect within 30 days after the date of grant under Section 83(b) of the Code to recognize ordinary income on the date of grant in an amount equal to the fair market value of the restricted stock on the date of grant, determined without regard to the restrictions imposed on the shares. If and when the

participant recognizes ordinary income attributable to the restricted stock, the Company will generally be entitled to a deduction equal to the amount of the ordinary income.

Table of Contents

Restricted Stock Units, Performance Award and Deferred Stock Units. A participant generally will not have taxable income upon the grant of a restricted stock unit, performance award or deferred stock unit. Rather, taxation will be generally postponed until the Award is paid and the participant would be subject to tax withholding at such time. At that time, the participant will recognize ordinary income generally equal to the value of the shares of Common Stock or other property paid to the participant under the Award, and the Company will generally be entitled to a deduction equal to the same amount.

Excess Parachute Payment. The Plan provides for accelerated vesting or payment of an Award in connection with a change in control of the Company. In that event and depending upon the individual circumstances of the participant, certain amounts with respect to the Awards may constitute excess parachute payments under the golden parachute provisions of Sections 280G and 4999 of the Code. Pursuant to those provisions, an employee will be subject to a 20 percent excise tax on any excess parachute payment, and the Company will not be permitted to take a deduction for the excess parachute payment.

Section 162(m). In general, Section 162(m) of the Code limits the amount of compensation otherwise deductible by the Company and its subsidiaries for the year to \$1,000,000 for each of the principal executive officer of the Company and the next three highly compensated officers of the Company other than the principal financial officer serving at the end of the taxable year, except to the extent that the compensation qualifies as performance-based compensation.

The performance criteria for any performance award that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code will be any one or more of the following performance criteria applied to either the Company as a whole or to a business unit or subsidiary as determined by the Compensation Committee and as provided in the Plan: return on equity; earnings per share; return on gross or net assets; return on gross or net revenue; pre- or after-tax net income; earnings before interest, taxes, depreciation and amortization; operating income; revenue growth; consolidated pre-tax earnings; net or gross revenues; net earnings; earnings before interest and taxes; cash flow; earnings per share; fleet in-market availability; safety criteria; environmental criteria; revenue growth; cash flow from operations; diluted or basic; return on sales; earnings per share from continuing operations, diluted or basic; earnings from continuing operations; net asset turnover; capital expenditures; income before income taxes; gross or operating margin; return on total assets; return on invested capital; return on investment; return on revenue; market share; economic value added; cost of capital; expense reduction levels; stock price; productivity; customer satisfaction; employee satisfaction; and total shareholder return for the applicable Performance Period, all as computed in accordance with Generally Accepted Accounting Principles (if relevant) as in effect from time to time and as applied by the Company in the preparation of its financial statements and subject to such other special rules and conditions as the Compensation Committee may establish at any time ending on or before the 90th day of the applicable Performance Period. These performance factors may be absolute or relative (to prior performance of the Company or to the performance of one or more other entities or external indices) and may be expressed in terms of a progression within a specified range.

Section 409A. Section 409A of the Code imposes election, payment and funding requirements on nonqualified deferred compensation plans. If a nonqualified deferred compensation plan subject to Section 409A fails to meet, or is not operated in accordance with, these requirements, then compensation deferred under the plan may become immediately taxable and subject to a 20 percent excise tax. Under regulations issued by the Internal Revenue Service (the IRS), certain Awards that may be issued under the Plan may constitute the deferral of compensation subject to the requirements of Section 409A.

Table of Contents**Securities Authorized for Issuance under Equity Compensation Plans**

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under
			Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	7,947,003	\$ 25.07	5,548,061 ⁽¹⁾
Equity compensation plans not approved by security holders		N/A	
Total	7,947,003	\$ 25.07	5,548,061

(1) Consists of NRG Energy, Inc.'s Amended and Restated Long-Term Incentive Plan (the "LTIP") (that is the subject of Proposal No. 2 of this Proxy Statement), and NRG Energy, Inc.'s Employee Stock Purchase Plan (the "ESPP"). The LTIP became effective upon the Company's emergence from bankruptcy. The LTIP was subsequently approved by the Company's stockholders on August 4, 2004, and was amended on April 28, 2006, to increase the number of shares available for issuance to 16,000,000, on a post-split basis, again on December 8, 2006, to make technical and administrative changes, and again on June 16, 2009, to ensure the LTIP's compliance with Section 409A of the Code. The LTIP provides for grants of stock options, stock appreciation rights, restricted stock, performance units, deferred stock units and dividend equivalent rights. NRG's directors, officers and employees, as well as other individuals performing services for, or to whom an offer of employment has been extended by the Company, are eligible to receive grants under the LTIP. The purpose of the LTIP is to promote the Company's long-term growth and profitability by providing these individuals with incentives to maximize stockholder value and otherwise contribute to the Company's success and to enable the Company to attract, retain and reward the best available persons for positions of responsibility. The Compensation Committee of the Board of Directors administers the LTIP. There were 5,129,593 and 6,798,074 shares of common stock remaining available for grants of awards under NRG's LTIP as of December 31, 2009, and 2008, respectively. The ESPP was approved by the Company's stockholders on May 14, 2008. There were 500,000 shares reserved from the Company's treasury shares for the ESPP. As of December 31, 2009, there were 418,468 shares of treasury stock reserved for issuance under the ESPP. In January 2010, 54,845 shares were issued to employees accounts from the treasury stock reserve for the ESPP.

The Board of Directors recommends, on the advice of the Compensation Committee, a vote FOR the proposed Amended and Restated Long-Term Incentive Plan. Proxies solicited by the Board will be voted FOR the

Amended and Restated Long-Term Incentive Plan unless a contrary vote is specified.

Table of Contents

PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed the firm of KPMG LLP, independent registered public accounting firm, to audit the consolidated financial statements of the Company and its subsidiaries for the year 2010 at a meeting held in February. If the stockholders do not ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection. Representatives of KPMG LLP are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

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

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

Table of Contents

EXECUTIVE OFFICERS

Our executive officers are elected by the Board annually to hold office until their successors are elected and qualified. On February 18, 2009, the Company announced the following changes in its management structure in order to position the Company to capitalize on business opportunities:

Robert C. Flexon returned to his prior position as Chief Financial Officer until November 3, 2009. Mr. Flexon managed the Company's corporate financial and control functions including, Treasury, Accounting, Tax, Risk and Credit Management teams. John Ragan was named Chief Operating Officer. Mr. Ragan oversees NRG's Plant Operations, Commercial Operations, Environmental Business, as well as the Engineering, Procurement and Construction division. Mr. Ragan previously acted as Regional President of the Northeast Region from December 2006 to February 2009. J. Andrew Murphy succeeded Mr. Ragan as Regional President of the Northeast Region. Mr. Murphy oversees the asset portfolio for the Northeast region. Mr. Murphy previously acted as General Counsel from December 2006 to February 2009. Michael Bramnick was promoted to Senior Vice President and General Counsel. Mr. Bramnick joined NRG in 2004 and previously acted as Deputy General Counsel and Chief Compliance Officer until February 2009. Clint C. Freeland moved from Chief Financial Officer to Senior Vice President, Strategy, Financial Structure to address financial structuring alternatives for the benefit of NRG's stockholders. Gerald Luteran became Interim Chief Financial Officer on November 3, 2009 and served in that capacity until May 10, 2010. Christian S. Schade joined the Company on March 29, 2010 as Executive Vice President and assumed the position of Chief Financial Officer on May 11, 2010.

David Crane

Age 51

President and Chief Executive Officer

For biographical information for David Crane, see Nominees for Director (Class I Directors).

Jonathan Baliff

Age 46

Executive Vice President, Strategy

Mr. Baliff joined NRG as Executive Vice President, Strategy in May 2008. Prior to joining NRG, Mr. Baliff served as a Managing Director in Credit Suisse's Global Energy Group, where he advised electric utility and independent power companies on mergers and acquisition assignments and project and corporate financings since 1996. He also headed up the Credit Suisse Global Business Development Council. Mr. Baliff started his business career in JP Morgan's Natural Resources Group.

Jeffrey M. Baudier

Age 42

Senior Vice President and Regional President, South Central

Mr. Baudier was named Senior Vice President and Regional President, South Central Region in December 2006. He manages the asset portfolio for this region and most recently served as its Regional General Counsel, a position he held since April 2005. Prior to joining NRG, Mr. Baudier was a Special Counsel and Partner from March 2001 to March 2005 with the New Orleans-based law firm Jones Walker. In private practice he represented public and closely-held companies in transactions and dispute resolution related to various aspects of the energy industry. Mr. Baudier also served from May 1993 to October 1998 and again from March 2000 to March 2001 as a Senior

Attorney at Texaco, Inc., focusing on oil and gas exploration and development projects both domestically and abroad. From November 1998 to February 2000, he practiced with the Lafayette, Louisiana law firm of Caffery, Oubre, Dugas and Campbell.

Table of Contents

Michael R. Bramnick

Age 44

Senior Vice President, General Counsel

Mr. Bramnick has been Senior Vice President, General Counsel, since February 2009. In this capacity, Mr. Bramnick is responsible for NRG's legal affairs. He previously served as Deputy General Counsel and Chief Compliance Officer, having joined NRG in December 2004. In that position, he managed all litigation and dispute resolution for the Company, was responsible for the Corporate Compliance Program including the Company's Code of Conduct, and led the Regulatory Compliance Group. Prior to joining NRG, Mr. Bramnick was Associate General Counsel at Millennium Chemicals. He previously held in-house positions at Lucent Technologies and EnviroSource and served in private practice for six years at Pepper Hamilton, LLP.

Mauricio Gutierrez

Age 39

Executive Vice President, Commercial Operations

Mr. Gutierrez has been Executive Vice President, Commercial Operations, since January 2009 and Senior Vice President, Commercial Operations, since March 2008. In this capacity, he is responsible for the optimization of the Company's asset portfolio and fuel requirements. Prior to this, Mr. Gutierrez served as Vice President Trading since May 2006. Prior to joining NRG in August 2004, Mr. Gutierrez held various positions within Dynegy, Inc., including Managing Director, Trading - Southeast and Texas, Senior Trader East Power and Asset Manager. Prior to Dynegy, Mr. Gutierrez served as senior consultant and project manager at DTP involved in various energy and infrastructure projects in Mexico.

M. Stephen Hoffmann

Age 56

Senior Vice President and Regional President, West

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

Kevin T. Howell

Age 52

Executive Vice President and Regional President, Texas

Mr. Howell has been Executive Vice President and Regional President, Texas since September 2008. In this capacity, Mr. Howell oversees the asset portfolio for the Texas Region. Previously, Mr. Howell served as Executive Vice President and Chief Administrative Officer from March 2008 to September 2008. Prior to this, Mr. Howell served as Executive Vice President, Commercial Operations from August 2005 until March 2008. Prior to joining NRG, he served as President of Dominion Energy Clearinghouse since 2001. From 1995 to 2001, Mr. Howell held various positions within Duke Energy companies including Senior Vice President of Duke Energy Trading and Marketing, Senior Vice President of Duke Energy International, and most recently, Executive Vice President of Duke Energy Merchants where he managed a global trading group dealing in refined products, LNG and coal. Prior to his five years at Duke, Mr. Howell worked in a variety of trading, marketing and operations functions at MG Natural Gas Corp., Associated Natural Gas and Panhandle Eastern Pipeline L.P.

Table of Contents

James J. Ingoldsby

Age 52

Senior Vice President and Chief Accounting Officer

Mr. Ingoldsby has been Chief Accounting Officer since March 2008. He is responsible for directing NRG's financial accounting and reporting activities. Since August 2006, Mr. Ingoldsby served as Vice President, Financial Planning and Analysis. From May 2004 to July 2006, Mr. Ingoldsby served as NRG's Vice President and Controller.

Mr. Ingoldsby, who led the Sarbanes-Oxley implementation at chemical company Hercules, Inc., previously held various executive positions at GE Betz, formerly BetzDearborn from 1993 to 2003, including serving as Controller and Director of Business Analysis and Director of Financial Reporting. He also held various staff and managerial accounting and auditing positions at Mack Trucks, Inc. from 1982 to 1993. Mr. Ingoldsby began his career with Deloitte and Touche.

J. Andrew Murphy

Age 49

Executive Vice President and Regional President, Northeast

Mr. Murphy has been Executive Vice President and Regional President, Northeast since February 2009. He previously served as NRG's Executive Vice President and General Counsel from December 2006 to February 2009. Prior to joining NRG, Mr. Murphy was the partner in charge of the energy practice at the law firm of Hunton & Williams where he represented issuers, developers, investors and lenders in a wide variety of US and cross-border energy projects and structured financings from 1995 to December 2006. His expertise includes supporting various development projects and financings including coal- and gas-fired power plants, transmission lines, gas storage facilities, waste-to-energy facilities, water treatment facilities and renewable energy projects.

John W. Ragan

Age 51

Executive Vice President, Chief Operating Officer

Mr. Ragan has been Executive Vice President and Chief Operating Officer since February 2009. In this capacity, he oversees NRG's Plant Operations, Commercial Operations, Environmental Compliance, as well as the Engineering, Procurement and Construction division. He previously served as Executive Vice President and Regional President, Northeast from December 2006 to February 2009. Prior to joining NRG, Mr. Ragan was Vice President of Trading, Transmission, and Operations at FPL Energy in 2006 and also served as Vice President of Business Management for FPL Energy's Northeast Region from August 2005 through July 2006. Prior to this, Mr. Ragan served as General Manager Containerboard and Packaging for Georgia Pacific Corporation from October 2004 through July 2005. He also served in increasing roles of responsibility for Mirant Corporation from 1996 through 2004, notably as Senior Vice President and Chief Executive Officer of Mirant's International Group from August 2003 to July 2004.

Table of Contents

Christian S. Schade

Age 49

Executive Vice President

Mr. Schade has been Executive Vice President since March 2010 and assumed the position of Chief Financial Officer of the Company on May 11, 2010. From October 2000 to March 2010, he previously served as Senior Vice President Administration and Chief Financial Officer at Medarex, a Princeton-based biopharmaceutical company acquired by Bristol-Myers Squibb Co. in September 2009. Mr. Schade also serves on the Board of Directors of Integra LifeSciences Holdings Corporation. Prior to Medarex, Mr. Schade was a Managing Director in the Debt Capital Markets Group at Merrill Lynch & Co., where, in London, he oversaw public and private capital-markets transactions for corporate clients throughout Europe, Africa and the Middle East. Previously he served in various corporate finance and capital market positions in New York and London for both Merrill Lynch and JP Morgan.

Denise M. Wilson

Age 50

Executive Vice President and Chief Administrative Officer

Ms. Wilson has been Executive Vice President and Chief Administrative Officer (CAO) since September 2008. As CAO, Ms. Wilson oversees several key corporate functions including Human Resources, Investor Relations, Communications and Information Technology. Ms. Wilson originally joined NRG in 2000 and served as Vice President, Human Resources from 2004 until she was named CAO in July 2006. She served in that position until March 2007 when she joined Nash-Finch Company, a leading national food distributor as Senior Vice President, Human Resources. Ms. Wilson left Nash-Finch in June 2008 to retire and then rejoined NRG in September 2008. Ms. Wilson has also served as Vice President, Human Resources Operations with Metris Companies Inc. and Director, Human Resources with General Electric ITS.

Table of Contents

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

The following table sets forth information concerning beneficial ownership of the Company's Common Stock as of June 4, 2010, for: (a) each director and the nominees for director; (b) named executive officers set forth in the Summary Compensation Table; and (c) the directors and executive officers as a group. For each person known to the Company to own more than five percent of the Company's Common Stock, the information provided is as of the date of their most recent filing with the SEC. None of the directors, nominees for director or named executive officers own any of the Company's preferred stock, and the Company is not aware of any person who owns more than five percent of the Company's preferred stock. Unless otherwise indicated, each person has sole investment and voting power with respect to the shares set forth in the following table.

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

Name of Beneficial Owner	Percent of Class**	Common Stock ⁽¹⁾
David Crane	*	2,084,186 ⁽²⁾
Robert C. Flexon	*	89,510
Clint C. Freeland	*	23,298 ⁽³⁾
Mauricio Gutierrez	*	117,504 ⁽⁴⁾
Kevin T. Howell	*	280,452 ⁽⁵⁾
Gerald Luterman	*	13,053 ⁽⁶⁾
Denise M. Wilson	*	90,333 ⁽⁷⁾
Howard E. Cosgrove	*	74,218 ⁽⁸⁾
Kirbyjon H. Caldwell	*	12,856 ⁽⁶⁾
John F. Chlebowski	*	37,951 ⁽⁶⁾
Lawrence S. Coben	*	44,410 ⁽⁹⁾
Stephen L. Cropper	*	37,233 ⁽¹⁰⁾
William E. Hantke	*	15,238 ⁽¹¹⁾
Paul W. Hobby	*	20,036
Kathleen McGinty	*	12,457 ⁽⁶⁾
Anne C. Schaumburg	*	23,437 ⁽⁶⁾
Herbert H. Tate	*	18,881 ⁽¹²⁾
Thomas H. Weidemeyer	*	33,173 ⁽¹³⁾
Walter R. Young	*	53,048
All Directors and Executive Officers as a group (27 people)	1.36 %	3,455,439 ⁽¹⁴⁾
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	10.15 %	25,810,188 ⁽¹⁵⁾
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	8.31 %	21,135,173 ⁽¹⁶⁾
Orbis Investment Management Limited Orbis Asset Management Limited	6.07 %	15,435,027 ⁽¹⁷⁾

25 Front Street Hamilton, Bermuda HM11 Jeffrey A. Altman (Owl Creek Asset Management, L.P.) 640 Fifth Avenue, 20th Floor New York, New York 10019	5.30 %	13,480,944 ⁽¹⁸⁾
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	7.20 %	18,313,416 ⁽¹⁹⁾

* Less than one percent of outstanding Common Stock.

** Percentage ownership of 5%+ stockholders is provided as of June 4, 2010.

Table of Contents

- (1) The number of shares beneficially owned by each person or entity is determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, each person or entity is considered the beneficial owner of any: (a) shares to which such person or entity has sole or shared voting power or investment power and (b) shares that such person or entity has the right to acquire within 60 days through the exercise of stock options or similar rights. Unless otherwise indicated, each person or entity has sole investment and voting power (or such person shares such powers with his or her spouse) with respect to the shares set forth in the table above.
- (2) Includes 1,849,782 shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options. Mr. Crane also owns 38,142 deferred stock units (DSUs). Each deferred stock unit is equivalent in value to one share of NRG s Common Stock. Mr. Crane will receive one such share of Common Stock for each deferred stock unit he owns six months from the date of his termination of employment with NRG.
- (3) Includes 18,298 shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options.
- (4) Includes 99,744 shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options.
- (5) Includes 67,196 shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options.
- (6) Represents DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event the director ceases to be a member of the Board.
- (7) Includes 89,833 shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options.
- (8) Includes 20,000 shares held by Mr. Cosgrove s spouse and 54,218 DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event Mr. Cosgrove ceases to be a member of the Board. Mr. Cosgrove also owns 18,802 DSUs that will be exchanged for shares of NRG s Common Stock on a one-to-one basis on the following schedule: (i) 11,686 twelve months from the date of termination and (ii) 7,116 twenty-four months from the date of termination.
- (9) Includes 41,658 DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event Mr. Coben ceases to be a member of the Board.
- (10) Includes 30,233 DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event Mr. Cropper ceases to be a member of the Board.
- (11) Mr. Hantke also owns 9,962 DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock. The 5,115 DSUs issued to him will be exchanged for such Common Stock on a one-to-one basis on the following schedule: (i) 1,634 on June 1, 2011, (ii) 1,779 on June 2, 2011, (iii) 1,212 on June 1, 2012 (iv) 1,779 on June 2, 2012, (v) 1,212 on June 1, 2013, (vi) 1,134 on June 2, 2013, and (vii) and 1,212 on June 1, 2014.
- (12) Includes 7,691 DSUs. Each deferred stock unit is equivalent in value to one share of NRG s Common Stock, payable in the event Mr. Tate ceases to be a member of the Board.

- (13) Includes 31,173 DSUs payable in the event Mr. Weidemeyer ceases to be a member of the Board.
- (14) Consists of the total holdings of directors, named executive officers, and all other executive officers as a group. Includes shares that may be acquired at or within 60 days of June 4, 2010, pursuant to the exercise of options, the vesting of restricted stock units (RSUs), or the exchange of DSUs. Each RSU and DSU is equivalent in value to one share of NRG s Common Stock.
- (15) Based upon information set forth in the Schedule 13G filed on January 7, 2010 by BlackRock, Inc. (BlackRock). BlackRock has the sole power to vote 25,810,188 shares.

Table of Contents

- (16) Based on information set forth in the Schedule 13G/A filed jointly on February 12, 2010 by FMR LLC and Edward C. Johnson 3d. Fidelity Management & Research Company (Fidelity) is a wholly owned subsidiary of FMR LLC and as a result of acting as an investment adviser is the beneficial owner of 16,792,921 shares. FMR LLC and Edward C. Johnson 3d each have sole power to dispose of the shares owned by Fidelity. FMR LLC has the sole power to vote 4,052,722 shares, and sole dispositive power over 21,135,173 shares. Edward C. Johnson 3d has sole dispositive power over 21,135,173 shares.
- (17) Based upon information set forth in the Schedule 13G filed jointly on February 12, 2010 by Orbis Investment Management Limited (OIML) and Orbis Asset Management Limited (OAML). OIML and OAML have the sole power to vote 15,234,793 shares and shared power to vote 200,234 shares; OIML and OAML have sole dispositive power over 15,435,027 shares. OIML and OAML filed together because they may be deemed to constitute a group for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.
- (18) Based upon information set forth in the Schedule 13G filed jointly on May 28, 2010 by Owl Creek I, L.P., Owl Creek II, L.P., Owl Creek Advisors, LLC, Owl Creek Asset Management, L.P. and Jeffrey A. Altman (collectively, the Reporting Persons). Owl Creek Advisors, LLC, the general partner of Owl Creek I and Owl Creek II, has the power to direct the affairs of Owl Creek I and Owl Creek II, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Owl Creek Asset Management, L.P., as the investment manager to Owl Creek Overseas and Owl Creek SRI, has the power to direct the investment activities of Owl Creek Overseas and Owl Creek SRI, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Mr. Altman is the managing member of Owl Creek Advisors, LLC and the managing member of the general partner of Owl Creek Asset Management, L.P. and in that capacity directs their operations.
- (19) Based upon information set forth in the Schedule 13G/A filed on February 12, 2010 by T. Rowe Price Associates, Inc. (T. Rowe). T. Rowe has the sole power to vote 4,229,210 shares and sole dispositive power over 18,295,866 shares.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file with the SEC reports regarding their ownership and changes in ownership of our stock. Based on a review of these reports and the written representations of its directors and executive officers, NRG believes that during 2009, its directors and executive officers complied with all Section 16(a) filing requirements.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of our Compensation Committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of the Board. None of our executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation Committee.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

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

Compensation Committee:

Thomas H. Weidemeyer, Chair
Kirbyjon H. Caldwell
John F. Chlebowski

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

The following discussion and analysis is focused on our executive compensation program as it relates to NRG's Named Executive Officers (NEOs). The NEOs are the Chief Executive Officer, the Chief Financial Officer (serving as such at any time during the 2009 fiscal year) and the three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer serving as executive officers at the end of the 2009 fiscal year. As of February 18, 2009, Mr. Freeland moved from Chief Financial Officer to Senior Vice President, Strategy, Financial Structure; Mr. Flexon served as Chief Financial Officer from February 18, 2009 through November 3, 2009 (when he left the Company) at which time Mr. Luterman became Interim Chief Financial Officer and served in that capacity until May 10, 2010. For 2009, the NEOs were:

Name:	2009 Title:
David Crane	President and Chief Executive Officer
Denise M. Wilson	Executive Vice President and Chief Administrative Officer
Kevin T. Howell	Executive Vice President and Regional President, Texas
Mauricio Gutierrez	Executive Vice President, Commercial Operations
Gerald Luterman	Interim Chief Financial Officer
Robert C. Flexon	Former Executive Vice President and Chief Financial Officer
Clint C. Freeland	Senior Vice President, Strategy, Financial Structure (former Chief Financial Officer)

The discussion and analysis below is based on the following outline:

- the objectives of the executive compensation program at NRG;
- what the executive compensation program is designed to reward;
- all elements of compensation provided under the program, including:
 - the reasons why these elements of compensation have been selected;
 - how the amounts of each element are determined; and
 - how and why each element and decision fits into NRG's overall objectives.

Objectives of NRG's executive compensation program

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

These objectives are achieved through the use of both short- and long-term incentives. Therefore, the program strives to effectively use elements of compensation under a total reward philosophy that combines annual and multi-year reward opportunities. The intent of NRG's compensation program is to reward the achievement of the Company's annual goals and objectives while supporting the Company's long-term business strategy.

Table of Contents

What NRG's executive compensation program is designed to reward

Stockholder value, enhanced financial performance, and Company growth are realized through the Company's ongoing business strategy to consistently optimize the value of the Company's generation assets and to produce and sell safe, reliable and affordable power to our customers and in the markets served by the Company, while aggressively positioning the Company to meet the market's increasing demand for sustainable and low carbon energy solutions. These results are attained by maintaining and enhancing the Company's position as a leading wholesale independent power generation company in a cost-effective and risk-mitigating manner. This strategy consists of:

pursuing additional growth opportunities at existing sites;

increasing value from existing assets;

maintaining financial strength and flexibility;

empowering retail customers with distinctive products and services that transform how they use, manage and value energy;

positioning the Company's portfolio for success in a period of increasing environmental constraints, particularly with respect to greenhouse gas emissions;

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

pursuing selective acquisitions, joint ventures, divestitures and investments in energy-related new businesses and new technologies in order to enhance the Company's asset mix and competitive position in its core markets, both with respect to its traditional core business and in respect of opportunities associated with the new energy economy; and

optimizing the Company's capital allocation strategy, particularly with respect to the return of capital to stockholders.

Our executive compensation program promotes this strategy by:

attracting, retaining and rewarding top executive talent;

encouraging performance that results in enhanced stockholder value over the long-term and attainment of our business goals and objectives, both financial and non-financial, without creating or incentivizing excessive risk; and

rewarding strong individual performance, without creating or incentivizing excessive risk.

Elements of compensation provided under NRG's executive compensation program

The Committee is authorized to engage, at the expense of the Company, a compensation consultant to provide independent advice, support, and expertise to support the Committee in overseeing and reviewing the Company's overall compensation strategy, structure, policies and programs, and to assess whether the Company's compensation structure establishes appropriate incentives for management and employees.

Frederic W. Cook & Co., Inc. assisted with executive pay decisions and worked with the Committee independent of any Company management to formulate the design of compensation programs in 2009.

Annually, the Committee reviews all elements of executive compensation individually and in the aggregate against market data for companies with which NRG competes for executive talent. The Committee evaluates NRG's executive compensation based on competitive market information provided by the consultant via the development of a peer group of 12 to 20 companies. The composition of the peer group is targeted towards p

NSF and overdraft fees

\$2,540 \$230 \$2,310 \$2,162 \$148 6.8%

Freddie Mac servicing fee

470 470 464 6 1.3%

ATM and debit card fees

761 28 733 535 198 37.0%

Service charges on deposit accounts

280 33 247 251 (4) -1.6%

Net OMSR income

26 26 37 (11) -29.7%

All other

108 15 93 123 (30) -24.4%

Total service charges and fees

4,185 306 3,879 3,572 307 8.6%

Title insurance revenue

234 234 1,738 (1,504) -86.5%

Trust fees

685 685 708 (23) -3.2%

Gain on sale of mortgage loans

195 37 158 149 9 6.0%

Net (loss) gain on trading securities

(22) 9 (31) 263 (294) -111.8%

Change in the fair value of other borrowings carried at fair market value

304 304 9 295 N/M

Other

Income on Corporate owned life insurance policies

445 12 433 319 114 35.7%

Brokerage and advisory fees

382 43 339 198 141 71.2%

Gain (loss) on sale of available for sale investment securities

15 15 (30) 45 N/M

All other

249 (4) 253 431 (178) -41.3%

Total other

1,091 51 1,040 918 122 13.3%

Total noninterest income**\$6,672 \$403 \$6,269 \$7,357 \$(1,088) -14.8%**

Management continuously analyzes various fees related to deposit accounts, including service charges, NSF and overdraft fees, and ATM and debit card fees. Based on these analyses, the Corporation makes any necessary adjustments to ensure that its fee structure is within the range of its competitors, while at the same time making sure that the fees remain fair to deposit customers. Management does not expect significant changes to its deposit fee structure in 2008.

The increases in ATM and debit card fees are primarily the result of the increased usage of debit cards by the Bank's customers. Management expects ATM and debit card fees to approximate current levels for the remainder of the year. The decline in net OMSR (originated mortgage servicing rights) income for the first nine months of 2008 was the result of increases in amortization expense. This increase in amortization was the result of the estimated lives on the mortgage loans serviced decreasing, which was driven by decreases in the rates offered on new loans in the later part of the first quarter 2008. This temporary decline in rates also helped increase the gain on sale of mortgage loans. However, towards the end of the second quarter of 2008, rates began to increase which resulted in an increase in net OMSR income when the three month period ended September 30, 2008 is compared to the same period in 2007. Title insurance fees have decreased as a result of IBT Title and Insurance Agency's merger with Corporate Title on March 1, 2008 (See Note 2 of Notes to Condensed Consolidated Financial Statements).

Net gains from trading activities have declined significantly from last year. In fact, exclusive of the effects of the merger with GCFC, through September 30, 2008, the Corporation had recorded net trading losses of \$31, which is a \$294 decrease from the prior year. The majority of losses on trading securities were incurred in the second quarter and were primarily related to municipal investment securities. The reason for the large declines in value in this sector was related to the downgrading of the two largest bond insurers from AAA to AA in June 2008. These downgrades caused the market to demand higher returns on insured bonds, which has resulted in declines in the value of the Corporation's municipal bond portfolio, as the majority of the portfolio is insured. Offsetting the losses on trading securities were gains on other borrowings carried at fair market value as there is an inverse relationship between the changes in the value of investments and borrowings.

Table of Contents

The increase in income from corporate owned life insurance policies was caused by the re-evaluation of the policies due to a change in record keepers, the purchase of additional policies, and \$60 in death benefit proceeds received in the third quarter of 2008.

The first nine months of 2008 have been outstanding months for brokerage and advisory services income, and some of the most productive months in the Corporation's history. These results are due to an increase in customer base and a conscious effort by management to expand the Bank's presence in the local market. The Corporation anticipates this trend to continue throughout the rest of the year.

Losses on sales of available for sale investment securities were incurred by the Corporation in the first quarter of 2007. This was a result of the Corporation selling investments nearing maturity at low interest rates and reinvesting the proceeds in higher yielding longer term securities as part of asset and liability management. The additional interest income earned upon the reinvestment of the proceeds exceeded the losses recognized in the fourth quarter of 2007.

Noninterest Expenses

Noninterest expenses include compensation, occupancy, furniture and equipment, and other expenses. Significant account balances are highlighted in the accompanying tables with additional descriptions of significant fluctuations:

	2008		Three Months Ended September 30 2007		Adjusted Change	
	Consolidated	GCFC	Adjusted w/o GCFC	Consolidated	\$	%
Compensation						
Leased employee salaries	\$ 3,025	\$ 254	\$ 2,771	\$ 2,869	\$ (98)	-3.4%
Leased employee benefits	1,071	82	989	1,023	(34)	-3.3%
All other	60	13	47	41	6	14.6%
Total compensation	4,156	349	3,807	3,933	(126)	-3.2%
Occupancy						
Depreciation	126	15	111	111		0.0%
Outside services	119	18	101	67	34	50.7%
Property taxes	104	9	95	93	2	2.2%
Utilities	96	7	89	81	8	9.9%
Building repairs	56	6	50	58	(8)	-13.8%
All other	11	3	8	30	(22)	-73.3%
Total occupancy	512	58	454	440	14	3.2%
Furniture and equipment						
Depreciation	419	28	391	383	8	2.1%
Computer costs	375	16	359	330	29	8.8%
ATM and debit card	161	4	157	112	45	40.2%
All other	4		4	16	(12)	-75.0%
Total furniture and equipment	959	48	911	841	70	8.3%
Other						
	84	2	82	50	32	64.0%

Audit and SOX compliance
fees

Marketing	140	17	123	171	(48)	-28.1%
Directors fees	221	26	195	203	(8)	-3.9%
Printing and supplies	191	7	184	108	76	70.4%
Education and travel	109	11	98	78	20	25.6%
Postage and freight	145	3	142	110	32	29.1%
All other	913	121	792	1,061	(269)	-25.4%
Total other	1,803	187	1,616	1,781	(165)	-9.3%
Total noninterest expenses	\$ 7,430	\$ 642	\$ 6,788	\$ 6,995	\$ (207)	-3.0%

Table of Contents

	2008		Nine Months Ended September 30 2007		Adjusted Change	
	Consolidated	GCFC	Adjusted w/o GCFC	Consolidated	\$	%
Compensation						
Leased employee salaries	\$ 9,178	\$ 844	\$ 8,334	\$ 8,466	\$ (132)	-1.6%
Leased employee benefits	3,330	265	3,065	3,163	(98)	-3.1%
All other	185	41	144	121	23	19.0%
Total compensation	12,693	1,150	11,543	11,750	(207)	-1.8%
Occupancy						
Depreciation	378	47	331	335	(4)	-1.2%
Outside services	358	76	282	244	38	15.6%
Property taxes	335	25	310	276	34	12.3%
Utilities	286	20	266	261	5	1.9%
Building repairs	133	14	119	126	(7)	-5.6%
All other	43	5	38	87	(49)	-56.3%
Total occupancy	1,533	187	1,346	1,329	17	1.3%
Furniture and equipment						
Depreciation	1,230	76	1,154	1,136	18	1.6%
Computer costs	1,156	192	964	994	(30)	-3.0%
ATM and debit card	418	12	406	322	84	26.1%
All other	25	5	20	52	(32)	-61.5%
Total furniture and equipment	2,829	285	2,544	2,504	40	1.6%
Other						
Audit and SOX compliance fees	323	8	315	345	(30)	-8.7%
Marketing	579	44	535	527	8	1.5%
Directors fees	670	76	594	596	(2)	-0.3%
Printing and supplies	416	23	393	307	86	28.0%
Education and travel	319	38	281	317	(36)	-11.4%
Postage and freight	387	24	363	336	27	8.0%
All other	2,578	367	2,211	2,621	(410)	-15.6%
Total other	5,272	580	4,692	5,049	(357)	-7.1%
Total noninterest expenses	\$ 22,327	\$ 2,202	\$ 20,125	\$ 20,632	\$ (507)	-2.5%

Leased employee salaries and benefit expenses have decreased as a result of the new joint venture entered into during the first quarter of 2008 (See Note 2) as well as from the Corporation curtailing its defined benefit pension plan in 2007. Exclusive of the effects of this joint venture, leased employee salaries and benefit expenses have increased due to annual merit increases and the continued growth of the Corporation. Management believes that leased employee salary and benefit expenses will approximate current levels for the remainder of 2008.

Exclusive of the increase in property taxes and ATM and debit card expenses; occupancy expenses and furniture and equipment expenses have decreased since 2007. These decreases are a result of IBT Title and Insurance Agency's merger with Corporate Title, Inc. on March 1, 2008 (See Note 2 of Notes to Condensed Consolidated Financial Statements). ATM and debit card expenses have increased as the result of increased usage of debit cards by the Bank's customers.

The increase in property taxes is related to the Corporation purchasing two new locations as well as increases in the taxable value of other branch locations due to improvements. Property taxes are anticipated to approximate current levels for the remainder of 2008.

Management has been diligently working to decrease audit and Sarbanes Oxley (SOX) compliance fees through improved efficiencies. These fees have steadily declined over the past few years as a result of the centralization of corporate processes.

Table of Contents

Marketing expenses include costs incurred to develop a new brand for the Corporation, which was publically presented in April 2008. Marketing expenses are expected to remain at current levels for the remainder of the year. Printing and supplies have increased primarily as a result of the Bank and Corporation's new branding. As a result of implementing this new brand, the Corporation purchased new business cards, stationary, banking tickets, as well as other supply related items.

The Corporation places a strong emphasis on continuing education for its employees as it is believed that an investment in employees today will pay dividends for years to come. These educational programs help provide team members with a competitive edge in the market place. During the first three months of 2007, the Corporation offered structured leadership training to its employees. This program was designed to help develop and optimize the communication skills of its participants. A leadership training class started during the third quarter of 2008, which contributed to the increase in expenses during the third quarter of 2008 when compared to 2007.

All other expenses include consulting fees, legal fees, title insurance expenses, as well as other miscellaneous expenses. The declines in all other expenses was the result of the new joint venture entered into during the first quarter of 2008 (See Note 2) as well as the fact that in August of 2007, the Corporation paid \$119 to be released from Farwell's core software service provider. The other declines were the result of management's diligence in monitoring and controlling expenditures.

ANALYSIS OF CHANGES IN FINANCIAL CONDITION

	September 30 2008	December 31 2007	\$ Change	% Change (unannualized)
ASSETS				
Cash and demand deposits due from banks	\$ 23,831	\$ 25,583	\$ (1,752)	-6.8%
Trading securities	22,628	25,064	(2,436)	-9.7%
Securities available for sale	231,821	213,127	18,694	8.8%
Mortgage loans available for sale	706	2,214	(1,508)	-68.1%
Loans	730,863	612,687	118,176	19.3%
Allowance for loan losses	(8,797)	(7,301)	(1,496)	20.5%
Bank premises and equipment	22,176	22,516	(340)	-1.5%
Equity securities without readily determinable fair values	15,930	7,353	8,577	116.6%
Other assets	84,137	56,039	28,098	50.1%
TOTAL ASSETS	\$ 1,123,295	\$ 957,282	\$ 166,013	17.3%
LIABILITIES AND SHAREHOLDERS EQUITY				
Liabilities				
Deposits	\$ 818,986	\$ 733,473	\$ 85,513	11.7%
Other borrowed funds	156,991	92,887	64,104	69.0%
Escrow funds payable		1,912	(1,912)	-100.0%
Accrued interest and other liabilities	6,798	5,930	868	14.6%
Total liabilities	982,775	834,202	148,573	17.8%
Shareholders' equity	140,520	123,080	17,440	14.2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,123,295	\$ 957,282	\$ 166,013	17.3%

Table of Contents**Excluding the effects of the GCFC merger:**

	September 30 2008 (w/o GCFC)	December 31 2007	\$ Change	% Change (unannualized)
ASSETS				
Cash and demand deposits due from banks	\$ 17,565	\$ 25,583	\$ (8,018)	-31.3%
Trading securities	22,628	25,064	(2,436)	-9.7%
Securities available for sale	222,885	213,127	9,758	4.6%
Mortgage loans available for sale	706	2,214	(1,508)	-68.1%
Loans	642,735	612,687	30,048	4.9%
Allowance for loan losses	(7,831)	(7,301)	(530)	7.3%
Bank premises and equipment	20,132	22,516	(2,384)	-10.6%
Equity securities without readily determinable fair values	15,930	7,353	8,577	116.6%
Other assets	56,151	56,039	112	0.2%
TOTAL ASSETS	\$ 990,901	\$ 957,282	\$ 33,619	3.5%
LIABILITIES AND SHAREHOLDERS EQUITY				
Liabilities				
Deposits	\$ 728,561	\$ 733,473	\$ (4,912)	-0.7%
Other borrowed funds	138,020	92,887	45,133	48.6%
Escrow funds payable		1,912	(1,912)	-100.0%
Accrued interest and other liabilities	6,452	5,930	522	8.8%
Total liabilities	873,033	834,202	38,831	4.7%
Shareholders equity	117,868	123,080	(5,212)	-4.2%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 990,901	\$ 957,282	\$ 33,619	3.5%

The increase in securities available for sale is related to purchases of mortgage backed securities, which are issued by US Government sponsored agencies.

The large increase in equity securities without readily determinable fair values was the result of the merger between IBT Title and Insurance Agency and Corporate Title Agency, LLC (see Note 2 of Notes to Condensed Consolidated Financial Statements). As a result of this transaction, the Corporation is now recording its investment in the new entity as a joint venture under the equity method of accounting. As of September 30, 2008, the Corporation had an investment recorded in the amount of \$7,064.

The proceeds from other borrowed funds was used to help fund common stock repurchases of \$6,440 and a \$2,500 investment in CT/IBT Title as part of the joint venture agreement. The remainder of the funds were used to purchase investment securities and fund loan growth. The balance in other borrowed funds fluctuates based on the Corporation's funding needs. Management does not anticipate that other borrowed funds will fluctuate significantly during the fourth quarter of 2008.

The majority of the decrease in premises and equipment and escrow funds payable are a result of the merger of assets and liabilities between IBT Title and Insurance Agency and Corporate Title Agency, LLC (see Note 2 of Notes to Condensed Consolidated Financial Statements), resulting in a reduction in such assets and liabilities.

The decline in shareholders' equity is primarily related to the Corporation repurchasing and retiring \$6,440 of its common stock during the first nine months of 2008 pursuant to its previously announced repurchase program.

Table of Contents

The following table outlines the changes in the loan portfolio:

	September 30 2008	December 31 2007	\$ Change	% Change (unannualized)
Commercial	\$ 312,560	\$ 238,306	\$ 74,254	31.2%
Agricultural	60,750	47,407	13,343	28.1%
Residential real estate mortgage	323,431	297,937	25,494	8.6%
Installment	34,122	29,037	5,085	17.5%
Total gross loans	\$ 730,863	\$ 612,687	\$ 118,176	19.3%

Excluding the effects of the GCFC merger:

	September 30 2008	December 31 2007	\$ Change	% Change (unannualized)
Commercial	\$ 269,451	\$ 238,306	\$ 31,145	13.1%
Agricultural	59,643	47,407	12,236	25.8%
Residential real estate mortgage	286,058	297,937	(11,879)	-4.0%
Installment	27,583	29,037	(1,454)	-5.0%
Total gross loans	\$ 642,735	\$ 612,687	\$ 30,048	4.9%

As shown in the above table, management has been successful in increasing the commercial and agricultural loan portfolios and this trend is expected to continue throughout 2008.

Exclusive of the effects of the GCFC merger, residential real estate mortgage loans have declined as a result of the continued soft mortgage market in Michigan and management expects this trend to continue. Excluding the effects of the GCFC merger, the installment loan portfolio has been steadily decreasing over the past few years as a result of increased competition. Management anticipates the installment loan portfolio to remain stable throughout the remainder of 2008.

The following table outlines the changes in the deposit portfolio:

	September 30 2008	December 31 2007	\$ Change	% Change (unannualized)
Noninterest bearing demand deposits	\$ 96,199	\$ 84,846	\$ 11,353	13.4%
Interest bearing demand deposits	115,099	105,526	9,573	9.1%
Savings deposits	222,279	196,682	25,597	13.0%
Certificates of deposit	341,685	311,976	29,709	9.5%
Brokered certificates of deposit	30,956	28,197	2,759	9.8%
Internet certificates of deposit	12,768	6,246	6,522	104.4%
Total	\$ 818,986	\$ 733,473	\$ 85,513	11.7%

Table of Contents**Excluding the effects of the Greenville merger:**

	September 30 2008	December 31 2007	\$ Change	% Change (unannualized)
Noninterest bearing demand deposits	\$ 84,140	\$ 84,846	\$ (706)	-0.8%
Interest bearing demand deposits	103,086	105,526	(2,440)	-2.3%
Savings deposits	211,911	196,682	15,229	7.7%
Certificates of deposit	302,700	311,976	(9,276)	-3.0%
Brokered certificates of deposit	21,956	28,197	(6,241)	-22.1%
Internet certificates of deposit	4,768	6,246	(1,478)	-23.7%
Total	\$ 728,561	\$ 733,473	\$ (4,912)	-0.7%

As shown in the preceding table total deposits have declined slightly since year end, excluding the effects of the GCFC merger. While deposits as a whole have declined slightly, savings deposits have increased as a result of increased customer demand for money market products. Local, brokered, and internet certificate of deposit rates have increased in relation to other sources of funding, especially for deposits secured through repurchase agreements and Federal Home Loan Bank (FHLB) borrowings. As a result, the Corporation is currently using borrowed funds for loan growth and other funding needs.

Capital

The capital of the Corporation consists solely of common stock, capital surplus, retained earnings, and accumulated other comprehensive loss. The Corporation offers dividend reinvestment and employee and director stock purchase plans. Under the provisions of these plans, the Corporation issued 63,028 shares or \$1,610 of common stock during the first nine months of 2008, as compared to 43,252 shares or \$1,470 of common stock as of the same period in 2007. The Corporation also offers share-based payment awards through its equity compensation plan. Pursuant to this plan, the Corporation increased common stock by \$321 and \$621 during the nine month periods ending September 30, 2008 and 2007, respectively.

In October 2002, the Board of Directors authorized management to repurchase up to \$2,000 in dollar value of the Corporation's common stock. In March 2007, the Board of Directors amended this plan which allowed for the repurchase of up to 150,000 of additional shares. In May and July 2008 they further amended the plan to allow for the repurchase of an additional 25,000 and 5,000 shares, respectively. During the first nine months of 2008 and 2007, pursuant to these plans, the Corporation repurchased 148,336 shares of common stock at an average price of \$43.41 and 41,428 shares of common stock at an average price of \$43.47, respectively.

Accumulated other comprehensive loss increased \$2,568 for the nine month period ended September 30, 2008, net of tax, and is a result of a unrealized losses on available-for-sale investment securities, of which a substantial portion was related to a significant decline in the value of the Corporation's municipal bond portfolio as well as auction rate money market preferred securities. One of the factors contributing to decline in municipal bond portfolio was related to the downgrading of the two largest bond insurers from AAA to AA in June 2008. These downgrades have caused the market to demand higher returns on insured bonds, which has resulted in declines in the value of the Corporation's municipal bond portfolio, as the majority of the portfolio is insured. Further unrealized losses were observed as a result of the overall decline in the economic markets toward the end of the third quarter of 2008. The declines in value of the Corporation's auction rate money market preferred securities was the result of the current illiquidity of these securities. However, it is the Corporation's intention to hold these securities until maturity. Management has reviewed the credit quality of its bond portfolio and believes that there are no losses that are other than temporary.

There are no significant regulatory constraints placed on the Corporation's capital. The Federal Reserve Board's current recommended minimum primary capital to assets requirement is 6.0%. The Corporation's primary capital to adjusted average assets, which consists of shareholders' equity plus the allowance for loan losses less acquisition intangibles, was 9.60% as of September 30, 2008. There are no commitments for significant capital expenditures during the fourth

quarter of 2008.

Table of Contents

The Federal Reserve Board has established a minimum risk based capital standard. Under this standard, a framework has been established that assigns risk weights to each category of on and off-balance-sheet items to arrive at risk adjusted total assets. Regulatory capital is divided by the risk adjusted assets with the resulting ratio compared to the minimum standard to determine whether a corporation has adequate capital. The minimum standard is 8%, of which at least 4% must consist of equity capital net of goodwill. The following table sets forth the percentages required under the Risk Based Capital guidelines and the Corporation's values at September 30, 2008:

Percentage of Capital to Risk Adjusted Assets

	Isabella Bank Corporation September 30, 2008	
	Required	Actual
Equity Capital	4.00%	13.01%
Secondary Capital	4.00%	1.25%
Total Capital	8.00%	14.26%

Isabella Bank Corporation's secondary capital includes only the allowance for loan losses. The percentage for the secondary capital under the required column is the maximum amount allowed from all sources.

The Federal Reserve and FDIC also prescribe minimum capital requirements for the Corporation's subsidiary Bank. At September 30, 2008, the Bank exceeded these minimum capital requirements. On October 14, 2008, the U.S. Treasury Department (the Treasury) announced a Capital Purchase Program and is encouraging non troubled financial institutions to participate. Under the Treasury's proposal, the participating institutions would issue 5.0% senior preferred stock, which the Treasury would buy. The Treasury feels that this program will increase banks' abilities to lend to both consumers, as well as each other. The Corporation is currently evaluating whether or not to participate in the program.

Liquidity

The primary sources of the Corporation's liquidity are cash and demand deposits due from banks, trading securities, and available-for-sale securities. These categories totaled \$272,280 or 24.8% of assets as of September 30, 2008 as compared to \$263,774 or 27.6% as of December 31, 2007. Liquidity is important for financial institutions because of their need to meet loan funding commitments, depositor withdrawal requests and various other commitments including expansion of operations, investment opportunities, and payment of cash dividends. Liquidity varies significantly daily, based on customer activity.

Operating activities provided \$17,174 of cash in the first nine months of 2008, as compared to \$54,805 during the same period in 2007. The reduction in cash provided by operating activities, when the first nine months of 2008 are compared to 2007, was the result of the Corporation reducing its trading portfolio by \$7,393 in 2008 as compared to \$48,040 in 2007. Net cash provided by financing activities equaled \$46,530 and \$6,952 in the nine month periods ended September 30, 2008 and 2007, respectively and was primarily the result of increase in other borrowed funds during 2008. The Corporation's investing activities used cash amounting to \$65,456 in the first nine months of 2008 and \$69,589 in the same period in 2007. The accumulated effect of the Corporation's operating, investing, and financing activities used cash aggregating \$1,752 and \$7,832 in the nine months ended September 30, 2008 and 2007, respectively.

Historically, the primary source of funds for the Bank has been deposits. The Bank emphasizes interest-bearing time deposits as part of its funding strategy. The Bank also seeks noninterest bearing deposits, or checking accounts, which reduce the Bank's cost of funds in an effort to expand the customer base. However, as the competition for core deposits continues to increase, the Corporation has become more dependent on borrowings and other noncore funding sources to fund its growth.

In addition to these primary sources of liquidity, the Corporation has the ability to borrow in the federal funds market and at both the Federal Reserve Bank and the Federal Home Loan Bank, some obligations of which have been reported at fair value to mitigate the Corporation's interest rate risk. The Corporation's liquidity is considered adequate

by the management of the Corporation. The acquisition of Greenville Community Financial Corporation (see Note 2 of Notes to Condensed Consolidated Financial Statements) did not materially affect the Corporation's liquidity.

Table of Contents**FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation is party to financial instruments with off-balance-sheet risk. These instruments are entered into in the normal course of business to meet the financing needs of its customers. These financial instruments, which include commitments to extend credit and standby letters of credit, involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The contract or notional amounts of these instruments reflect the extent of involvement the Corporation has in a particular class of financial instruments. The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Corporation uses the same credit policies in deciding to make these commitments as it does for extending loans to customers.

Commitments to extend credit, which include unfunded commitments to grant loans and unfunded commitments under lines of credit, totaled \$136,562 at September 30, 2008. Commitments generally have variable interest rates, fixed expiration dates, or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements, including commercial paper, bond financing, and similar transactions. At September 30, 2008, the Corporation had a total of \$5,873 in outstanding standby letters of credit.

Generally, these commitments to extend credit and letters of credit mature within one year. The credit risk involved in these transactions is essentially the same as that involved in extending loans to customers. The Corporation evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon the extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and other income producing commercial properties.

Isabella Bank, a subsidiary of the Corporation, sponsors the IBT Foundation (the Foundation), which is a nonprofit entity formed for the purpose of distributing charitable donations to recipient organizations generally located in the communities serviced by Isabella Bank. The Bank periodically makes charitable contributions in the form of cash transfers to the Foundation. The Foundation is administered by members of the Corporation's Board of Directors. The assets and transactions of the Foundation are not included in the consolidated financial statements of the Corporation. The assets of the Foundation as of September 30, 2008 were \$917.

Forward Looking Statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Corporation intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Corporation, are generally identifiable by use of the words believe, expect, intend, anticipate, estimate, project, or similar expressions. The Corporation's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on the operations and future prospects of the Corporation and its subsidiaries include, but are not limited to, changes in: interest rates, general economic conditions, legislative/regulatory changes, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality or composition of the loan or investment portfolios, demand for loan products, fluctuation in the value of collateral securing our loan portfolio, deposit flows, competition, demand for financial services in the Corporation's market area, and accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Corporation and its business, including additional factors that could materially affect the Corporation's financial results, is included in the Corporation's filings with the Securities and Exchange Commission.

Table of Contents**Item 3 Quantitative and Qualitative Disclosures about Market Risk**

The Corporation's primary market risks are interest rate risk and, to a lesser extent, liquidity risk. The Corporation has very limited foreign exchange risk and does not utilize interest rate swaps or derivatives in the management of its interest rate risk. The Corporation does have a significant amount of loans extended to borrowers involved in agricultural production. Cash flow and ability to service debt of such customers is largely dependent on growing conditions and the commodity prices for corn, soybeans, sugar beets, milk, beef and a variety of dry beans. The Corporation mitigates these risks by using conservative price and production yields when calculating a borrower's available cash flow to service their debt.

Interest rate risk (IRR) is the exposure to the Corporation's net interest income, its primary source of income, to changes in interest rates. IRR results from the difference in the maturity or repricing frequency of a financial institution's interest earning assets and its interest bearing liabilities. Interest rate risk is the fundamental method by which financial institutions earn income and create shareholder value. Excessive exposure to interest rate risk could pose a significant risk to the Corporation's earnings and capital.

The Federal Reserve, the Corporation's primary Federal regulator, has adopted a policy requiring the Board of Directors and senior management to effectively manage the various risks that can have a material impact on the safety and soundness of the Corporation. The risks include credit, interest rate, liquidity, operational, and reputational. The Corporation has policies, procedures and internal controls for measuring and managing these risks. Specifically, the IRR policy and procedures include defining acceptable types and terms of investments and funding sources, liquidity requirements, limits on investments in long term assets, limiting the mismatch in repricing opportunity of assets and liabilities, and the frequency of measuring and reporting to the Board of Directors.

The Corporation uses two main techniques to manage interest rate risk. The first method is gap analysis. Gap analysis measures the cash flows and/or the earliest repricing of the Corporation's interest bearing assets and liabilities. This analysis is useful for measuring trends in the repricing characteristics of the balance sheet. Significant assumptions are required in this process because of the imbedded repricing options contained in assets and liabilities. A substantial portion of the Corporation's assets are invested in loans and investment securities. These assets have imbedded options that allow the borrower to repay the balance prior to maturity without penalty. The amount of prepayments is dependent upon many factors, including the interest rate of a given loan in comparison to the current interest rates; for residential mortgages the level of sales of used homes; and the overall availability of credit in the market place.

Generally, a decrease in interest rates will result in an increase in the Corporation's cash flows from these assets. Investment securities, other than those that are callable, do not have any significant imbedded options. Savings and checking deposits may generally be withdrawn on request without prior notice. The timing of cash flow from these deposits is estimated based on historical experience. Time deposits have penalties which discourage early withdrawals. Cash flows may vary based on current offering rates, competition, customer need for deposits, and overall economic activity. As noted above, the Corporation has reclassified a portion of its investment portfolio and its borrowings into trading accounts. Management feels that these practices help it mitigate the volatility of the current interest rate environment.

The second technique used in the management of interest rate risk is to combine the projected cash flows and repricing characteristics generated by the gap analysis and the interest rates associated with those cash flows and projected future interest income. By changing the amount and timing of the cash flows and the repricing interest rates of those cash flows, the Corporation can project the effect of changing interest rates on its interest income.

The following table provides information about the Corporation's assets and liabilities that are sensitive to changes in interest rates as of September 30, 2008. The Corporation has no interest rate swaps, futures contracts, or other derivative financial options, except for derivative loan commitments, which are not significant. The principal amounts of assets and time deposits maturing were calculated based on the contractual maturity dates. Savings and NOW accounts are based on management's estimate of their future cash flows.

Table of Contents

(dollars in thousands)	September 30, 2008						Total	Fair Value 09/30/08
	2009	2010	2011	2012	2013	Thereafter		
Rate sensitive assets								
Other interest bearing assets	\$ 786	\$	\$	\$	\$	\$	\$ 786	\$ 786
Average interest rates	1.65%						1.65%	
Trading securities	10,203	4,150	2,951	3,001	1,076	1,247	\$ 22,628	\$ 22,628
Average interest rates	1.84%	3.70%	3.88%	3.62%	3.63%	3.37%	2.85%	
Fixed interest rate securities	79,220	18,923	11,024	6,046	11,476	105,132	\$231,821	\$231,821
Average interest rates	5.24%	4.97%	4.17%	4.31%	3.78%	3.90%	4.46%	
Fixed interest rate loans	135,251	105,328	109,692	76,189	81,263	53,822	\$561,545	\$565,930
Average interest rates	6.67%	6.87%	6.90%	7.17%	6.65%	6.19%	6.77%	
Variable interest rate loans	70,005	30,614	16,820	9,685	23,387	18,807	\$169,318	\$169,318
Average interest rates	5.58%	6.15%	7.29%	7.25%	7.02%	4.90%	6.07%	
Rate sensitive liabilities								
Borrowed funds	28,766	29,000	32,225	17,000	15,000	35,000	\$156,991	\$204,595
Average interest rates	3.05%	4.45%	4.06%	4.37%	3.59%	4.58%	4.05%	
Savings and NOW accounts	150,261	69,654	75,594	26,662	8,607	6,600	\$337,378	\$337,378
Average interest rates	1.40%	0.48%	0.45%	0.61%	1.28%	2.33%	0.95%	
Fixed interest rate time deposits	232,944	70,998	30,385	26,035	21,447	1,782	\$383,591	\$385,044
Average interest rates	3.61%	4.32%	4.52%	4.72%	4.22%	4.44%	3.93%	
Variable interest rate time deposits	1,299	515	4	0	0	0	\$ 1,818	\$ 1,818
Average interest rates	2.81%	2.37%	2.37%	0.00%	0.00%	0.00%	2.68%	
			September 30, 2007					Fair Value
	2008	2009	2010	2011	2012	Thereafter	Total	09/30/07
Rate sensitive assets								
Other interest bearing assets	\$ 1,959	\$	\$	\$	\$	\$	\$ 1,959	\$ 1,959
Average interest rates	4.78%						4.78%	
	\$ 12,696	\$ 2,433	\$ 3,468	\$ 2,576	\$ 3,143	\$ 5,746	\$ 30,062	\$ 30,062

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Trading securities								
Average interest rates	4.91%	5.75%	4.82%	4.81%	3.77%	3.67%	4.60%	
Fixed interest rate securities	\$ 73,223	\$ 10,144	\$ 7,991	\$10,124	\$ 8,180	\$73,321	\$182,983	\$182,983
Average interest rates	5.17%	4.78%	4.88%	4.30%	5.36%	3.84%	4.56%	
Fixed interest rate loans	\$118,354	\$102,097	\$98,443	\$81,327	\$65,302	\$57,601	\$523,124	\$525,639
Average interest rates	6.70%	6.57%	6.84%	7.06%	7.31%	6.49%	6.81%	
Variable interest rate loans	\$ 41,870	\$ 14,848	\$16,974	\$ 4,051	\$ 5,602	\$ 3,717	\$ 87,062	\$ 87,062
Average interest rates	8.58%	8.35%	8.35%	7.98%	7.76%	7.65%	8.38%	
Rate sensitive liabilities								
Borrowed funds	\$ 13,577	\$ 11,500	\$17,000	\$ 3,000	\$12,000	\$10,000	\$ 67,077	\$ 66,632
Average interest rates	5.12%	4.59%	4.81%	4.98%	4.49%	4.84%	4.79%	
Savings and NOW accounts	\$147,194	\$ 66,724	\$63,080	\$20,658	\$ 4,264	\$	\$301,920	\$301,920
Average interest rates	3.48%	1.17%	0.75%	0.67%			2.16%	
Fixed interest rate time deposits	\$216,904	\$ 39,740	\$42,882	\$21,044	\$23,531	\$ 244	\$344,345	\$345,938
Average interest rates	4.69%	4.44%	4.59%	4.70%	4.85%	5.03%	4.66%	
Variable interest rate time deposits	\$ 1,389	\$ 645	\$	\$	\$	\$	\$ 2,034	\$ 2,034
Average interest	4.29%	4.49%					4.35%	

rates

35

Table of Contents

Item 4 Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's management carried out an evaluation, under the supervision and with the participation of the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) as of September 30, 2008, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Corporation's disclosure controls and procedures as of September 30, 2008, were effective to ensure that information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the most recent fiscal quarter, no change occurred in the Corporation's internal control over financial reporting that materially affected, or is likely to materially effect, the Corporation's internal control over financial reporting. The Corporation is currently evaluating what changes, if any, might be necessary in internal control arising as a result of the January 1, 2008 acquisition of Greenville Community Financial Corporation.

Table of Contents**PART II OTHER INFORMATION****Item 1 Legal Proceedings**

The Corporation is not involved in any material legal proceedings. The Corporation and the Bank are involved in ordinary, routine litigation incidental to its business, however, no such routine proceedings are expected to result in any material adverse effect on our operations, earnings, or financial condition.

Item 1A Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds**(A) None****(B) None****(C) Repurchases of Common Stock**

On March 22, 2007, the Board of Directors adopted a repurchase plan which allows for the repurchase of up to 150,000 shares of the Corporation's common stock. This plan was amended in May 2008 to allow for the repurchase of an additional 25,000 shares. The plan was further amended to allow for an additional 5,000 shares to be repurchased in July 2008. These authorizations do not have expiration dates. As shares are repurchased under this plan, they are retired and revert back to the status of authorized, but unissued shares. The following table provides information for the three month period ended September 30, 2008, with respect to this plan:

	Shares Repurchased Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Shares That May Yet Be Purchased Under the Plan or Program
	Number		
Balance, June 30 2008			541
July 1-23, 2008		\$	541
Additional Authorization			5,541
July 24-31, 2008	4,497	40.43	1,044
August 1 - 31, 2008			1,044
September 1 - 30, 2008			1,044
Balance, September 30 2008	4,497	\$ 40.43	1,044

Item 6 Exhibits**(a) Exhibits**

- 31(a) Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Executive Officer
- 31(b) Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Principal Financial Officer
- 32 Section 1350 Certification of Principal Executive Officer and Principal Financial Officer

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Isabella Bank Corporation

Date: November 5, 2008

/s/ Dennis P. Angner
Dennis P. Angner
Chief Executive Officer

/s/ Peggy L. Wheeler
Peggy L. Wheeler
Principal Financial Officer

38