

NRG ENERGY, INC.
Form DEF 14A
March 16, 2017

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

SCHEDULE 14A

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

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

NRG ENERGY, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
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- ☐ Fee paid previously with preliminary materials.
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

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2017 Annual Meeting of Stockholders and Proxy Statement

March 16, 2017

Fellow Stockholders:

We are pleased to invite you to attend NRG Energy, Inc.'s Annual Meeting of Stockholders, which will be held at 9 a.m., Eastern Time, on Thursday, April 27, 2017, at the Hyatt Regency Princeton, 102 Carnegie Center, Princeton, New Jersey 08540. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

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 of Stockholders and Proxy Statement.

On behalf of everyone at NRG, I 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, MacKenzie Partners, Inc., at (800) 322-2885 (toll free).

Sincerely,

LAWRENCE S. COBEN
Chairman of the Board

THIS PROXY STATEMENT AND PROXY CARD ARE
BEING DISTRIBUTED ON OR ABOUT MARCH 16, 2017.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

When: Thursday, April 27, 2017, 9:00 a.m. Eastern Time

Where: Hyatt Regency Princeton, 102 Carnegie Center, Princeton, New Jersey 08540

We are pleased to invite you to join our Board of Directors and senior leadership at the NRG Energy, Inc. 2017 Annual Meeting of Stockholders.

ITEMS OF BUSINESS:

1. To elect thirteen directors.
2. To adopt the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan.
3. To adopt the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan.
4. To approve, on a non-binding advisory basis, NRG's executive compensation.
5. To approve, on a non-binding advisory basis, the frequency of the non-binding advisory vote on executive compensation.
6. To ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm for the 2017 fiscal year.
7. To vote on a stockholder proposal regarding disclosure of political expenditures, if properly presented at the meeting.
8. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.

RECORD DATE:

You are entitled to vote if you were a stockholder of record at the close of business on March 13, 2017.

Voting Information

HOW TO VOTE:

Even if you plan to attend the Annual Meeting in person, please vote right away using one of the following advance voting methods. Make sure to have your proxy card or voting instruction form in hand and follow the instructions.

Via the Internet:

You may vote at www.proxyvote.com, from anywhere in the world, 24 hours a day, 7 days a week, up until 11:59 p.m. Eastern Time on April 26, 2017.

By phone:

If you live in the United States, you may vote 24 hours a day, 7 days a week, up until 11:59 p.m. Eastern Time on April 26, 2017, by calling (800) 690-6903 from a touch-tone phone.

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By mail:

If you received a paper copy of the materials, you may mark, sign, date and mail your proxy card or voting instruction card in the enclosed, postage-paid address envelope, so that it is received by the Company prior to April 27, 2017, the Annual Meeting date.

In person:

You can vote by a ballot that will be provided to you at the Annual Meeting. However, if you are a beneficial owner of shares held in street name (through a bank, broker or other nominee), you must bring a legal proxy from your bank, broker or other nominee to vote in person.

By Order of the Board of Directors

BRIAN E. CURCI,
Corporate Secretary

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2017 ANNUAL MEETING OF STOCKHOLDERS

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This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement before voting. For more complete information regarding the Company's 2016 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Roadmap of Voting Matters

Stockholders are being asked to vote on the following matters at the 2017 Annual Meeting of Stockholders:

Proposal 1. Election of Directors (page 17)

The Board of Directors (the Board) and the Governance and Nominating Committee believe that the 13 director nominees possess the necessary qualifications, attributes, skills and experiences to provide advice and counsel to the Company's management and effectively oversee the business and the long-term interests of our stockholders.

FOR
each Director nominee

Proposal 2. Adoption of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan (LTIP) (page 25)

The Compensation Committee and the Board believe that it is in the best interests of the Company and its stockholders to increase the number of shares available for issuance under the LTIP, extend the term of the LTIP until February 22, 2027, add plan features to provide additional shareholder protections, and to make other minor technical changes to the LTIP. Stockholders are being asked to adopt the LTIP which, as amended, incorporates these changes.

FOR

Proposal 3. Adoption of the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan (ESPP) (page 34)

The Compensation Committee and the Board believe that it is in the best interests of the Company and its stockholders to increase the number of shares authorized for issuance and available for purchase under the ESPP, to extend the term of the ESPP until December 31, 2026 and to make other minor changes to the ESPP. Stockholders are being asked to adopt the ESPP which, as amended, incorporates these changes.

FOR

Proposal 4. Approval, on a non-binding advisory basis, of NRG's executive compensation (the Say on Pay Proposal) (page 37)

The Company seeks a non-binding advisory vote to approve the compensation of its named executive officers as described in the Compensation Discussion and Analysis beginning on page 49 and the compensation tables and narrative discussion. The Board values stockholders' opinions, and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.

FOR

Proposal 5. Approval, on a non-binding advisory basis, of the frequency of the vote to approve NRG's executive compensation (the Say on Frequency Proposal) (page 38)

The Company seeks a non-binding advisory vote on how often the Company should include a vote to approve the Company's executive compensation, the Say on Pay Proposal, in its proxy materials for future annual stockholder meetings. Stockholders may vote to have the Say on Pay Proposal included every one year, two years or three years or abstain from the vote.

**ONE
YEAR**

I [Proxy Statement Highlights](#)

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Proposal 6. Ratification of the appointment of KPMG LLP as NRG's independent registered public accounting firm for the 2017 fiscal year (the Ratification of KPMG LLP's Appointment Proposal) (page 39)

The Audit Committee and the Board believe that the retention of KPMG LLP as the Company's independent registered public accounting firm for the 2017 fiscal year is in the best interests of the Company and its stockholders. As a matter of good corporate governance, stockholders are being asked to ratify the Audit Committee's selection of KPMG LLP.

FOR

Proposal 7. Stockholder Proposal, if properly presented (page 40)

Political Expenditures Disclosure

AGAINST

Corporate Governance Highlights

We are committed to maintaining the highest standards of corporate governance, which promote the long-term interests of our stockholders, strengthen Board and management accountability and help build public trust in the Company. The Governance of the Company section beginning on page 6 describes our corporate governance framework, which includes the following highlights:

Annual election of directors

Regular executive sessions of independent directors

Majority voting for directors

Risk oversight by full Board and committees

13 director nominees of which 11 are independent

Commitment to sustainability

Adopted proxy access for stockholders to nominate directors

Anti-hedging and anti-pledging policies

Independent Audit, Compensation, and Governance Committees

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Director Nominees

[illegible]

*Former Managing
Director of Credit
Suisse First Boston*

Evan J. Silverstein
*Former General
Partner and Portfolio
Manager at
SILCAP LLC*

**Barry T.
Smitherman**
*Energy Industry
Consultant and
Adjunct Professor of
Energy Law at The
University of Texas
School of Law*

**Thomas H.
Weidemeyer**
*Former Director,
Senior Vice President
and Chief Operating
Officer of United
Parcel Service, Inc.*

C. John Wilder
*Executive Chairman
of Bluescape Energy
Partners*

Walter R. Young
*Former Chairman,
Chief Executive
Officer and President
of Champion
Enterprises, Inc.*

1 Chair • Member

A = Audit Committee

B = Business Review Committee

C = Compensation Committee

G&N = Governance and Nominating Committee

F = Finance and Risk Management Committee

N = Nuclear Oversight Committee

NSC = Nuclear Oversight Subcommittee

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[Questions and Answers](#)

Please see the Questions and Answers section beginning on page 73 for important information about the proxy materials, voting and the 2018 Annual Meeting of Stockholders. Additional questions may be directed to our proxy solicitor, MacKenzie Partners, Inc., at (800) 322-2885 or proxy@mackenziepartners.com.

[Learn More About Our Company](#)

You can learn more about the Company, view our governance materials and much more by visiting our website, www.nrg.com.

Please also visit our 2017 Annual Meeting website at www.proxyvote.com to easily access the Company's proxy materials or vote through the Internet.

[Proxy Statement Highlights](#) |

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We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of NRG Energy, Inc. for the 2017 Annual Meeting of Stockholders (Annual Meeting) and for any adjournment or postponement of the Annual Meeting. The Annual Meeting will be held on Thursday, April 27, 2017, at 9 a.m. Eastern Time at the Hyatt Regency Princeton, 102 Carnegie Center, Princeton, NJ 08540. In this Proxy Statement, "we," "us," "our," "NRG" and the "Company" refer to NRG Energy, Inc.

You are receiving this Proxy Statement because you own shares of our common stock, par value \$0.01 per share, that entitle you to vote at the Annual Meeting. By use of a proxy, you can vote whether or not you attend the Annual Meeting. This Proxy Statement describes the matters on which we would like you to vote and provides information on those matters.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting
of Stockholders to be held on Thursday, April 27, 2017**

Each of the Notice of Annual Meeting, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 is available at www.proxyvote.com. **If you would like to receive, without charge, a paper copy of our Annual Report on Form 10-K, including the financial statements and the financial statement schedules, please send your request to Investor Relations, 804 Carnegie Center, Princeton, New Jersey 08540.**

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Corporate Governance Guidelines and Charters

The Board has adopted Corporate Governance Guidelines (Guidelines) that, along with the Amended and Restated Certificate of Incorporation, the Fourth Amended and Restated Bylaws (Bylaws) and the charters of the committees 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 Governance section of the Company's investor relations website at <http://investors.nrg.com>, along with the charters of all the Committees and the Code of Conduct. The Guidelines, the charters of all of the Committees and the Code of Conduct are also available in print to any stockholder who requests them.

Director Independence

Under the Guidelines, a majority of the Board must be composed of independent directors. The Board determines the independence of our directors by applying the independence principles and standards established by the New York Stock Exchange (NYSE). These provide that a director is independent only if the Board affirmatively determines that such director does not have a direct or indirect material relationship with the Company, which may include commercial, industrial, consulting, legal, accounting, charitable, familial and other business, professional and personal relationships.

The Board conducts a review of the independence of the Company's directors on an annual basis. In its most recent review, the Board considered, among other things:

Any employment relationships between the Company and its directors (other than Mauricio Gutierrez) or their immediate family members;

Any affiliations of the Company's directors or their immediate family members with the Company's

independent registered public accounting firm, compensation consultants, legal counsel and other consultants and advisors;

Any transactions that would require disclosure as a related person transaction or that qualify for review under our related person transactions policy;

Any transactions made in the ordinary course of business with a company in which a director serves on the board or as a member of the executive management team; and

Any transactions involving payments made by the Company to educational institutions.

In addition, because the Company provides retail electricity services through certain of its subsidiaries, the Board also considered instances where certain of our directors are directors of businesses that received electricity services from the Company.

The Board has determined that all of the Company's directors are independent under the Guidelines and the NYSE listing standards, with the exception of Mauricio Gutierrez, our President and Chief Executive Officer, and Paul Hobby, whose sister-in-law is a partner at the Company's independent registered public accounting firm. Mr. Hobby's sister-in-law is not involved in any Company matters. Mr. Hobby's sister-in-law intends to retire in September 2017, and at such time we expect that Mr. Hobby will become an independent director.

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Each of the Audit, Compensation, and Governance and Nominating Committees is made up solely of independent directors. In accordance with the Guidelines and NYSE listing standards, all members of the Audit and Compensation Committees meet additional independence standards applicable to audit and compensation committee members, respectively.

Governance of the Company

|

Chairman of the Board: Lawrence S. Coben	Separate Chairman and Chief Executive Officer (CEO)
Number of directors: 13	Regular executive sessions of independent directors
Number of regular meetings in 2016: 5	Majority voting for directors
Number of special meetings in 2016: 5	Each committee led by an independent director
Annual election of directors	Active engagement by all directors

Since December 2003, NRG's governance structure has been led by a separate CEO and Chairman of the Board. Irrespective of the Company's current practice, the Board believes that an effective board leadership structure is highly dependent on the experience, skills and personal interaction between persons in leadership roles. As stated in the 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 CEO based upon the present circumstances.

Governance Practices

The Board has taken a proactive approach in applying leading governance practices, which is evidenced by the Board's recommendation, and our stockholders' subsequent approval, of the majority voting standard for the election of directors at the 2009 Annual Meeting of Stockholders, the declassification of our Board at the 2012 Annual Meeting of Stockholders and the adoption of proxy access following the 2016 Annual Meeting of Stockholders. Furthermore, as described in the Guidelines, the Board follows a series of governance practices that it believes 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 CEO 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;

Director orientation and continuing education program, including Company site visits and information sessions with Company management; and

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

Proxy Access

Following our 2016 Annual Meeting of Stockholders at which a non-binding proxy access stockholder proposal received the affirmative vote of majority of shares present, we engaged with the stockholder who submitted the proposal. Our Board determined that the best course of action for the Company and our stockholders was to

amend our bylaws to include proxy access. In December 2016, our Board adopted amendments to our Bylaws to implement proxy access. Under the proxy access provisions in our Bylaws, a stockholder (or group of up to 20 stockholders) continuously owning at least 3% of our outstanding common stock for a period of at least three years prior to the date of the nomination may nominate and include in our proxy materials for the following annual meeting director nominees constituting up to 20% of the Board. To do so, the stockholder must submit the information required by Article II, Section 15 of our Bylaws to the Company's Corporate Secretary as described further under "Director Nominees for Inclusion in the Proxy Materials for the 2018 Annual Meeting of Stockholders (Proxy Access)."

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.

RISK OVERSIGHT HIGHLIGHTS

The Board has responsibility for overall risk oversight of the Company.

Board Committees, especially the Finance and Risk Management Committee, play an important role.

Risk oversight includes understanding the material risks to the business and what steps management is taking or should be taking to manage those risks, as well as understanding and determining the appropriate risk appetite for the Company.

To define the Company's risk appetite, the Board reviews and approves the annual business plan, budget and long-term plan, strategic initiatives, individual development projects, acquisitions and divestitures, and capital allocation plan.

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, which is further described below, and through the Committees of the Board. This oversight function is conducted primarily through the Finance and Risk Management Committee. The Finance and Risk Management Committee was formed

in 2014 and is responsible for company-wide enterprise risk management. The Finance and Risk Management Committee provides risk oversight with respect to the Company's trading of fuel, transportation, energy and related products and services, regulatory compliance, and its management of the risks associated with such activities. The Company's Financial Risk Management Committee, a committee comprised of senior management and key personnel in and around the finance, commercial operations and risk functions, reports to the Finance and Risk Management Committee on a regular basis.

The table below summarizes the significant role the various Board Committees play in carrying out the risk oversight function.

Audit Committee	Discusses our policies with respect to risk assessment and risk management.
	Focuses on financial risks, including reviewing the effectiveness of our internal controls, conducting a detailed review of the financial portions of our Securities and Exchange Commission (SEC) reports, approving the independent auditor and the annual audit plan, and receiving periodic reports from the Company's independent auditor, our internal auditor and our corporate compliance officer.
Compensation Committee	Oversees risks related to our compensation policies and practices, with input from management and the Compensation Committee's independent outside compensation consultant, Pay Governance LLC (Pay

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Governance).

Finance and Risk Management Committee	Oversees risks related to our capital structure, liquidity, financings and other capital markets transactions as well as risks related to our trading of fuel, transportation, energy and related products and services, and regulatory compliance.
Nuclear Oversight Committee and Subcommittee	Oversees risks related to our ownership and operation, directly or indirectly, of interests in nuclear power plant facilities.

The Chairs of each of the Committees regularly report to the Board on all matters reviewed by their respective Committees, thereby providing the 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 Committees and the Nuclear Oversight Subcommittee are routinely presented to the full Board to ensure proper oversight.

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As described above, the Compensation Committee is responsible for overseeing risks related to our compensation policies and practices. The Company's Enterprise Risk Management team is responsible for assisting the Compensation Committee with its oversight and analysis of these risks. To assist the Compensation Committee with determining whether the Company's compensation policies and practices subject the Company to unnecessary risk or could potentially motivate employees to take excessive risk, the Company's Enterprise Risk Management team conducted a review of these policies and practices and reported to the Compensation Committee its findings as follows:

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

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

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

Market Stock Unit (MSU) or Relative Performance Stock Unit (RPSU) awards under the LTIP are typically based upon total stockholder return over three-year periods, which mitigates short-term risk taking;

because incentive compensation has a large equity component, 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 loss of the value of the retained equity if stock appreciation is jeopardized; and

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

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

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

Director Nominee Selection Process

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 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 diversity criteria in the context of the perceived needs of the Board as a whole and seek to achieve a diversity of backgrounds and perspectives on the Board.

The Governance and Nominating Committee's process for identifying and evaluating director nominees also includes consultation with all directors, solicitation of proposed nominees from all directors, the engagement of one or more professional search firms, if deemed appropriate, interviews with prospective nominees by the Committee (and other directors, if deemed appropriate) and recommendations regarding qualified candidates to the full Board.

As further described under "Stockholder Recommendations for Director Candidates" on page 79, the Governance and Nominating Committee also considers director candidates recommended by stockholders.

Board Committees

The Board has the following five standing Committees: Audit, Compensation, Governance and Nominating, Finance and Risk Management and Nuclear Oversight, which includes the Nuclear Oversight Subcommittee. In addition, in February 2017, the Board created the Business Review Committee, which is an ad hoc committee of the Board. The membership and the functions of each Committee are described below.

AUDIT COMMITTEE

Members: William E. Hantke (Chair), Terry G. Dallas, Barry T. Smitherman, Thomas H. Weidemeyer and Walter R. Young

Number of meetings in 2016: 4

Audit Committee Financial Experts: William E. Hantke, Terry G. Dallas and Walter R. Young

Primary Responsibilities: appoints, retains, oversees, evaluates, and compensates the independent auditors; reviews the annual audited and quarterly consolidated financial statements; and reviews major issues regarding accounting principles and financial statement presentations.

Independence: 5 of 5 members

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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;

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;

oversees the internal audit and corporate compliance functions;

reviews the Company's political contributions and expenditures and its related policy, as well as its membership in business and trade associations that engage in lobbying activities or make political expenditures; and

annually evaluates the performance of the Audit Committee and the adequacy of its charter.

COMPENSATION COMMITTEE

Members: Walter R. Young (Chair), E. Spencer Abraham, Kirbyjon H. Caldwell and William E. Hantke

Number of meetings in 2016: 5

Primary Responsibilities: oversees the Company's overall compensation structure, policies, and programs

Independence: 4 of 4 members

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 CEO, evaluates the performance of the President and CEO 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 CEO'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 incentive awards for executive officers other than the President and CEO;

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;

oversees the evaluation of management and annually reviews the Company's senior management succession plans;

reviews and approves employment agreements and severance arrangements, benefit plans not otherwise subject to Board approval, and corporate goals and objectives for officers other than the President and CEO;

reviews and discusses with management the Compensation Discussion and Analysis (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;

evaluates any conflicts of interest and the independence of any outside advisors engaged by the Compensation Committee;

reviews and oversees the Company's overall compensation strategy, structure, policies, programs, risk profile and any stockholder advisory votes on the Company's compensation practices and assesses whether the compensation structure establishes 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 may 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.

Pay Governance, the Compensation Committee's independent compensation consultant for fiscal year 2016, assisted with executive pay decisions and worked with the Compensation Committee to formulate the design of the executive compensation program for 2016.

GOVERNANCE AND NOMINATING COMMITTEE

Members: Thomas H. Weidemeyer (Chair), E. Spencer Abraham, Kirbyjon H. Caldwell and Evan J. Silverstein

Number of meetings in 2016: 4

Primary Responsibilities: recommends director candidates to the Board for election at the Annual Meeting of Stockholders, and periodically reviews the Guidelines and recommends changes to the Board

Independence: 4 of 4 members

Among other things, the Governance and Nominating Committee:

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 Securities Exchange Act of 1934, as amended (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 and its committees;

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

annually evaluates the performance of the Governance and Nominating Committee and the appropriateness of its charter;

oversees the orientation process for new director programs for the continuing education of directors; and

coordinates annual self-evaluations for the Board, each director, and each of the Audit Committee, Compensation Committee, Governance and Nominating Committee, Finance and Risk Management Committee and Nuclear Oversight Committee and Subcommittee to assess their effectiveness and review their respective charters.

FINANCE AND RISK MANAGEMENT COMMITTEE

Members: Evan J. Silverstein (Chair), Terry G. Dallas, Paul W. Hobby, Anne C. Schaumburg and C. John Wilder

Number of meetings in 2016: 7

Primary Responsibilities: assists the Board in fulfilling its responsibilities with respect to the oversight of trading, power marketing and risk management issues at the Company, and reviews and approves certain financial development transactions

Independence: 4 of 5 members

The Finance and Risk Management 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 and Risk Management Committee may be removed except by majority vote of the independent directors of the Board then in office.

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Among other things, the Finance and Risk Management Committee:

reviews, reports and makes recommendations to the Board on management recommendations or proposals regarding the Company's and its subsidiaries' (a) capital structure, (b) liquidity, (c) need for credit or debt or equity financing, (d) amounts, timing and sources of capital market transactions, and (e) financial hedging and derivative activities;

reviews and approves, or authorizes 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;

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

reviews and approves, or authorizes 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;

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

approves 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;

reviews 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;

oversees the Company's trading of fuel, transportation, energy and related products and services, and its management of risks associated with such activities;

reviews, advises and consults with management and the Audit Committee regarding the Company's risk management policies, practices and procedures;

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

annually evaluates the performance of the Finance and Risk Management Committee and the appropriateness of the Finance and Risk Management Committee's charter;

reviews and approves transactions exceeding the CEO's individual authority limits under the Company's risk management policies; and

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

NUCLEAR OVERSIGHT COMMITTEE AND SUBCOMMITTEE

Committee Members: Lawrence S. Coben (Chair) and all other Board members

Sub Committee Members: Paul W. Hobby (Chair), E. Spencer Abraham, Terry G. Dallas and Barry T. Smitherman

Number of Committee meetings in 2016: 1

Number of Subcommittee meetings in 2016: 2

Primary Responsibilities: 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

Committee Independence: 11 of 13 members

Subcommittee Independence: 3 of 4 members

The Nuclear Oversight Committee consists of all of the members of the Board, all of whom are citizens of the United States 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 Chair of the Subcommittee subsequently reports to the Board and the Nuclear Oversight Committee on such matters during regularly scheduled Board meetings.

BUSINESS REVIEW COMMITTEE

Members: C. John Wilder (Chair), Mauricio Gutierrez, Paul W. Hobby, Anne C. Schaumburg and Barry T. Smitherman

Primary Responsibilities: reviews and makes recommendations to the Board regarding the Company's strategic initiatives

Independence: 3 of 5 members

The Business Review Committee was formed in February 2017 to review and make recommendations to the Board with respect to operational and cost excellence initiatives; potential portfolio and/or asset de-consolidations, dispositions and optimization; capital structure and allocation; and broader strategic initiatives.

Anti-Hedging and Anti-Pledging Policies

The Company prohibits executive officers, directors and employees from directly or indirectly engaging in any kind of hedging transaction that could reduce or limit their economic risk with respect to their holdings, ownership or interest in the Company's securities, including prepaid variable forward contracts, equity swaps, collars, puts, calls

and options. The Company also prohibits executive officers, directors and employees from directly or indirectly engaging in any transaction in which the Company's securities are being pledged.

Communication with Directors

Stockholders and other interested parties may communicate with the Board by writing to the Corporate Secretary, NRG Energy, Inc., 804 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.

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The total annual compensation received by our directors for their service as Board members and chairs of the committees of the Board, if applicable, is described in the chart below.

Annual Retainer	\$100,000
Annual Equity Retainer	\$125,000
Chairperson Retainer	\$160,000
Vice Chairperson Retainer ¹	\$40,000
Audit Committee Chair Retainer	\$35,000
Other Committee Chair Retainer	\$20,000
Employee Directors	No fees

- 1 On February 13, 2017, the Board approved amendment to the Bylaws to eliminate the position of vice chairman of the Board.

A non-employee director who is newly appointed to the Board, other than in connection with an annual meeting of stockholders, will receive the Annual Equity Retainer and a pro rata portion of the Annual Retainer upon appointment.

Directors receive approximately 45% of their total annual compensation in the form of cash and the remaining 55% in the form of vested Deferred Stock Units (DSUs). Each DSU is equivalent in value to one share of NRG's common stock and represents the right to receive one such share of common stock payable at the time elected by the director, or in the event the director does not make an election with respect to payment, when the director ceases to be a member of the Board. In connection with the grants of the DSUs, each non-employee director also receives dividend equivalent rights (DERs) which become exercisable proportionately with the DSUs to which they relate. Similar to its competitive assessment on behalf of the named executive officer compensation, Pay Governance performed a review of director compensation. Results of the review were shared with the Compensation Committee who made a recommendation to the full Board for final approval. The Compensation Committee and Board did not make any changes to director compensation in light of the Company's Total Shareholder Return (TSR) performance.

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Director Compensation
Fiscal Year Ended December 31, 2016

E. Spencer Abraham	\$	100,000	\$	129,484	\$	229,484
Kirbyjon H. Caldwell	\$	100,000	\$	130,339	\$	230,339
Lawrence S. Coben	\$	100,000	\$	130,503	\$	230,503
Terry G. Dallas	\$	100,000	\$	131,586	\$	231,586
William E. Hantke	\$	117,500	\$	145,286	\$	262,786
Paul W. Hobby	\$	110,000	\$	135,002	\$	245,002
Anne C. Schaumburg	\$	100,000	\$	128,874	\$	228,874
Evan J. Silverstein	\$	110,000	\$	139,774	\$	249,774
Thomas H. Weidemeyer	\$	110,000	\$	135,002	\$	245,002
Walter R. Young	\$	110,000	\$	135,002	\$	245,002
Howard E. Cosgrove ²	\$	180,000	\$	213,700	\$	393,700
Edward R. Muller ³	\$	120,000	\$	150,300	\$	270,300

¹ Reflects the grant date fair value of DSUs awarded and DERs received in 2016 determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation-Stock Compensation, the full amount of which is recorded as a compensation expense in the income statement for fiscal year 2016. The grant date fair value was based on the closing price of the Company's common stock, as reported on the NYSE, on the date of grant, which was \$16.85 per share of common stock on June 1, 2016.

² On February 13, 2017, Mr. Cosgrove resigned as chairman of the Board and as a director.

³ On February 13, 2017, Mr. Muller resigned as vice chairman of the Board and as a director.

The following table sets forth the aggregate number of Stock Awards (DSUs, restricted stock units (RSUs) and DERs) and Option Awards (non-qualified stock options (NQSOs)) held by each of the non-employee directors as of December 31, 2016.

E. Spencer Abraham	24,848
Kirbyjon H. Caldwell	45,099
Lawrence S. Coben	75,021
Terry G. Dallas	33,923

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William E. Hantke	7,725	
Paul W. Hobby		
Anne C. Schaumburg	49,764	
Evan J. Silverstein	26,575	
Thomas H. Weidemeyer	34,876	
Walter R. Young		
Howard E. Cosgrove	126,279	
Edward R. Muller	29,251	378,344

I [Director Compensation](#)

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All DSUs held by the directors are payable upon termination of service as a Board member, other than the DSUs held by the following directors:

- (i) Mr. Dallas, who holds 32,202 DSUs and 1,721 associated DERs, of which 7,419 DSUs and 37 DERs are payable upon his termination of service as a Board member, 6,196 DSUs and 421 DERs are payable on January 15, 2021, 6,195 DSUs and 421 DERs are payable on January 15, 2022, 6,196 DSUs and 421 DERs are payable on January 15, 2023 and 6,196 DSUs and 421 DERs are payable on January 15, 2024;
- (ii) Mr. Hantke, who holds 7,354 DSUs and 371 associated DERs, of which 3,520 DSUs and 201 DERs are payable on June 1, 2017, 2,417 DSUs and 115 DERs are payable on June 1, 2018, and 1,417 DSUs and 55 DERs are payable on June 1, 2019;
- (iii) Messrs. Hobby and Young elected to convert their DSUs to shares of NRG common stock immediately on the date of grant; and
- (iv) Mr. Cosgrove held 123,927 DSUs and 2,352 associated DERs as of December 31, 2016, of which 62,942 DSUs and 79 DERs were paid upon his resignation from the Board on February 13, 2017, 29,379 DSUs and 978 DERs are payable in the year following his resignation from the Board, 23,485 DSUs and 1,186 DERs are payable in the second year following his resignation from the Board, 5,080 DSUs and 94 DERs are payable in the third year following his resignation from the Board, and 3,041 DSUs and 15 DERs are payable in the fourth year following his resignation from the Board.

Director Stock Ownership Guidelines

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

Director Compensation

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The Board of Directors is comprised of 13 members, each of whom will stand for election at the Annual Meeting. Each director will hold office until his or her successor has been elected and qualified or until the director's earlier death, resignation or removal. Each of the nominees for director named in this Proxy Statement have been recommended and nominated by the Governance and Nominating Committee.

On February 13, 2017, the Company entered into a letter agreement (Elliott Cooperation Agreement) with Elliott Associates, L.P., Elliott International, L.P. and Elliott International Capital Advisors Inc. (collectively, Elliott), and a letter agreement (Bluescape Cooperation Agreement) with Bluescape Energy Partners LLC and BEP Special Situations 2 LLC (together, Bluescape). Under the Elliott Cooperation Agreement and the Bluescape Cooperation Agreement (collectively, the Cooperation Agreements), the Company agreed that it would nominate Messrs. Smitherman and Wilder for election as directors of the Company at the Annual Meeting. In addition, Elliott and Bluescape agreed to vote all shares beneficially owned by them or their affiliates, which they are entitled to vote on the record date, in favor of the election of directors nominated by the Board and otherwise in accordance with the Board's recommendation. On February 13, 2017, in connection with the Cooperation Agreements, Mr. Cosgrove resigned as chairman of the Board and as a director and Mr. Muller resigned as vice chairman of the Board and as a director. The Board elected Mr. Coben as the new chairman of the Board. The Board elected Messrs. Smitherman and Wilder to the vacant seats created by the resignations of Messrs. Cosgrove and Muller.

The persons named as proxies on the proxy card intend to vote the proxies for the election of the nominees to the Board listed below. 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 director nominees 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.

I [Proposal No. 1 Election of Directors](#)

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Secretary Abraham has been a director of NRG since December 2012. Previously, he served as a director of GenOn Energy, Inc. from January 2012 to December 2012. He is Chairman and Chief Executive Officer of The Abraham Group, an international strategic consulting firm based in Washington, D.C. which he founded in 2005. Prior to that, Secretary Abraham served as Secretary of Energy under President George W. Bush from 2001 through January 2005 and was a U.S. Senator for the State of Michigan from 1995 to 2001. Secretary Abraham serves on the boards of the following public companies: Occidental Petroleum Corporation, PBF Energy and Two Harbors Investment Corp., as well as chairman of the board of Uranium Energy Corp. He also serves on the board of C3 Energy Resource Management, a private company. Secretary Abraham also serves as chairman of the advisory committee of Lynx Global Realty Asset Fund. Secretary Abraham previously served as the non-executive chairman of AREVA, Inc., the U.S. subsidiary of the French-owned nuclear company, and as a director of Deepwater Wind LLC, International Battery, Green Rock Energy, ICx Technologies, PetroTiger and Sindicatum Sustainable Resources. He also previously served on the advisory board or committees of Midas Medici (Utilipoint), Millennium Private Equity, Sunovia and Wetherly Capital. Secretary Abraham's nearly two decades at the highest levels of domestic and international policy and politics give him the experience necessary to provide a significant contribution to the Board. As a former U.S. Senator and former U.S. Secretary of Energy who directed key aspects of the country's energy strategy, Secretary Abraham provides the Board unique insight into public policy and energy-related issues.

AGE: 64
BOARD
COMMITTEES:

COMPENSATION

GOVERNANCE AND
NOMINATING

NUCLEAR
OVERSIGHT

NUCLEAR
OVERSIGHT
SUBCOMMITTEE

Pastor Caldwell has been a director of NRG since March 2009. He was a director of Reliant 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 was also a director of United Continental Holdings, Inc. (formerly Continental Airlines, Inc.) from 1999 to September 2011. Pastor Caldwell is also on the Board of Trustees of Baylor College of Medicine. As a result of his six years of service as a director of Reliant Energy, Inc., 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, Inc., as well as additional viewpoints from the perspective of a large publicly traded company stemming from his prior position on the board of United Continental Holdings. 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.

AGE: 63
BOARD
COMMITTEES:

COMPENSATION

GOVERNANCE AND
NOMINATING

NUCLEAR
OVERSIGHT

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Dr. Coben has served as Chairman of the Board since 2017, and has been a director of NRG since December 2003. He is currently Chairman and Chief Executive Officer of Tremisis Energy Corporation LLC. Dr. Coben was Chairman and Chief Executive Officer of Tremisis Energy Acquisition Corporation II, a publicly held company, from July 2007 through March 2009 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, Dr. Coben was an independent consultant. From 1994 to 1996, Dr. Coben was Chief Executive Officer of Bolivian Power Company. Dr. Coben serves on the board of Freshpet, Inc. and served on the advisory board of Morgan Stanley Infrastructure II, L.P. from September 2014 through December 2016. Dr. Coben is also Executive Director of the Sustainable Preservation Initiative and a Consulting Scholar at the University of Pennsylvania Museum of Archaeology and Anthropology. Dr. Coben's experience as a chief executive officer and investor in the energy industry brings a valuable cross section of skills to the Board. Dr. Coben brings to the Board significant managerial, strategic, and financial expertise, particularly as it relates to Company financings, transactions and development initiatives.

AGE: 58
CHAIRMAN OF THE
BOARD
BOARD
COMMITTEES:

NUCLEAR
OVERSIGHT
(CHAIR)

Mr. Dallas has been a director of NRG since December 2012. Previously, he served as a director of GenOn Energy, Inc. from December 2010 to December 2012. Mr. Dallas served as a director of Mirant Corporation from 2006 until December 2010. Mr. Dallas was also the former Executive Vice President and Chief Financial Officer of Unocal Corporation, an oil and gas exploration and production company prior to its merger with Chevron Corporation, from 2000 to 2005. Prior to that, Mr. Dallas held various executive finance positions in his 21-year career with Atlantic Richfield Corporation, an oil and gas company with major operations in the United States, Latin America, Asia, Europe and the Middle East. Mr. Dallas is an audit committee financial expert. Mr. Dallas' experience as Chief Financial Officer of a petroleum company provides the Board a perspective of someone with direct responsibility for financial and accounting issues as well as an understanding of issues involving fossil fuels and a cyclical commodity-based industry with long-lived capital intensive investments. In addition, Mr. Dallas' service on the boards of GenOn Energy, Inc. and Mirant Corporation enable him to contribute additional perspectives from the energy industry.

AGE: 66

BOARD

COMMITTEES:

AUDIT

FINANCE AND RISK
MANAGEMENT

NUCLEAR
OVERSIGHT

NUCLEAR
OVERSIGHT
SUBCOMMITTEE

| Proposal No. 1 Election of Directors

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Mr. Gutierrez has served as President and Chief Executive Officer of NRG since December 2015 and as a director of NRG since January 2016. Prior to December 2015, Mr. Gutierrez was the Executive Vice President and Chief Operating Officer of NRG from July 2010 to December 2015. Mr. Gutierrez also served as the Interim President and Chief Executive Officer of NRG Yield, Inc. from December 2015 to May 2016 and Executive Vice President and Chief Operating Officer of NRG Yield, Inc. from December 2012 to December 2015. Mr. Gutierrez has also served on the board of NRG Yield, Inc. since its formation in December 2012. Mr. Gutierrez has been with NRG since August 2004 and served in multiple executive positions within NRG including Executive Vice President Commercial Operations from January 2009 to July 2010 and Senior Vice President Commercial Operations from March 2008 to January 2009. Prior to joining NRG in August 2004, Mr. Gutierrez held various commercial positions within Dynegy, Inc. Mr. Gutierrez's knowledge of the Company's assets, operations and businesses bring important experience and skills to our Board. As Chief Executive Officer of the Company, Mr. Gutierrez also provides our Board with management's perspective regarding the Company's day-to-day operations and overall strategic plan. His extensive energy industry and leadership experience enables Mr. Gutierrez to provide essential guidance to our Board.

AGE: 46
BOARD
COMMITTEES:

BUSINESS REVIEW

NUCLEAR
OVERSIGHT

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 has served on the board of PBF Energy Inc. since February 2016. 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

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management positions in the independent refining industry, considered by many to be a similar industry to the Independent Power Production (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.

AGE: 69
BOARD
COMMITTEES:

AUDIT (CHAIR)

COMPENSATION

NUCLEAR
OVERSIGHT

Proposal No. 1 Election of Directors

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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 founded in 1999. Mr. Hobby routinely provides management and governance services to Genesis Park portfolio companies, and is currently serving as Chairman of Texas Monthly. He previously served as the Chief Executive Officer of Alpheus Communications, Inc., a Texas wholesale telecommunications provider from 2004 to 2011, and as Former Chairman of CapRock Services Corp., the largest provider of satellite services to the global energy business from 2002 to 2006. 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. Mr. Hobby is former Chairman of the Houston Branch of the Federal Reserve Bank of Dallas and the Greater Houston Partnership and is former Chairman of the Texas Ethics Commission. 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 and an Associate at Fulbright & Jaworski from 1986 to 1989. 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.

AGE: 56
BOARD
COMMITTEES:

NUCLEAR
OVERSIGHT
SUBCOMMITTEE
(CHAIR)

BUSINESS REVIEW

FINANCE AND RISK
MANAGEMENT

NUCLEAR
OVERSIGHT

Ms. Schaumburg has been a director of NRG since April 2005. From 1984 until her retirement in January 2002, she was Managing Director of Credit Suisse First Boston and a Senior Banker in the Global Energy Group. 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.

AGE: 67
BOARD
COMMITTEES:

FINANCE AND RISK
MANAGEMENT

BUSINESS REVIEW

NUCLEAR
OVERSIGHT

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Mr. Silverstein has been a director of NRG since December 2012. Previously, he served as a director of GenOn Energy, Inc. from August 2006 to December 2012. He served as General Partner and Portfolio Manager of SILCAP LLC, a market-neutral hedge fund that principally invests in utilities and energy companies, from January 1993 until his retirement in December 2005. Previously, he served as portfolio manager specializing in utilities and energy companies and as senior equity utility analyst. Mr. Silverstein has given numerous speeches and has testified before Congress on a variety of energy-related issues. These experiences, Mr. Silverstein's extensive industry knowledge and his success as the head of a major investment fund in the utility and merchant power sector bring an important perspective to our Board. In addition, Mr. Silverstein's service as a director of GenOn Energy, Inc. enables him to provide the Board significant integration, managerial, strategic, and financial oversight.

AGE: 62
BOARD
COMMITTEES:

FINANCE AND RISK
MANAGEMENT
(CHAIR)

GOVERNANCE AND
NOMINATING

NUCLEAR
OVERSIGHT

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Mr. Smitherman has been a director of NRG since February 2017. Mr. Smitherman is currently an energy industry consultant and senior advisor, as well as an adjunct professor of Energy Law at The University of Texas School of Law. From April 2015 to January 2017, Mr. Smitherman was a partner with the law firm Vinson & Elkins LLP. Mr. Smitherman served on the Railroad Commission of Texas from July 2011 through January 2015 where he acted as chairman from February 2012 to August 2014. From April 2004 through July 2011, Mr. Smitherman served on the Public Utility Commission of Texas where he acted as chairman from November 2007 through July 2011. Mr. Smitherman's extensive private and public sector energy industry experience brings a valuable cross section of skills to the Board. As a former chairman of both the Railroad Commission of Texas and the Public Utility Commission of Texas, Mr. Smitherman provides the Board unique insight into public policy and energy-related issues.

AGE: 59
BOARD
COMMITTEES:

AUDIT

BUSINESS REVIEW

NUCLEAR
OVERSIGHT

NUCLEAR
OVERSIGHT
SUBCOMMITTEE

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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.

AGE: 69
BOARD
COMMITTEES:

GOVERNANCE AND
NOMINATING
(CHAIR)

AUDIT

NUCLEAR
OVERSIGHT

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Mr. Wilder has been a director of NRG since February 2017. Mr. Wilder has served as the Executive Chairman and a member of Investment Committees of three investment vehicles: (i) Bluescape Resources Company; (ii) Parallel Resource Partners; and (iii) Bluescape Energy Partners since 2007. Since September 2015, Mr. Wilder has served as Executive Chairman and director of Exco Resources, Inc. Mr. Wilder is on the advisory boards of the McCombs School of Business at the University of Texas at Austin and the A.B. Freeman School of Business at Tulane University. Mr. Wilder is a Trustee of Texas Health Resources and is a past member of the National Petroleum Council, a Secretary of Energy Appointment. Mr. Wilder's extensive energy industry experience along with his prior leadership positions make him a valuable member of our Board.

AGE: 58
BOARD
COMMITTEES:

BUSINESS REVIEW
(CHAIR)

FINANCE AND RISK
MANAGEMENT

NUCLEAR
OVERSIGHT

| Proposal No. 1 Election of Directors

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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 is an audit committee financial expert. 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 investments. Mr. Young's skills in corporate finance and accounting matters enable him to be a valuable asset to the Board.

AGE: 72
BOARD
COMMITTEES:

COMPENSATION
(CHAIR)

AUDIT

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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. The Board has adopted, subject to stockholder approval, the Amended and Restated Long-Term Incentive Plan (LTIP) which (i) increases the number of shares available for issuance under the LTIP, (ii) extends the term of the LTIP until February 22, 2027, (iii) adds plan features to provide additional stockholder protections, and (iv) updates and makes other technical or clarifying changes that are contained in the summary of the terms below and the complete text of the LTIP, as amended, attached to this Proxy Statement as *Appendix A*.

Currently, 22,000,000 shares of common stock of the Company are reserved for issuance under the LTIP, which reflects the two-for-one stock split which was approved by the Board in April 2007. Of the 22,000,000 shares reserved, 5,647,535 shares of common stock remain available for future issuance under the LTIP as of January 20, 2017. 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 LTIP to increase the total number of shares available under the LTIP from 22,000,000 shares to 25,000,000 shares.

As of January 20, 2017, 713,790 options with a weighted average exercise price of \$21.39 and a weighted average remaining term of 3.33 years were outstanding under the LTIP. As of January 20, 2017, unvested restricted, market and relative performance stock units and stock options covering 6,698,183 shares of our common stock were outstanding and 5,647,535 shares were available for future grant under the LTIP. As of January 20, 2017 there were 387,690 shares available for future grant under the GenOn Energy, Inc. 2010 Omnibus Incentive Plan (GenOn LTIP), and upon approval of this proposal there will be no further awards granted from this plan. There are no other plans other than the LTIP and GenOn LTIP under which the Company is granting awards.

Other Changes Proposed to be made to the LTIP

In addition to increasing available shares, the LTIP was also amended, subject to stockholder approval, as follows:

to extend the term of the LTIP until February 22, 2027;

to prohibit the repricing of any outstanding award without stockholder approval;

in the event of a Change in Control, as defined in the LTIP, to provide for accelerated vesting of outstanding awards only if a participant's employment is also terminated for reasons other than cause, death or disability within the time period that is six months immediately prior to, or twenty four months immediately following, a Change in Control;

to expressly prohibit the payment of dividends with respect to any award granted under the LTIP that is not fully vested or for which the restrictions on such award have not fully lapsed;

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to limit the aggregate value of awards that may be granted to any non-employee director in any one calendar year;

to include per participant award limits for all types of stock-based awards, other than performance awards;

to remove the limitation on performance awards that may be granted to a participant under the LTIP in any one calendar year;

to prohibit share recycling of shares withheld in payment of taxes due upon the exercise of an award in excess of the applicable statutory minimum withholding tax;

to update language regarding tax withholding with respect to awards granted under the LTIP; and

to provide for the deferral of payments to non-employee directors under the LTIP in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the Code).

Purpose of Amendment

The Company desires to be able to provide equity awards to directors, officers, employees and consultants and believes it is prudent to maintain a sufficient number of available shares to allow it to make equity awards to LTIP participants. Therefore, the Company is seeking approval to add an additional 3,000,000 shares to the LTIP. The Company believes that such additional shares will be sufficient to provide awards for at least two years.

The other proposed changes incorporate features that provide additional stockholder protections with respect to the LTIP. Generally, the features added to the LTIP incorporate policies and practices that the Company has historically observed, but that were not explicitly stated in the LTIP. The amended LTIP memorializes such policies to ensure that the Company continues to act in accordance with past practice.

I Proposal No. 2 Adoption of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan

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Description of the Plan

The following is a summary of the material features of the LTIP, which is qualified in its entirety by reference to the complete text of the LTIP, 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 LTIP. As of March 13, 2017, there were approximately 8,660 directors, officers, employees, and consultants eligible to be selected for participation in the LTIP.

Types of Awards

The LTIP provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and deferred stock units (Awards). The material features of these types of Awards are described below. Subject to the terms of the LTIP, 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 LTIP 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 options. Subject to the terms of the LTIP, 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 LTIP, 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 LTIP, 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 (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.

Under the LTIP, 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 (SARs). Under a 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

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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 (RSUs). Each RSU represents the right of a participant to be paid one share of common stock of the Company subject to the vesting

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provisions, restrictions and other terms and conditions of the Award. Prior to the vesting of RSUs 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 RSUs 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 LTIP 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. As amended, there is no limit on either the size or composition of a performance award that a participant may receive under the LTIP. 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 in Control, the Committee shall determine the level at which performance awards shall become vested.

Deferred Stock Units (DSUs). Each DSU 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 DSU. 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 DSU.

LTIP participants who are non-employee directors may elect to defer payment of a portion of the annual fee paid to such director under the Company's director compensation policy, subject to restrictions and limitations established by the Compensation Committee from time to

time. Such deferred amounts are converted to deferred stock units and subject to the terms of the LTIP.

Dividend Equivalent Rights (DERs). The LTIP provides that an Award may include a DER entitling the grantee to receive amounts equal to all or any portion of the dividends that would be paid on the shares of common stock covered by such Award as if the common stock had been delivered pursuant to such Award. In the event such a provision is included in an award agreement, the Compensation Committee will determine whether the payments will be made in cash, in shares of common stock or in another form, whether they will be conditioned upon the exercise of the Award, the time or times at which they are made, and such other terms and conditions as the Compensation Committee deems appropriate. DERs granted on account of performance awards may only be paid if the underlying performance conditions of the Award are satisfied.

Stock Subject to the LTIP

If this proposal is approved by the stockholders, an additional 3,000,000 shares of common stock, par value \$0.01 per share, will be reserved for issuance under the LTIP so that the total shares reserved for issuance under the LTIP since its initial adoption will be 25,000,000. 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 LTIP. 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 LTIP 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 LTIP.

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 LTIP, 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 LTIP was amended to incorporate limitations on the number of shares of common stock granted pursuant to stock-based awards, other than performance awards, that any one participant may receive in any one calendar year. The LTIP was further amended to institute an overall limit of \$750,000 on the value of Awards granted to any one director in any one calendar year. The aggregate number of

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shares of common stock granted as stock options pursuant to a stock-based award under the LTIP, other than a performance award, 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. There is no limit on either the size or composition of a performance award that a participant may receive under the LTIP. 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 common stock based on the closing price on the NYSE on March 13, 2017, was \$17.33.

Administration

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

The Committee may establish such rules and regulations and take such actions as it deems necessary or advisable for the proper administration of the LTIP. All decisions and interpretations by the Compensation Committee regarding the LTIP 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 LTIP, 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 LTIP if his or her service on the Board terminates after five years of service. Other participants in the LTIP 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 LTIP will be immediately forfeited regardless of whether or not they are vested and/or exercisable. For purposes of the LTIP, 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.

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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.

Change in Control

All outstanding Awards will become fully vested and exercisable until the Awards otherwise expire if (i) the Company undergoes a change in control and (ii) a participant is terminated pursuant to a qualifying termination. For purposes of the LTIP, 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

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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 ($\frac{2}{3}$) 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 (Business Combination) or (4) the stockholders approve a plan or proposal to liquidate or dissolve the Company. For purposes of the LTIP, a qualifying termination is an involuntary termination of a participant's employment within the 6 months prior to, or 24 months following, a change in control, but excluding terminations for cause, death or disability.

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 LTIP 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. As amended, the LTIP prohibits the Company from paying any dividends with respect to any Award before such Award is fully vested or the restrictions on such Award have lapsed. Further, 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 LTIP 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 LTIP based upon the affected report will be required to repay such Award at the discretion of the Board.

Duration and Amendment of the LTIP

As amended, no Awards will be granted pursuant to the LTIP after February 22, 2027. The Board or the Compensation Committee may amend or terminate the LTIP 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 LTIP.

The Compensation Committee may amend the terms of any outstanding Award under the LTIP, 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 LTIP, 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, cancel an option or SAR in exchange for a replacement option or another Award with a lower exercise price, or reprice any outstanding Award, in each case without approval of the stockholders of the Company.

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During the fiscal year ending December 31, 2016, the following Awards were granted under the LTIP:

Named Executive Officers

Mauricio Gutierrez President and Chief Executive Officer	136,845	217,625
Kirkland Andrews Executive Vice President and Chief Financial Officer	29,444	46,824
John Chillemi Executive Vice President, National Business Development		
David R. Hill Executive Vice President and General Counsel	22,897	36,414
Elizabeth Killinger Executive Vice President and President, NRG Retail	26,532	42,194

Director Nominees

Lawrence S. Coben	7,419	
E. Spencer Abraham	7,419	
Kirbyjon H. Caldwell	7,419	
Terry G. Dallas	7,419	
William E. Hantke	8,457	
Paul W. Hobby	8,012	
Anne C. Schaumburg	7,419	
Evan J. Silverstein	8,012	
Barry T. Smitherman		
Thomas H. Weidemeyer	8,012	
C. John Wilder		
Walter R. Young	8,012	
All current executive officers as a group	228,240	362,971

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All current directors that are not executive
officers as a group

77,600

Each other person who received or is to receive
5% or more of such Awards

All other employees as a group

839,461

378,133

- 1 Amounts represent the number of MSUs granted. Each MSU represents the right to receive a target amount of shares of common stock on the third anniversary of the grant date based on TSR performance during such three-year period (the Performance Period). The number of shares of common stock to be paid for each MSU will be equal to: (i) 0% of the target MSUs, if there is a reduction of greater than 25% in TSR during the Performance Period; (ii) 75% of the target MSUs, if there is a 25% reduction in TSR during the Performance Period; (iii) between 75% of the target MSUs and the target MSUs based on an interpolated calculation, if there is a reduction in TSR that is less than 25%; (iv) the target MSUs, if there is no change in TSR during the Performance Period; (v) between the target MSUs and two times the target MSUs based on an interpolated calculation, if TSR increases less than 100% during the Performance Period, and (vi) two times the target MSUs, if TSR increases 100% during the Performance Period.

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

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Federal Income Tax Consequences of Awards

The following discussion of the LTIP'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 LTIP 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.

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 LTIP provides for accelerated vesting or payment of an Award if (i) the Company undergoes a change in control and (ii) a participant is terminated pursuant to a qualifying termination. 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.

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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."

Performance awards may be granted to LTIP participants at any time, and from time to time, as determined by the

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Compensation Committee. The Compensation Committee shall determine the size and composition of performance awards granted to a participant and the appropriate period over which performance is to be measured.

The value of each performance award may be fixed or it may be permitted to fluctuate based on a performance factor (e.g., return on equity) selected by the Compensation Committee; provided, that payment of any performance award that is intended to qualify as "qualified performance-based compensation" within the meaning of Treasury Regulation §1.162-27(e) shall be based solely on the satisfaction of pre-established, objective goals determined with reference to one or more performance factors. 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 LTIP: 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 stockholder 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 (IRS), certain Awards that may be issued under the LTIP may constitute the "deferral of compensation" subject to the requirements of Section 409A. The LTIP is intended to comply with Section 409A. However, the Company is not responsible for the consequences of any violations of Section 409A.

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Securities Authorized for Issuance under Equity Compensation Plans

Equity compensation plans approved by security holders	5,065,060 ¹ \$	21.39	8,154,877
Equity compensation plans not approved by security holders	1,216,253 ²	24.64	960,904
Total	6,281,313 \$	22.83	9,115,781 ³

- 1 Consists of shares issuable under the LTIP that is the subject of this Proposal, and the ESPP that is the subject of Proposal No. 3. The LTIP became effective upon the Company's emergence from bankruptcy. On July 28, 2010, the LTIP was amended to increase the number of shares available for issuance to 22,000,000. The ESPP was approved by the Company's stockholders on May 8, 2014. As of December 31, 2016, there were 667,819 shares reserved from the Company's treasury shares for the ESPP.
- 2 Consists of shares issuable under the NRG GenOn LTIP. On December 14, 2012, in connection with the merger with GenOn, NRG assumed the GenOn Energy, Inc. 2010 Omnibus Incentive Plan and changed the name to the NRG 2010 Stock Plan for GenOn Employees, or the NRG GenOn LTIP. While the GenOn Energy, Inc. 2010 Omnibus Incentive Plan was previously approved by stockholders of RRI Energy, Inc. before it became GenOn, the plan is listed as "not approved" because the NRG GenOn LTIP was not subject to separate line item approval by NRG's stockholders when the merger with GenOn (which included the assumption of this plan) was approved. NRG intends to make subsequent grants under the NRG GenOn LTIP. As part of the merger with GenOn, NRG also assumed the GenOn Energy, Inc. 2002 Long-Term Incentive Plan, the GenOn Energy, Inc. 2002 Stock Plan, and the Mirant Corporation 2005 Omnibus Incentive Compensation Plan. NRG has no intention of making any grants or awards of its own equity securities under these plans. As of December 31, 2016, the number of securities to be issued upon the exercise of outstanding awards under these plans is 240,596 at a weighted-average exercise price of \$36.72.
- 3 Consists of 7,487,058 shares of common stock under the LTIP, 960,904 shares of common stock under the NRG GenOn LTIP, and 667,819 shares of treasury stock reserved for issuance under the ESPP. In the first quarter of 2017, 282,530 shares were issued to employees' accounts from the treasury stock reserve for the ESPP.

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The NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan, initially established effective July 1, 2008, is designed to attract and retain talented employees necessary for the Company's continued growth and success. When the plan was first effective, the Board authorized, and stockholders approved, an aggregate of 500,000 shares of our common stock for issuance under such plan; an additional 1,000,000 shares were added to the plan with Board and stockholder approval in 2012. Effective July 1, 2014, following Board authorization and stockholder approval, the plan was amended and restated to increase the number of shares authorized for issuance under the plan by 800,000, to replenish shares purchased to date and to provide approximately 1,700,000 shares available for future purchases under the plan as of July 1, 2014. The amended and restated plan also modified the definition of "option price," expanded the definition of "compensation," extended the term of the plan to December 31, 2026 and made other technical changes regarding the administration of the plan. The Board has now approved the NRG Energy, Inc. Amended and Restated Employee Stock Purchase Plan (ESPP) with the following principal changes: (i) an increase in the number of shares authorized under the ESPP by 3,000,000, to replenish shares purchased to date and to provide approximately 3,385,300 shares available for future purchases under the ESPP; (ii) extend the term of the ESPP to December 31, 2026; and (iii) other technical changes regarding the administration of the ESPP.

If this proposal to adopt the ESPP is approved by stockholders at the Annual Meeting, the ESPP, as amended and restated, will be effective on April 28, 2017.

The ESPP provides our eligible employees and those of our designated subsidiaries with the opportunity to purchase shares of common stock through payroll deductions at an 85% discount to market price. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The Board believes that the ESPP is a key benefit to employees and an important part of our total rewards program. It provides a convenient way for our employees to purchase shares of our common stock at a discounted price, which gives employees a vested interest in our success and aligns their interests with that of our stockholders. The closing price of NRG's common stock on March 13, 2017, was \$17.33.

The Board approved the Amended and Restated ESPP on February 23, 2017, and directed that the ESPP be submitted for stockholder adoption at the Annual Meeting.

Description of the ESPP

The following provides a summary of the principal features of the ESPP. The ESPP is set forth in its entirety as *Appendix B* to this Proxy Statement. The following summary is qualified in its entirety by reference to *Appendix B*.

Purpose

The purpose of the ESPP is to increase employee alignment with stockholders by facilitating and encouraging share ownership by our eligible employees and those of our subsidiaries, and providing a mechanism to assist officers and other key employees to meet any applicable stock ownership guidelines.

Eligibility

Each employee of the Company or any designated subsidiary who, as of an "offering date," has or will have at least 60 days of continuous service prior to the start of the next option period under the ESPP may become a participant in the ESPP (Participant). Participation is documented through executing and delivering a Participation Election notice to the Company prior to such offering date. Approximately 8,325

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employees will be eligible for the ESPP as of March 7, 2017. No employee may participate in the ESPP if such employee, immediately after an offering date, would be deemed for purposes of Section 423(b)(3) of the Code to possess 5% or more of the total combined voting power or value of all classes of stock of the Company, its parent (if applicable) or any subsidiary.

Offering Periods

There are two offering periods each year. An offering date occurs each January 1 and July 1, and commences an offering period. An option period is the six month period beginning on each offering date. The last day of an offering period (June 30 and December 31) is an exercise date on which shares of common stock are purchased for the completed offering period.