

NRG ENERGY, INC.
Form DEFC14A
June 17, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

NRG ENERGY, INC.

(Name of Registrant as Specified in Its Charter)

EXELON CORPORATION

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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(3) Filing Party:

(4) Date Filed:

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2009 ANNUAL MEETING OF STOCKHOLDERS

OF

NRG ENERGY, INC.

PROXY STATEMENT

OF

EXELON CORPORATION

This proxy statement is furnished by Exelon Corporation, a Pennsylvania corporation (Exelon, we, us or our), in connection with Exelon's solicitation of **BLUE** proxies to be used at the 2009 annual meeting of the stockholders of NRG Energy, Inc., a Delaware corporation (NRG), and at any adjournments, postponements or reschedulings thereof (the 2009 Annual Meeting). Exelon is soliciting proxies from holders of common stock, par value \$0.01 per share, of NRG and holders of 4.0% Convertible Perpetual Preferred Stock, par value \$0.01 per share, of NRG (NRG 4% Preferred Stock) to take the following actions (all of which are collectively referred to as the Exelon Proposals):

to elect each of the following 4 independent candidates: Betsy S. Atkins, Ralph E. Faison, Coleman Peterson and Thomas C. Wajnert (collectively, the Class III Nominees) to replace the 4 incumbent Class III directors of NRG whose terms expire at the 2009 Annual Meeting (or if any of the Class III Nominees is unwilling or unable to serve for any reason, one or more of the following persons nominated by Exelon in substitution for such Class III Nominee(s) (each, an Alternate Nominee): Gail F. Lieberman, Joseph W. Chip Marshall, III and L. White Matthews, III) (the Election of Class III Directors Proposal);

to vote for Exelon's proposal to expand the size of the NRG Board of Directors (the NRG Board) by amending Article III, Section 2 of the Amended and Restated Bylaws of NRG (the NRG Bylaws) to provide for an NRG Board of 19 directors divided into three approximately equal classes (the Board Expansion Proposal);

if the Board Expansion Proposal is approved, to elect each of the following independent candidates: John M. Albertine, Marjorie L. Bowen, Donald DeFosset, Jr., Richard H. Koppes and Ralph G. Wellington (collectively, the Additional Nominees) to fill all 5 of the newly created directorships of the NRG Board (or if any of the Additional Nominees is unwilling or unable to serve for any reason, one or more of the Alternate Nominee(s) as nominated by Exelon in substitution for such Additional Nominee(s)) (the Election of Additional Directors Proposal); and

to vote for Exelon's proposal to repeal any amendments to the NRG Bylaws adopted by the NRG Board without the approval of the NRG stockholders after February 26, 2008 (which is the date of the last amendment to the NRG Bylaws publicly disclosed by NRG) and prior to the effectiveness of the resolution effecting such repeal (the Restoration of the Bylaws Proposal).

If the Board Expansion Proposal is approved and each of the Class III Nominees and Additional Nominees (collectively, the Nominees) is elected, the Nominees would hold 9 of the 19 seats on the NRG Board. Election of the Additional Nominees is contingent upon the approval of the Board Expansion Proposal.

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This proxy statement and the enclosed **BLUE** proxy card are first being sent or given to NRG stockholders on or about June 18, 2009.

THIS SOLICITATION IS BEING MADE BY EXELON AND NOT ON BEHALF OF THE NRG BOARD.

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In addition to soliciting proxies for the Exelon Proposals, Exelon is also soliciting proxies to take the following actions with respect to the other proposals that NRG has announced will be voted on at the 2009 Annual Meeting (all of which are collectively referred to as the Other Proposals):

to vote for NRG's proposal to adopt the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan;

to vote for NRG's proposal to adopt the NRG Energy, Inc. Amended and Restated Annual Incentive Plan for Designated Corporate Officers;

to vote for NRG's proposal to adopt an amendment to Article Six of the Amended and Restated Certificate of Incorporation of NRG;

to vote for NRG's proposal to ratify the appointment of KPMG LLP as NRG's independent registered public accounting firm; and

to vote upon a stockholder proposal to prepare a report on the Carbon Principles Report Proposal.

Except as set forth above, Exelon does not know of any other business that will be presented at the 2009 Annual Meeting. If, however, other matters are properly presented and you have signed, dated and returned the enclosed **BLUE** proxy card or voted by telephone or Internet, the proxies will vote the shares represented thereby in their discretion.

NRG has announced that the 2009 Annual Meeting will be held on July 21, 2009 at 10:00 a.m., Eastern Time, at the Hyatt Regency Princeton, 102 Carnegie Center, Princeton, New Jersey, and that the record date for determining holders of record of NRG common stock and NRG 4% Preferred Stock who are entitled to vote at the 2009 Annual Meeting is June 15, 2009 (the Record Date).

We believe the Nominees are independent under the general standards of the New York Stock Exchange (the NYSE) for director independence. In addition, we believe the Nominees are independent under the heightened independence standards applicable to audit committee members under the rules of the NYSE and the Securities and Exchange Commission (the SEC). None of the Nominees is affiliated with Exelon or any subsidiary of Exelon. The only commitment given to Exelon by the Nominees, and the only commitment Exelon has sought from the Nominees, is that the Nominees, if elected, will act in the best interests of NRG and its stockholders and exercise their independent judgment and act in good faith, and, in accordance with their fiduciary duties, duly consider all matters that come before the NRG Board.

Exelon Xchange Corporation, a Delaware corporation and a direct wholly-owned subsidiary of Exelon (Exelon Xchange), has commenced an offer (the Offer) to exchange each of the issued and outstanding shares of NRG common stock for 0.485 of a share of common stock of Exelon, without par value, plus cash in lieu of any fractional shares. Exelon intends, promptly following completion of the Offer, to seek to have NRG consummate a second-step merger of Exelon Xchange or another wholly-owned subsidiary of Exelon with and into NRG (the Second-Step Merger), pursuant to which each then outstanding share of NRG common stock (other than shares of NRG common stock held by Exelon, Exelon Xchange or NRG or any of their respective subsidiaries or by the NRG stockholders who perfect appraisal rights under Delaware law, to the extent available) will be converted into the same fraction of a share of Exelon common stock as exchanged in the Offer, plus cash in lieu of any fractional shares of Exelon common stock. Subject to the requirements of applicable law, in the Second-Step Merger, Exelon may provide for the conversion of one or more series of NRG preferred stock into preferred or common stock of Exelon. The Offer will expire at 5:00 p.m., New York City time, on August 21, 2009, unless extended. The purpose of the Offer and the Second-Step Merger is for Exelon to acquire control of NRG, and ultimately all of the outstanding common stock of NRG. The Offer, as the first step in the acquisition of NRG, is intended to facilitate the acquisition of all outstanding shares of NRG common stock. For a more complete description of the terms of the Offer, including conditions of the Offer and certain federal income tax consequences of the Offer and the Second-Step Merger, please read the prospectus/offer to exchange, dated

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November 12, 2008, as amended (the Prospectus). Exelon intends to continue to seek to negotiate with NRG with respect to the combination of NRG and Exelon. If such negotiations result in a definitive merger agreement between Exelon and NRG, the consideration to be received by holders of NRG common stock could include or consist of Exelon common stock, other securities, cash or any combination thereof. In addition, the structure of a combination between Exelon and NRG under any such definitive merger agreement may be different from the Offer and the Second-Step Merger.

We believe election of the Nominees and approval of the other Exelon Proposals will establish an NRG Board that is more likely to act in your best interests and will send a strong message to the NRG Board to constructively engage with Exelon regarding the Offer or another business combination with Exelon and, should the newly elected directors and other members of the NRG Board deem it appropriate in the exercise of their fiduciary duties, approve and recommend to the NRG stockholders the Offer and/or another business combination with Exelon, and take any other appropriate actions necessary to facilitate its consummation. However, the Nominees are independent and, accordingly, they may in the exercise of their independent fiduciary judgment determine not to approve a business combination with Exelon.

According to NRG's public filings, there were 265,226,865 shares of NRG common stock and 419,790 shares of NRG 4% Preferred Stock outstanding as of the close of business on the Record Date. The holders of record of the NRG common stock or NRG 4% Preferred Stock as of the close of business on the Record Date are entitled to one vote per share.

The Class III directors will be elected by a plurality of the votes cast. Approval of the Board Expansion Proposal requires (1) the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together, and (2) the affirmative **FOR** vote of a majority of the shares of NRG common stock outstanding as of the Record Date. If the Board Expansion Proposal is approved, the nominees for each class on the NRG Board who receive the most votes with respect to such class will be elected to fill the vacant seats in that class resulting from the approval of the Board Expansion Proposal. Approval of the Restoration of the Bylaws Proposal requires the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together. See Other Proposals for a description of the required vote with respect to the other matters to be voted upon at the 2009 Annual Meeting.

Please follow the instructions on the enclosed **BLUE** proxy card to vote today **FOR** the election of the Class III Nominees, **FOR** the Board Expansion Proposal, **FOR** the election of the Additional Nominees and **FOR** the Restoration of the Bylaws Proposal. See Other Proposals for a description of Exelon's recommendation with respect to each of the Other Proposals.

If your shares of NRG common stock or NRG 4% Preferred Stock are held in street name with a bank, brokerage firm or other holder of record as of the close of business on the Record Date, only that holder of record can vote those shares and such holder of record may only do so upon receipt of your instructions to vote your shares. Accordingly, it is critical that you promptly give instructions to your bank, broker or other holder of record to vote for the election of the Nominees and the other Exelon Proposals. Please do so for each account you maintain. Exelon urges you to confirm in writing your instructions to the person responsible for your account as soon as possible and provide a copy of those instructions to Exelon c/o Innisfree M&A Incorporated (Innisfree) at 501 Madison Avenue, 20th Floor, New York, New York 10022 so that Exelon will be aware of all instructions given and can attempt to ensure that those instructions are followed.

This proxy statement is dated June 17, 2009. You should not assume that the information contained in this proxy statement is accurate as of any date other than such date, and the mailing of this proxy statement to the NRG stockholders shall not create any implication to the contrary. You are advised to read this proxy statement and other relevant documents when they become available because they will contain important information.

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If you have any questions about voting or if you require assistance, please contact:

501 MADISON AVENUE, 20TH FLOOR

NEW YORK, NEW YORK 10022

STOCKHOLDERS, PLEASE CALL TOLL-FREE: 877-750-9501

BANKS AND BROKERAGE FIRMS MAY CALL COLLECT: 212-750-5833

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IMPORTANT

ELECTION OF THE NOMINEES AND APPROVAL OF THE OTHER EXELON PROPOSALS MAY BE AN IMPORTANT STEP IN ALLOWING YOU THE OPPORTUNITY TO RECEIVE THE EXELON COMMON STOCK TO BE RECEIVED BY THE NRG STOCKHOLDERS PURSUANT TO THE OFFER AND THE SECOND-STEP MERGER OR FACILITATING NEGOTIATIONS BETWEEN EXELON AND NRG WITH RESPECT TO A BUSINESS COMBINATION TRANSACTION.

HOWEVER, YOU MUST TENDER YOUR SHARES OF NRG COMMON STOCK PURSUANT TO THE OFFER (AND NOT THIS PROXY STATEMENT) AND ALL THE CONDITIONS TO THE OFFER MUST BE SATISFIED OR WAIVED BEFORE YOU CAN RECEIVE SHARES OF EXELON COMMON STOCK IN THE OFFER. YOUR VOTE FOR THE ELECTION OF THE NOMINEES AS DIRECTORS AND FOR APPROVAL OF THE OTHER EXELON PROPOSALS DOES NOT OBLIGATE YOU TO TENDER YOUR SHARES OF NRG COMMON STOCK PURSUANT TO THE OFFER AND DOES NOT AFFECT YOUR RIGHT TO WITHDRAW YOUR SHARES IF THEY HAVE BEEN TENDERED.

THIS PROXY STATEMENT IS NEITHER A REQUEST FOR THE TENDER OF NRG COMMON STOCK NOR AN OFFER WITH RESPECT THERETO. THE OFFER IS MADE ONLY BY MEANS OF THE PROSPECTUS AND THE RELATED LETTER OF TRANSMITTAL.

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REASONS TO VOTE FOR THE EXELON PROPOSALS

Exelon urges all holders of NRG voting stock to vote **FOR** the election of the Class III Nominees, **FOR** the Board Expansion Proposal, **FOR** the election of the Additional Nominees and **FOR** the Restoration of the Bylaws Proposal.

A vote FOR the election of the Nominees and the other Exelon Proposals lets the NRG Board and management know that you want directors who will represent the best interests of the NRG stockholders and will constructively engage with Exelon regarding a value enhancing transaction.

We believe that the NRG stockholders deserve directors who will act in the best interests of NRG and its stockholders and that the independent Nominees, if elected to the NRG Board, will act in the best interests of NRG and its stockholders.

A vote FOR the election of the Nominees and the other Exelon Proposals lets the NRG Board and management know that you want the opportunity to consider and accept the Offer or have NRG consider a negotiated business combination.

By voting for the Nominees, we believe the NRG stockholders can demonstrate to the NRG Board and management their support for an independent NRG Board focused on creating stockholder value and for the NRG Board to stop engaging in obstructionist tactics and to constructively engage with Exelon regarding the Offer or another business combination with Exelon.

A vote FOR the election of the Nominees and the other Exelon Proposals will send a message to the NRG Board and management that you want NRG to take action to eliminate obstacles to the Offer.

Even if the Nominees are elected, Exelon cannot consummate the Offer unless all of the conditions to the Offer are satisfied or waived. Certain of these conditions may be satisfied through action by the NRG Board, including the steps NRG may need to take to make the anti-takeover provisions of the Delaware General Corporation Law, as amended (the "DGCL"), inapplicable to the Second-Step Merger, as permitted by Delaware law. These conditions are fully described in the Prospectus previously sent to holders of NRG common stock. The NRG Board has the power to take action to satisfy some of these conditions, thereby eliminating these obstacles to the Offer and the Second-Step Merger.

QUESTIONS AND ANSWERS ABOUT THIS PROXY SOLICITATION

The following are answers to some of the questions you, as a stockholder of NRG, may have with respect to Exelon's solicitation. The following is not a substitute for the information contained in this proxy statement, and the information contained below is qualified in its entirety by reference to the more detailed descriptions and explanations contained elsewhere in this proxy statement. We urge you to read this proxy statement carefully and in its entirety.

Who is making the solicitation?

The solicitation is made by Exelon. Under the rules of the SEC, the Nominees and Alternate Nominees are deemed to be participants in the solicitation.

Please see the section titled "Other Information - Participants in the Solicitation" for additional information regarding Exelon. Please see the sections titled "The Nominees and Alternate Nominees" and "Other Information - Participants in the Solicitation" and Annex A for additional information regarding the Nominees and the Alternate Nominees.

For information regarding directors, officers and employees of Exelon who may assist in the solicitation of proxies, please see Annex B.

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What are we asking you to vote for?

Exelon is asking you to vote:

to replace NRG's 4 incumbent Class III directors with the Class III Nominees, who have indicated they will, if elected to the NRG Board, act in your best interests in accordance with their fiduciary duties;

to expand the size of the NRG Board by amending Article III, Section 2 of the NRG Bylaws to provide for a board of 19 directors divided into three approximately equal classes;

assuming the size of the NRG Board is expanded to 19 directorships, to elect the Additional Nominees to fill all 5 of the vacancies resulting from the expansion of the size of the NRG Board; and

to repeal any amendments to the NRG Bylaws adopted by the NRG Board without the approval of the NRG stockholders after February 26, 2008 (which is the date of the last amendment to the NRG Bylaws publicly disclosed by NRG) and prior to the effectiveness of the resolution effecting such repeal.

Please see the section titled "Exelon Proposals" for a more complete description of the actions we are proposing.

Why are we soliciting your vote?

We believe that the current members of the NRG Board are not, and have no intention of, acting in your best interests. Despite the substantial premium to the unaffected market price of the NRG common stock (*i.e.*, the closing price of NRG common stock on the last trading day prior to the announcement of Exelon's proposal to acquire NRG, October 17, 2008) represented by Exelon's proposal, the incumbent NRG Board has repeatedly rejected our proposal, refuses to engage in any meaningful discussion, and refuses to allow us to conduct due diligence which could identify additional value that may allow us to increase the value of our offer to the NRG stockholders.

We are sending you this proxy statement and the accompanying **BLUE** proxy card because we believe that the NRG stockholders deserve an independent board that will act in the best interests of NRG and its stockholders. We believe the Nominees, if elected to the NRG Board, will act in the best interests of NRG and its stockholders, which actions may include, if the Nominees and other members of the NRG Board deem it appropriate in the exercise of their fiduciary duties, pursuing strategic alternatives that will create greater value for the NRG stockholders than is currently available with NRG as a stand-alone company. We believe election of the Nominees and approval of the other Exelon Proposals will establish an NRG Board that is more likely to act in your best interests and will send a strong message to the NRG Board to constructively engage with Exelon regarding the Offer or another business combination with Exelon and, should the newly elected directors and other members of the NRG Board deem it appropriate in the exercise of their fiduciary duties, approve and recommend to the NRG stockholders the Offer and/or another business combination with Exelon, and take any other appropriate actions necessary to facilitate its consummation. However, the Nominees are independent and have not made any commitment to Exelon other than, if elected to the NRG Board, to act in the best interests of NRG and its stockholders and to exercise their independent judgment and act in good faith, and, in accordance with their fiduciary duties, duly consider all matters that come before the NRG Board. Accordingly, if elected, they may, in the exercise of their independent fiduciary judgment, determine not to approve a business combination with Exelon and may recommend other strategic alternatives for NRG.

What is Exelon proposing to do with respect to the NRG Board?

Exelon is asking that you approve proposals that would result in the expansion of the NRG Board and the election of all of the Nominees to the NRG Board so that the Nominees hold 9 of the 19 seats on the expanded NRG Board. The NRG Board currently consists of 14 directors divided into 3 classes. Class I consists of 5 directors; Class II consists of 5 directors; and Class III consists of 4 directors. Four of these directors, those in Class III of the NRG Board, have terms that expire at the 2009 Annual Meeting. Exelon is asking you to elect the Class III Nominees nominated by Exelon to replace NRG's existing Class III directors (the Election of Class III

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Directors Proposal). Exelon is also asking that you expand the size of the NRG Board to 19 directorships by amending the NRG Bylaws (the Board Expansion Proposal). If the NRG Board is expanded to 19 directorships, there would be 5 vacancies on the NRG Board. Exelon is asking that you, assuming the Board Expansion Proposal is approved, elect the Additional Nominees nominated by Exelon to fill all 5 of the vacancies created by the increase in the size of the NRG Board (the Election of Additional Directors Proposal). We cannot assure you that any individuals nominated by NRG will serve if elected. **The election of the Additional Nominees is contingent on the approval of the Board Expansion Proposal.**

If all of the Exelon Proposals are approved and all of the Nominees are elected so that the Nominees hold 9 out of the 19 seats of the NRG Board, the Nominees would not by themselves have sufficient votes collectively to cause the NRG Board to act, but could have a significant influence on any decision to be made by the NRG Board, including with respect to whether to engage in negotiations with Exelon in respect of the Offer and/or another business combination.

Who are the Nominees that Exelon has nominated to replace the 4 current Class III directors of NRG whose terms expire at the 2009 Annual Meeting and to fill all 5 of the vacancies on the NRG Board if the Board Expansion Proposal is approved?

Exelon is asking you to elect each of Betsy S. Atkins, Ralph E. Faison, Coleman Peterson and Thomas C. Wajnert to replace the current NRG Class III directors whose terms expire at the 2009 Annual Meeting. Exelon is asking that you, assuming the Board Expansion Proposal is approved, elect Donald DeFosset, Jr. and Richard H. Koppes to be Class I directors, John M. Albertine to be a Class II director and Marjorie L. Bowen and Ralph G. Wellington to be additional Class III directors.

We believe that each of the Nominees is highly qualified, independent, experienced and a well-respected member of the business community. None of the Nominees is employed by or otherwise affiliated with Exelon or any subsidiary of Exelon. Each of the Nominees has confirmed in writing that he or she is not an employee or an agent or otherwise a representative of Exelon; that [he or she is] independent of, and not controlled by or acting at the direction of, Exelon; and that, if elected, [he or she] will be acting as a director of NRG, on behalf of NRG and all of the stockholders of NRG and will in no way be controlled by or acting at the direction of Exelon.

The only commitment each of the Nominees has given to Exelon, and the only commitment Exelon has sought from the Nominees, is that the Nominees, if elected to the NRG Board, will act in the best interests of NRG and its stockholders and exercise their independent judgment and act in good faith, and, in accordance with their fiduciary duties, duly consider all matters that come before the NRG Board.

For information regarding the Nominees, please see the sections titled "The Nominees and Alternate Nominees" and "Other Information - Participants in the Solicitation" and Annex A.

Who are the Alternate Nominees and under what circumstances will they be nominated by Exelon for election to the NRG Board?

The Alternate Nominees are Gail F. Lieberman, Joseph W. Chip Marshall, III and L. White Matthews, III. If any of the Nominees is unwilling or unable to serve for any reason, Exelon reserves the right to nominate, in substitution for any such Nominee, one or more of the Alternate Nominees.

We believe that each of the Alternate Nominees is highly qualified, independent, experienced and a well-respected member of the business community. None of the Alternate Nominees is employed by or otherwise affiliated with Exelon or any subsidiary of Exelon. Each of the Alternate Nominees has confirmed in writing that he or she is not an employee or an agent or otherwise a representative of Exelon; that [he or she is] independent of, and not controlled by or acting at the direction of, Exelon; and that, if elected, [he or she] will be acting as a

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director of NRG, on behalf of NRG and all of the stockholders of NRG and will in no way be controlled by or acting at the direction of Exelon.

The only commitment each of the Alternate Nominees has given to Exelon, and the only commitment Exelon has sought from the Alternate Nominees, is that the Alternate Nominees, if elected to the NRG Board, will act in the best interests of NRG and its stockholders and exercise their independent judgment and act in good faith, and, in accordance with their fiduciary duties, duly consider all matters that come before the NRG Board.

For information regarding the Alternate Nominees, please see the sections titled "The Nominees and Alternate Nominees" and "Other Information - Participants in the Solicitation" and Annex A.

Why is Exelon proposing to repeal any amendments to the NRG Bylaws adopted by the NRG Board without the approval of the NRG stockholders after February 26, 2008?

We believe that any change to the NRG Bylaws adopted after February 26, 2008 could serve to limit the ability of NRG stockholders to elect the Nominees or the ability of the Nominees, if elected, to pursue the best interests of NRG and its stockholders.

Why do we think a combination of NRG and Exelon is in the best interests of NRG stockholders?

We believe that a combination of Exelon and NRG will significantly benefit the NRG stockholders in the following ways:

The Offer provides a premium of 37% to the closing price of NRG common stock on October 17, 2008, the last full trading day before Exelon made public its proposal to acquire NRG, based on the closing prices of Exelon common stock and NRG common stock on that date.

We believe that the Exelon common stock to be issued to the NRG stockholders in the Offer will allow NRG stockholders to participate in the growth and opportunities of the combined company, including the following:

Improved Long-term Fundamentals We believe long-term fundamental value drivers (such as carbon-legislation and trends in environmental regulation) will benefit Exelon substantially more than NRG.

Increased Scope and Scale The acquisition will create a combined company with increased scale and scope in generation. The combined company would constitute the largest power company in the U.S. by assets, market capitalization, enterprise value and generation capacity. The combined company is expected to have an enterprise value of approximately \$60 billion and a market capitalization of approximately \$40 billion.

Increased Generation Efficiency We believe that significant efficiencies of scale would be realized from the combination of Exelon and NRG. The combined company's approximately 51,000 MW fleet (including owned and contracted capacity, after giving effect to potential divestitures contemplated by Exelon's regulatory divestiture plan to obtain regulatory approvals as described in the Prospectus) would include 18,000 MW of nuclear generation.

Synergies Although no assurance can be given that any particular level of cost savings and other synergies will be achieved, based on publicly available information, Exelon management believes that the business combination of NRG and Exelon may result in annual estimated synergies of approximately \$180 million to \$300 million or more through the combination of operational, financial and service capabilities, before giving effect to costs to achieve the synergies, increased interest expense in connection with the refinancing of existing NRG indebtedness and any adjustments that may result from due diligence investigation. We believe that the business combination transaction could create, on a net present value basis, \$1.5 billion to \$3 billion or more of value through synergies.

Fuel and Geographic Diversification The combined company would have a more highly diversified mix of generation capacity with a presence in four major domestic competitive power generation regions and a diversified fuel mix using uranium, natural gas, coal and oil.

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Anticipated Financial Strength and Flexibility The increased scale and scope of a combined Exelon and NRG is expected to create a combined company with a strong balance sheet which we believe will provide flexibility to endure commodity price fluctuations and capital market constraints. The combination of Exelon and NRG is expected to reduce the leverage associated with NRG's current business and enhance the credit rating of the debt incurred by NRG to finance that business.

Enhanced Ability to Pursue Capital-Intensive Projects We believe that the combined company's assets, enterprise value and market capitalization will enable Exelon to pursue more multi-year, capital intensive projects than would be possible for NRG absent an Exelon-NRG combination.

NRG has not declared or paid dividends on the NRG common stock, as it is limited from doing so under its existing indebtedness. Exelon has paid, and currently intends to continue paying, quarterly dividends on Exelon common stock.

We believe that the anticipated earnings and cash flow accretion for the combined company, and the combined company's strong balance sheet, will offer the NRG stockholders greater potential for stock price appreciation.

We believe that stock in the combined company will represent a more liquid investment for the NRG stockholders than NRG common stock, and a more solid track record of value return for its stockholders.

If all of the Nominees are elected and serve on the NRG Board, will a change of control occur under the NRG indentures and senior credit agreement?

No. We have structured our proposals to avoid triggering a change of control under the NRG indentures and senior credit agreement that NRG has publicly filed. If the Board Expansion Proposal is approved and all of the Nominees are elected, the Nominees will hold 9 of the 19 seats on the NRG Board. The NRG indentures and senior credit agreement provide that a change of control would occur for purposes of those instruments if a majority of the members of the [NRG] Board of Directors are not Continuing Directors. Because the Nominees have not been approved by the incumbent NRG Board, the Nominees are not considered Continuing Directors for purposes of the indentures and senior credit agreement. As of the date of this proxy statement, there are 10 incumbent NRG directors whose terms do not expire at the 2009 Annual Meeting. Even if all of the Nominees are elected, the Nominees would not constitute a majority of the NRG Board.

NRG management has stated that a change of control under the NRG indentures and senior credit agreement could occur inadvertently if the NRG Board consists of 10 incumbent directors and the 9 Nominees and 1 of the incumbent directors resigns, resulting in an NRG Board consisting of the 9 independent Nominees and 9 NRG incumbent directors. However, as noted above, an event resulting in an NRG Board of 9 Continuing Directors and 9 non Continuing Directors would not result in a change of control under the NRG indentures and senior credit agreement. In its Schedule 14D-9 filed with the SEC on November 11, 2008 and its 10-K filed with the SEC on February 12, 2009, NRG appeared to agree with Exelon's interpretation of the change of control provisions of these debt instruments. Only recently has NRG publicly taken the position that a change of control could occur if the NRG Board consists of 9 Continuing Directors and 9 non Continuing Directors. While NRG has stated it believes Exelon's interpretation is imprudent, NRG has not indicated why it changed its earlier interpretation.

In addition, NRG's statement regarding an inadvertent change of control does not take into account that even if 2 of the incumbent directors resign, resulting in an NRG Board consisting of the 9 independent Nominees and 8 NRG incumbent directors, a change of control under the NRG indentures or senior credit agreement would not occur if a majority of the NRG incumbent directors approve at least one replacement director and such director takes office prior to or at the time the second resignation becomes effective. Moreover, the NRG Board has the ability to address this inadvertent change of control concern completely by approving the nomination of

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the Nominees prior to the 2009 Annual Meeting (without approving or otherwise supporting the election of the approved Nominees). The NRG Board can approve the nomination of the Nominees solely for purposes of the indentures and the senior credit agreement while still nominating its own slate of directors and without recommending that stockholders of NRG vote for any of the Nominees. Instead of approving the nomination of the Nominees and thereby completely addressing NRG's concern that a subsequent event results in the Nominees constituting a majority of the members of the NRG Board, NRG appointed Gerald Luterman as an additional director to the NRG Board so that if all of the Nominees are elected, the NRG Board will consist of 10 incumbent NRG directors and the 9 Nominees.

What matters are before the NRG stockholders at the 2009 Annual Meeting?

At the 2009 Annual Meeting, the holders of NRG common stock and NRG 4% Preferred Stock will be asked to consider and act upon the following matters:

- | | |
|-------------|---|
| PROPOSAL 1. | Election of Class III directors. |
| PROPOSAL 2. | Amendment to Article III, Section 2 of the NRG Bylaws to expand the size of the NRG Board to 19. |
| PROPOSAL 3. | Election of additional directors to fill the newly created directorships in Classes I, II and III of the NRG Board. |
| PROPOSAL 4. | Repeal of any amendments to the NRG Bylaws adopted by the NRG Board without the approval of the NRG stockholders after February 26, 2008 (which is the date of the last amendment to the NRG Bylaws publicly disclosed by NRG) and prior to the effectiveness of the resolution proposed in Proposal 4. |
| PROPOSAL 5. | Adoption of the NRG Energy, Inc. Amended and Restated Long-Term Incentive Plan. |
| PROPOSAL 6. | Adoption of the NRG Energy, Inc. Amended and Restated Annual Incentive Plan for Designated Corporate Officers. |
| PROPOSAL 7. | Amendment to Article Six of the Amended and Restated Certificate of Incorporation amending the voting standard for uncontested director elections to provide for majority voting (the Majority Voting Proposal). |
| PROPOSAL 8. | Ratification of the appointment of KPMG LLP as NRG's independent registered public accounting firm. |
| PROPOSAL 9. | The proposal by another stockholder of NRG to prepare a report describing the impact of NRG's involvement with the Carbon Principles on the environment (the Carbon Principles Report Proposal). |

Exelon urges you to return the enclosed **BLUE** proxy card and vote **FOR** Exelon's Proposal 1 to elect the Class III Nominees nominated by Exelon to fill the 4 Class III NRG Board seats up for election, **FOR** Exelon's Proposal 2 to expand the size of the NRG Board, **FOR** Exelon's Proposal 3 to elect the Additional Nominees nominated by Exelon to fill all 5 of the vacancies resulting from the expansion of the size of the NRG Board and **FOR** Exelon's Proposal 4 to repeal any amendments to the NRG Bylaws adopted by the NRG Board without the approval of the NRG stockholders after February 26, 2008 and prior to the effectiveness of the resolution proposed in Proposal 4. Exelon recommends a vote **FOR** each of proposals 5 through 8 and has no recommendation with respect to proposal 9.

Who can vote at the 2009 Annual Meeting?

Only owners of record of NRG common stock or NRG 4% Preferred Stock at the close of business on the Record Date have the right to vote on the Exelon Proposals or on any other matters presented at the 2009 Annual Meeting. Each holder of NRG common stock and NRG 4% Preferred Stock is entitled to one vote per share.

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

Stockholder of Record If your shares are registered directly in your name with NRG's transfer agent, Bank of New York Mellon, you are considered the NRG stockholder of record of those shares. As the stockholder of record, you have the right to vote by Internet, telephone or mail as described on the enclosed **BLUE** proxy card.

Beneficial Owner If your shares are held by a bank, brokerage firm or other holder of record, you are considered the beneficial owner of shares held in street name. In order for those shares to be voted at the 2009 Annual Meeting, you must provide your bank, broker or other holder of record instructions to vote your shares. Please follow the instructions provided by your bank, brokerage firm or other holder to direct them how to vote your shares at the 2009 Annual Meeting.

What are the requirements for the 2009 Annual Meeting admission?

According to NRG's definitive proxy statement filed with the SEC on June 16, 2009, stockholders of NRG may attend the 2009 Annual Meeting. However, only stockholders who owned NRG common stock or NRG 4% Preferred Stock at the close of the Record Date, or their duly appointed proxies, are entitled to vote at the meeting. Proof of ownership of NRG stock, along with personal identification (such as a driver's license or passport), must be presented in order to be admitted to the 2009 Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the 2009 Annual Meeting in person, you must bring a brokerage statement, the proxy card mailed to you by your bank or broker or other proof of ownership (or the equivalent proof of ownership as of the close of business on the Record Date of the stockholder who granted you the proxy) with you to the 2009 Annual Meeting. Registration will begin at 9:00 a.m., Eastern Time. Please allow ample time for check-in.

NRG will not permit cameras, recording equipment, electronic devices, large bags, briefcases, or packages in the 2009 Annual Meeting.

What constitutes a quorum?

A quorum is the minimum number of shares that must be present in order to take action at a stockholder meeting. Under the NRG Bylaws, to have a quorum, a majority of the outstanding shares of stock entitled to vote at a meeting must be represented in person or by proxy at the 2009 Annual Meeting. Both abstentions and broker non-votes, if any, are counted as present for determining the presence of a quorum. Generally, broker non-votes occur when shares held by a brokerage firm for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

How many shares must be voted in favor of the Nominees to elect them to the NRG Board and to approve the Board Expansion Proposal, the Restoration of the Bylaws Proposal and the Other Proposals?

Assuming a quorum is present at the 2009 Annual Meeting, the nominees for the Class III directorships who receive the most **FOR** votes will be elected. Approval of the Board Expansion Proposal requires (1) the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together, and (2) the affirmative **FOR** vote of a majority of the shares of NRG common stock outstanding on the Record Date. If the NRG stockholders approve the Board Expansion Proposal so that the size of the NRG Board is expanded to 19 seats, the nominees proposed for election to each class of the NRG Board who receive the most votes with respect to that class will be elected to fill the vacant seats in that class created by the expansion of the NRG Board. Thus, the two nominees for the two Class I vacancies who receive the most

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FOR votes will be elected as directors for Class I, the one nominee for the one Class II vacancy who receives the most **FOR** votes will be elected as a director for Class II and the two nominees for the two Class III vacancies who receive the most **FOR** votes will be elected as directors for Class III. The election of the Additional Nominees is contingent upon the approval of the Board Expansion Proposal. Approval of the Restoration of the Bylaws Proposal requires the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together. Each abstention and broker non-vote will have the effect of a vote against the Board Expansion Proposal and the Restoration of the Bylaws Proposal, so it is critical that you vote your shares of NRG common stock and NRG 4% Preferred Stock for the Exelon Proposals.

Approval of each of the Other Proposals (other than the Majority Voting Proposal) requires the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock present in person or by proxy at the 2009 Annual Meeting and entitled to vote, voting together. Abstentions will have the same effect as a vote against such Other Proposals. Broker non-votes will have no effect on the outcome of each such Other Proposal. Approval of the Majority Voting Proposal requires the affirmative **FOR** vote of a majority of the shares of NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together. Abstentions and broker non-votes will have the same effect as a vote against the Majority Voting Proposal.

How may NRG stockholders vote their shares?

You can vote your shares of NRG common stock and NRG 4% Preferred Stock for Exelon's proposals in one of four ways:

By Telephone. Vote by telephone by following the voting instructions on the enclosed **BLUE** proxy or voting instruction card. Your telephone vote authorizes the proxies to vote your shares of NRG common stock or NRG 4% Preferred Stock in the same manner as if you had signed and returned a **BLUE** proxy card or voting instruction card.

By Internet. Vote via the Internet by following the voting instructions on the enclosed **BLUE** proxy or voting instruction card. Internet voting procedures are designed to authenticate your identity, allow you to vote your shares of NRG common stock or NRG 4% Preferred Stock and confirm that your instructions have been properly recorded. Your Internet vote authorizes the proxies to vote your shares of NRG common stock or NRG 4% Preferred Stock in the same manner as if you had signed and returned a **BLUE** proxy card or voting instruction card.

By Mail. Sign, date and promptly mail the enclosed **BLUE** proxy or voting instruction card in the enclosed postage-paid envelope.

In Person. Written ballots should be available from NRG at the 2009 Annual Meeting. If NRG does not provide a ballot that includes the Exelon Proposals, Exelon will provide its own form of ballot to the independent inspector for the inspector to distribute at the 2009 Annual Meeting on our behalf. Nonetheless, to ensure that your shares of NRG stock are represented, we urge you to vote by proxy in advance of the 2009 Annual Meeting by promptly returning your **BLUE** proxy card by mail or by telephone or the Internet. You may always attend the 2009 Annual Meeting and vote in person if you wish. However, the NRG stockholders who have sent in by mail their **BLUE** proxy cards or voted by telephone or the Internet, and also attend the 2009 Annual Meeting, do not need to vote again unless they wish to revoke their proxy and change their vote. Stockholders whose shares of NRG common stock or NRG 4% Preferred Stock are held in the name of a bank, broker or other holder of record must obtain a proxy, executed in such stockholder's favor, from the bank, broker or the record holder in order for such stockholders to vote their shares of NRG common stock or their shares of NRG 4% Preferred Stock in person at the 2009 Annual Meeting.

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We urge you NOT to sign or return NRG's WHITE proxy card or otherwise provide proxies sent to you by NRG. If you have already done so, you may revoke your previously signed proxy by signing and returning a later-dated BLUE proxy card in the enclosed postage-paid envelope, by voting by telephone or the Internet (instructions appear on your BLUE proxy card) or by delivering a written notice of revocation to Exelon c/o Innisfree or to the corporate secretary of NRG. Only your latest dated proxy will be counted.

Owners of record of NRG common stock or NRG 4% Preferred Stock as of the close of business on June 15, 2009, the Record Date, are urged to submit a BLUE proxy card even if your shares were sold after the Record Date.

How will your shares be voted if the enclosed BLUE proxy or voting instruction card is signed and returned but no specific direction on voting is given?

If you properly sign and return the enclosed BLUE proxy or voting instruction card, but do not specify how to vote, your proxies will:

vote your shares **FOR** each of the following: the election of each of the Class III Nominees, the Board Expansion Proposal, the election of each of the Additional Nominees and the Restoration of the Bylaws Proposal;

vote your shares **FOR** each of the adoption of the Amended and Restated Long-Term Incentive Plan, the adoption of the Amended and Restated Annual Incentive Plan for Designated Corporate Officers, the Majority Voting Proposal and the ratification of KPMG LLP as NRG's independent registered public accounting firm;

ABSTAIN from voting your shares on the Carbon Principles Report Proposal; and

vote on such other matters as may properly come before the meeting in your proxies' discretion.

If your shares of NRG stock are held in street name by your bank, broker or other record holder, will your bank, broker or other record holder vote your shares for you?

Your bank, broker or other record holder will not vote your shares of NRG common stock or NRG 4% Preferred Stock on your behalf unless you provide instructions to your bank, broker or other record holder on how to vote. You should follow the instructions set forth in the voting instruction cards regarding how to instruct your bank, broker or other record holder to vote your shares on each of the Exelon Proposals. If you properly sign and return your BLUE voting instruction card but do not provide specific direction on how to vote your shares, your shares will be voted as described above.

Without your instructions, your shares will not be voted in favor of the Exelon Proposals, which will have the same effect as voting against the Board Expansion Proposal and the Restoration of the Bylaws Proposal. Since the election of the Additional Nominees is contingent on the approval of the Board Expansion Proposal, failure to provide instructions will also make the election of the Additional Nominees more difficult. Accordingly, it is critical that you promptly give instructions to your bank, broker or other holder of record to vote for the election of the Nominees and the other Exelon Proposals. In addition, without your instructions, your shares will not be voted with respect to any of the Other Proposals, which, in the case of the Majority Voting Proposal, will have the same effect as voting against the Majority Voting Proposal.

Exelon urges you to confirm in writing your instructions to the person responsible for your account as soon as possible and provide a copy of those instructions to Exelon c/o Innisfree M&A Incorporated at 501 Madison Avenue, 20th Floor, New York, New York 10022 so that Exelon will be aware of all instructions given and can attempt to ensure that those instructions are followed.

How can the proxies be revoked?

You may revoke or change your proxy instructions, including proxies already given to NRG, at any time prior to the vote at the 2009 Annual Meeting by:

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submitting a later-dated vote by telephone or the Internet as to how you would like your shares voted (instructions are on your **BLUE** proxy card);

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submitting a properly executed, later-dated **BLUE** proxy card that will revoke all prior votes submitted by telephone, by Internet or by proxy cards or voting instruction cards, including NRG's **WHITE** proxy cards or voting instruction cards;

attending the 2009 Annual Meeting and revoking any previously submitted proxy by voting in person (although attendance at the 2009 Annual Meeting will not in and of itself constitute revocation of a proxy); or

delivering written notice of revocation either to Exelon c/o Innisfree M&A Incorporated at 501 Madison Avenue, 20th Floor, New York, NY 10022, or the corporate secretary of NRG at 211 Carnegie Center, Princeton, New Jersey 08540, or any other address provided by NRG.

For information on the revocation of proxies, please see the section titled "Voting Procedures - Revocation of Proxies."

Please note that if your shares of NRG common stock or NRG 4% Preferred Stock are held in "street name" by a bank, brokerage firm or other holder of record, you must follow the instructions set forth in the voting instruction cards to revoke your earlier vote.

Who is paying for the solicitation?

Exelon will pay all costs of its proxy solicitation and will not seek reimbursement of these costs from NRG.

If you vote for the election of the Nominees, are you agreeing to the sale of NRG to Exelon?

No. Although the election of the Nominees is an important step towards NRG's constructively exploring a business combination with Exelon, your vote for the election of the Nominees does not constitute your approval of a business combination involving Exelon and NRG, nor does it obligate you to tender your shares in the Offer. For Exelon to complete the Offer, all of the conditions to the Offer, including the condition that a majority of the outstanding shares of NRG common stock on a fully-diluted basis have been properly tendered and not withdrawn, must be satisfied or waived. In addition, unless the Second-Step Merger is consummated as a "short-form" merger pursuant to Section 253 of the DGCL (as discussed in the Prospectus), the NRG Board and the NRG stockholders will be required to approve the Second-Step Merger. Under the DGCL, in order to be eligible to effect the Second-Step Merger as a "short-form" merger under Section 253, Exelon would need to own at least 90% of each class of NRG capital stock otherwise entitled to vote on the Second-Step Merger, including the NRG 4% Preferred Stock. Any solicitation of proxies from the NRG stockholders to approve the Second-Step Merger and/or other form of business combination transaction involving Exelon and NRG will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the SEC.

Do you have to tender your shares in order to vote for the Nominees?

No, you do not need to tender your shares in the Offer to vote for the Nominees or any of the other Exelon Proposals. You only need to sign, date and return the enclosed **BLUE** proxy card, or vote by telephone or the Internet by following the voting procedures described on the **BLUE** proxy card to vote for the Nominees and the other Exelon Proposals.

When and where will the 2009 Annual Meeting be held?

The 2009 Annual Meeting will be held on July 21, 2009 at 10:00 a.m., Eastern Time, at the Hyatt Regency Princeton, 102 Carnegie Center, Princeton, New Jersey.

Whom should you call if you have questions about the solicitation?

Please call our proxy solicitor Innisfree toll-free at 877-750-9501. Banks and brokers may call collect at 212-750-5833.

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IMPORTANT

Exelon urges you to vote today by signing, dating and returning the enclosed **BLUE** proxy card, by telephone or by the Internet **FOR** :

the Election of Class III Directors Proposal;

the Board Expansion Proposal;

the Election of Additional Directors Proposal; and

the Restoration of the Bylaws Proposal.

Approval of the Exelon Proposals will enable you as the owners of NRG to send a message to the NRG Board to constructively engage with Exelon regarding the Offer or another business combination with Exelon.

If you vote for the Exelon Proposals by signing, dating and returning the enclosed **BLUE** proxy card or voting by telephone or Internet, you should **NOT** return NRG's **WHITE** proxy card to vote for any proposals contained in the NRG definitive proxy statement because the submission of NRG's **WHITE** proxy card may be deemed to revoke or change your proxy instructions on the **BLUE** proxy card.

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EXELON PROPOSALS

Below is a summary of each of the Exelon Proposals to be voted upon at the 2009 Annual Meeting. As described under the section titled "Voting Procedures," you must vote on each proposal separately on the accompanying **BLUE** proxy card or by telephone or via the Internet. If you vote for the Exelon Proposals by signing, dating and returning the enclosed **BLUE** proxy card or voting by telephone or Internet, you should **NOT** return NRG's **WHITE** proxy card to vote for any proposals contained in the NRG proxy statement because the submission of NRG's **WHITE** proxy card may be deemed to revoke or change your proxy instructions on the **BLUE** proxy card.

Proposal 1

Election of Class III Directors

According to publicly available information, the NRG Board currently consists of 14 members divided into three classes with each of Class I and Class II consisting of 5 directors and Class III consisting of 4 directors. Each member of a class of directors holds office until the third annual meeting following his or her election and until his or her successor is elected or until his or her earlier death, resignation, retirement or removal. Four Class III directors will be elected at the 2009 Annual Meeting for terms of three years each. According to publicly available information, the terms of office of the following 4 Class III directors will expire at the 2009 Annual Meeting: John Chlebowski, Howard Cosgrove, William Hantke and Anne Schaumburg. NRG has proposed that each of these individuals be reelected to Class III of the NRG Board.

At the 2009 Annual Meeting, Exelon will propose that Betsy S. Atkins, Ralph E. Faison, Coleman Peterson and Thomas C. Wajnert be elected as Class III directors to replace the 4 incumbent directors NRG has proposed be reelected to Class III. If elected, each of the Class III Nominees nominated by Exelon will hold office until the 2012 annual meeting of the NRG stockholders and until his or her successor is elected and qualified or until his or her earlier death, resignation, retirement or removal. If any of the Class III Nominees is unwilling or unable to serve for any reason, Exelon reserves the right to nominate, in substitution for each such Class III Nominee, one of the Alternate Nominees, and the shares represented by the enclosed **BLUE** proxy card will be voted for each such substitute candidate in compliance with the rules of the SEC and any other applicable laws. Assuming a quorum is present at the meeting, the 4 nominees for Class III director seats on the NRG Board who receive the most **FOR** votes will be elected.

For information on the Class III Nominees and Alternate Nominees, please see the sections titled "The Nominees and Alternate Nominees" and "Other Information - Participants in the Solicitation" and Annex A.

Each Class III Nominee has agreed that, if elected, he or she will serve as a director of NRG, and in that capacity, act in the best interests of NRG and its stockholders and exercise his or her independent judgment and act in good faith, and, in accordance with his or her fiduciary duties, duly consider all matters that come before the NRG Board.

None of the Class III Nominees is employed by or otherwise affiliated with Exelon or NRG or any of their respective subsidiaries. Each of the Class III Nominees has confirmed in writing that he or she is not an employee or an agent or otherwise a representative of Exelon; that [he or she is] independent of, and not controlled by or acting at the direction of, Exelon; and that, if elected, [he or she] will be acting as a director of NRG, on behalf of NRG and all of the stockholders of NRG and will in no way be controlled by or acting at the direction of Exelon. We believe the Class III Nominees are independent under the NYSE's general standards for director independence. In addition, we believe the Class III Nominees are independent under the heightened independence standards applicable to audit committee members under the NYSE and SEC rules.

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Exelon asks that you vote for the election of the Class III Nominees, who have indicated they will act in your best interests if elected to the NRG Board.

EXELON STRONGLY RECOMMENDS A VOTE FOR THE ELECTION OF THE CLASS III NOMINEES.

Proposal 2

Board Expansion

At the 2009 Annual Meeting, Exelon will propose to expand the size of the NRG Board by amending Article III, Section 2 of the NRG Bylaws to provide for an NRG Board consisting of 19 directors divided into three approximately equal classes. The expansion of the NRG Board contemplated by this Proposal 2 will permit the vote on the election of the Additional Nominees to the NRG Board.

In order to expand the size of the NRG Board to 19 directors by amending the NRG Bylaws, Exelon will propose that the following resolution be adopted:

RESOLVED, that Article III, Section 2 of the Bylaws shall be amended to read in its entirety as follows:

The number of Directors which constitute the entire Board of Directors of the Corporation shall be 19, and the Directors shall be elected and shall hold office only in the manner provided in the Amended and Restated Certificate of Incorporation. The directorships of the Corporation shall be divided into three classes with there being seven directorships in Class I and six directorships in each of Class II and Class III.

Approval of the Board Expansion Proposal requires (1) the affirmative **FOR** vote of a majority of the NRG common stock and NRG 4% Preferred Stock entitled to vote, voting together, and (2) the affirmative **FOR** vote of a majority of the shares of NRG common stock outstanding on the Record Date. If this Proposal is approved, the NRG Board will be expanded to a total of 19 seats. We believe this amendment to the NRG Bylaws is necessary in order to provide the NRG stockholders with an opportunity to guide the future of NRG by electing the Additional Nominees who, together with the Class III Nominees, would hold 9 out of the 19 seats on the NRG Board. We believe the Nominees, if elected, will act in the best interests of NRG and its stockholders. The election of the Additional Nominees is contingent upon obtaining the approval of this Proposal 2. **Accordingly, unless the Board Expansion Proposal is approved, the Additional Nominees proposed by Exelon for election to the NRG Board in Proposal 3 cannot be elected.**

EXELON STRONGLY RECOMMENDS A VOTE FOR PROPOSAL 2.

Proposal 3