

# RELIANT ENERGY, INC.

## NOMINATING & GOVERNANCE COMMITTEE CHARTER

(as amended and restated as of September 18, 2008)

The Board of Directors of Reliant Energy, Inc. (the "Company") has established the Nominating & Governance Committee of the Board and has adopted this Charter, which is dated July 7, 2003, as amended effective May 21, 2008 and reflects the Company's current circumstances and current "best practices." It is the intention of the Board that this Charter be a dynamic document, to be regularly reviewed and updated to ensure that it represents evolving "best practices" on a basis consistent with the Reliant Energy, Inc. Statement of Objectives, as set forth below:

The objective of the Board of Directors (the "Board") is to govern the affairs of the Company for the benefit of our shareholders and other constituencies, including our employees, customers and the communities in which we do business. The Board strives to ensure the success and continuity of the Company's business by electing qualified management and fostering an environment in which the Company's activities are conducted in a legally-compliant, responsible and ethical manner.

Strong principles of corporate governance are critical to achieving these objectives. Accordingly, the Board has committed to:

- ***High Corporate Governance Standards*** -- Engaging in conduct that conforms to current corporate governance standards and monitoring evolving standards of corporate governance in an effort to substantially exceed the consensus view of the minimally-acceptable standards;
- ***Responsible Decision Making*** -- Acting in the best interests of the Company and its shareholders, taking into account the effect of its actions on the Company's employees, customers, the environment and the communities in which it operates;
- ***Transparency in Reporting*** -- Ensuring transparency in the Company's reporting of its financial condition and results of operations, business activities and other disclosure by the Company to regulatory authorities, shareholders and other constituencies; and
- ***Ethical Behavior*** -- Conducting the Company's business in a fashion consistent with the highest standards of ethical conduct and in such a fashion that complies with both the letter and the spirit of the applicable laws, rules and regulations.

## **I. Purposes**

The purposes of the Nominating & Governance Committee are:

1. To assist the Board by identifying individuals qualified to become Board members, and to recommend to the Board director nominees for election at the annual meetings of stockholders or for appointment to fill vacancies;
2. To recommend to the Board director nominees for each committee of the Board;
3. To advise the Board about appropriate composition of the Board and its committees;
4. To advise the Board about and recommend to the Board appropriate corporate governance practices and to assist the Board in implementing those practices;
5. To lead the Board in its annual review of the performance of the Board and its committees; and
6. To perform such other functions as the Board may assign to the Nominating & Governance Committee from time to time.

## **II. Composition**

The Nominating & Governance Committee shall consist of at least two directors. Each Nominating & Governance Committee member shall be qualified to serve on the Nominating & Governance Committee pursuant to the requirements of the New York Stock Exchange (the “NYSE”), and shall also satisfy any additional requirements deemed appropriate by the Board.

The Board shall appoint the members of the Nominating & Governance Committee based on the recommendation of the Nominating & Governance Committee.. Any vacancy on the Nominating & Governance Committee shall be filled by majority vote of the Board. Members may be removed only by a majority vote of the independent directors of the Board then in office. The chairperson of the Nominating & Governance Committee shall be designated by the Board based on the recommendation of the Nominating & Governance Committee. The chairperson of the Nominating & Governance Committee is responsible for leadership of the Nominating & Governance Committee, including developing the agenda with the assistance of and in consultation with appropriate members of the Nominating & Governance Committee and management, presiding over the meetings, making assignments and reporting to the Board. The agenda for each Nominating & Governance Committee meeting shall provide for a meeting of the members of the Nominating & Governance Committee in executive session.

## **III. Authority and Responsibilities**

The Nominating & Governance Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Nominating & Governance Committee. The Nominating & Corporate Governance Committee may form and delegate some or all of its authority to subcommittees as it deems appropriate; provided, however, that it shall not delegate to

a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Nominating & Corporate Governance Committee as a whole. Without limiting the generality of the preceding statements, the Nominating & Governance Committee shall have authority, and is entrusted with the responsibility, for the following actions.

1. ***Corporate Governance.*** The Nominating & Governance Committee shall annually prepare, report to the Board regarding, and recommend to the Board for adoption appropriate corporate governance guidelines and modifications from time to time to those guidelines. The Nominating & Governance Committee shall also consider any other corporate governance issues that arise from time to time, and to develop appropriate recommendations for the Board. In particular, the Nominating & Governance Committee shall include in its annual review of corporate governance guidelines:
  - Emerging practices in corporate governance; and
  - Factors and criteria identified by shareholders and other groups that may be relevant to corporate governance.
2. ***Director Independence.*** The Nominating & Governance Committee shall seek to ensure that the Board is composed of a substantial majority of directors who meet the independence standards required by law, applicable listing standards, the Company's certificate of incorporation or bylaws (as amended from time to time), or the Company's Corporate Governance Guidelines. The Nominating & Governance Committee must annually review relationships between each director and the Company and report the results of its review and make appropriate recommendations for final action to the Board, which will then determine which directors satisfy the applicable independence standards. The Nominating & Governance Committee may survey any and all of the directors and prospective directors to determine any matter or circumstance that would cause the person not to qualify as an independent, disinterested or non-employee director under applicable standards. The Board has determined that independence will be assessed on a case-by-case basis, in each case consistent with applicable statutory and regulatory requirements and the listing standards of the New York Stock Exchange. Independent directors may not, however, receive any compensation from the Company beyond their directors' fees; in particular, independent directors may not receive any consulting fees from the Company.
3. ***New Directors.*** The Nominating & Governance Committee shall implement criteria for selecting new directors and actively seek individuals qualified to serve as directors for recommendation to the Board. In selecting individuals to recommend for Board membership, the Nominating & Governance Committee must consider the following factors as it evaluates the qualifications of potential candidates: a candidate's experience, independence (as defined by applicable NYSE and Securities and Exchange Commission rules), knowledge, commitment to the Company's core values, skills, expertise, independence of mind, integrity, relationships with the Company that could potentially compromise the integrity of such a candidate, service on the boards of directors of other companies, openness, ability to work as part of a team, willingness to commit the required time, and familiarity with the Company and its industry. The Nominating & Governance

Committee also shall consider the diversity of, and the optimal enhancement of the current mix of talent and experience on, the Board. Additionally, the Nominating & Governance Committee may take into account the candidate's prior employment, including service as Chief Executive Officer of the Company; there is no categorical prohibition against a former Chief Executive Officer serving as a director. The Nominating & Governance Committee also shall consider whether the Audit Committee includes an "audit committee financial expert" and the results of the Board's annual self-evaluation in selecting appropriate candidates to the Board. The Nominating & Governance Committee shall maintain a current biographic profile of potential director candidates. The Nominating & Governance Committee shall evaluate any nominations submitted by the shareholders pursuant to Article II of the Company's Bylaws in light of the criteria set forth above.

4. **Director Evaluation.** The Nominating & Governance Committee shall review the suitability for continued service as a director of each Board member upon the expiration of his or her term and recommend to the full Board whether or not the director should be re-nominated. The Nominating & Governance Committee shall also review any material change of which the Chairperson of the Nominating & Governance Committee is informed in the professional or personal circumstances of a director existing at the time that the director was originally invited to join the Board that may reasonably be expected to diminish the director's ability to effectively function as a member of the Board. Each year, the Nominating & Governance Committee shall report to the Board regarding these activities, and shall review, and make appropriate recommendations for final Board action regarding, each Board member's performance, taking into consideration the factors set forth in subsection 3, *New Directors*, above. In addition, the Committee shall implement processes to evaluate individual Board members annually. Evaluation results will be reviewed by the Chairman of the Nominating & Governance Committee and at the Chairman's discretion used to communicate with individual directors concerning their performance and in the development of recommendation for reelection to the Board.
5. **Board Evaluation.** The Nominating & Governance Committee shall implement a process to evaluate the Board and its Committees at the end of each fiscal year to ensure that the Board and its Committees are performing effectively and in a manner consistent with the corporate governance principles established by the Board in its Corporate Governance Guidelines. As part of this process, the Lead Director will guide a meeting of the full Board and solicit comments from directors regarding the functioning of the Board and its Committees, including, but not limited to, discussion of the frequency and structure of Board and Committee meetings and an assessment of the Board's performance.
6. **Committees of the Board.** The Nominating & Governance Committee shall make recommendations to the Board concerning directors to serve on the other committees of the Board. These recommendations shall be made after the Nominating & Governance Committee has consulted with the Chief Executive Officer and Chairman. Each year, the Nominating & Governance Committee shall review and make appropriate recommendations for final Board action regarding:

- The advisability or need for any changes in the number, charters or titles of committees of the Board;
  - The composition of each committee of the Board and the individual director to serve as chairperson of each committee, including consideration of rotation of chairpersons at least every three years, and whether it is appropriate to reassign members of a particular committee to another committee or committees of the Board; and
  - Appropriate actions to ensure that the chairperson of each committee reports to the Board about the committee's annual evaluation of its performance and evaluation of its charter.
7. ***Size of the Board.*** The Nominating & Governance Committee shall review and report to the Board annually, making appropriate recommendations for final Board action, on the advisability of, or need for any change in, the size of the Board.
  8. ***Combination of Roles of Chairman and Chief Executive Officer.*** The Nominating & Governance Committee shall review at least annually, and make appropriate recommendations for final Board action regarding, whether combining or separating the dual roles of Chairman and Chief Executive Officer is in the best interest of the Company and its shareholders. This review shall be conducted in light of the Nominating & Governance Committee's evaluation of the continuing ability of the incumbent Chairman and Chief Executive Officer to simultaneously execute the dual roles of Chairman of the Board and Chief Executive Officer.
  9. ***Outside Advisors.*** The Nominating & Governance Committee shall have authority to obtain advice and assistance from internal or external legal, accounting, or other consultants or advisors (including director search firms), as it deems necessary, without consulting or obtaining advance approval of any officer of the Company and without approval of the full Board. The Nominating & Governance Committee shall have the authority to approve the fees and expenses of such advisors and have the Company pay such fees and expenses. If the Nominating & Governance Committee retains an independent advisor, it must notify the Board and, if the Chief Executive Officer is not a member of the Board at such time, the Chief Executive Officer.
  10. ***Guidelines for Director Education and Continuing Education.*** The Nominating & Governance Committee shall develop and annually evaluate a general education and orientation program for directors, and annually present a report to the Board and make appropriate recommendations for final Board action regarding this program. A copy of the Company's current guidelines for director orientation and continuing education shall be posted to the Company's internet website and made available to shareholders upon request.
  11. ***Lead Director.*** The Nominating & Governance Committee shall make an annual recommendation to the Board concerning the selection and designation of an independent Lead Director to preside over the meetings of non-management directors, assist in the preparation of the agenda for each such meeting, and review each such agenda in advance of the meeting for which it was prepared.

#### IV. Procedures

1. **Meetings.** The Nominating & Governance Committee shall meet at least three times per year. Nominating & Governance Committee members are expected to attend every meeting of the Nominating & Governance Committee, and to spend the time needed to properly discharge their responsibilities. A Nominating & Governance Committee member who is unable to attend a Nominating & Governance Committee meeting is expected to notify the chairman of the Nominating & Governance Committee prior to the meeting. The schedule for each Nominating & Governance Committee meeting will be furnished to all directors, and the agenda for each Nominating & Governance Committee meeting shall be furnished to the members of the Nominating & Governance Committee as well as to the chairperson of each other committee of the Company's Board.

Information and data important to the Nominating & Governance Committee's understanding of the business to be conducted at a committee meeting should be distributed in writing to the attendees before the meeting (taking into account that there may be exigent circumstances in which it is not possible to do so), and Nominating & Governance Committee members are expected to review these materials prior to the meeting. It is the Nominating & Governance Committee's expectation that materials should be physically delivered at least five calendar days prior to the meeting in question.

All non-management directors are invited to attend every meeting of the Nominating & Governance Committee and receive copies of all materials distributed at such meetings, with the understanding that non-management directors that do not sit on the Nominating & Governance Committee will have only observer status. The Nominating & Governance Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's bylaws.

The Nominating & Governance Committee may ask management or other employees to attend its meetings and to provide pertinent information and/or recommendations for the Nominating & Governance Committee's consideration as necessary.

2. **Quorum and Approval.** A majority of the members of the Nominating & Governance Committee shall constitute a quorum. The Nominating & Governance Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Nominating & Governance Committee may also act by unanimous written consent in lieu of a meeting.
3. **Reports.** The Nominating & Governance Committee shall maintain minutes of its meetings and shall make regular reports to the Board on its activities, as appropriate, directly or through the chairperson.
4. **Performance and Charter Review.** The Nominating & Governance Committee must conduct an annual self-evaluation to determine whether it and its members are functioning effectively. The annual evaluation shall include a review and assessment of the adequacy of the Nominating & Governance Committee's Charter. The Nominating & Governance

Committee shall develop an evaluation process and proactively solicit evaluations from all members regarding the functioning of the committee at the end of each fiscal year. The Nominating & Governance Committee shall report the results of the review to the Board and, if necessary, make recommendations to the Board to amend the Nominating & Governance Committee's Charter. The Nominating & Governance Committee also shall submit itself to the review and evaluation of the Board.

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While the members of the Nominating & Governance Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Nominating & Governance Committee, except to the extent otherwise provided under applicable federal or state law.