

GenOn REMA, LLC

June 30, 2011

GENON REMA, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Successor		Predecessor	
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
	(in thousands)		(in thousands)	
Operating revenues	\$ 9,847	\$ 18,658	\$ 6,381	\$ 13,200
Operating revenues – affiliate	131,442	284,595	139,158	295,401
Cost of fuel, electricity and other products	33,133	90,413	67,476	129,807
Cost of fuel, electricity and other products – affiliate	34,649	53,023	494	1,069
Gross Margin (excluding depreciation and amortization)	73,507	159,817	77,569	177,725
Operating Expenses:				
Operations and maintenance	16,416	20,263	53,093	87,890
Operations and maintenance – affiliates	36,849	71,703	30,302	60,483
Facilities leases	8,339	16,706	14,962	29,924
Depreciation and amortization	10,001	19,368	13,423	25,481
Gain on sales of assets, net	(3)	(3)	(39)	(78)
Total operating expenses	71,602	128,037	111,741	203,700
Operating Income (Loss)	1,905	31,780	(34,172)	(25,975)
Other Income (Expense):				
Interest expense	(52)	(48)	(402)	(847)
Interest expense – affiliates	(17,288)	(34,151)	(15,587)	(30,876)
Interest income	—	20	5	7
Total other expense, net	(17,340)	(34,179)	(15,984)	(31,716)
Loss Before Income Taxes	(15,435)	(2,399)	(50,156)	(57,691)
Provision (benefit) for income taxes	10	16	(4,219)	15,354
Net Loss	\$ (15,445)	\$ (2,415)	\$ (45,937)	\$ (73,045)

See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements

GENON REMA, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2011	December 31, 2010
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 43,367	\$ 21,145
Funds on deposit	255	212
Receivables, net	43	5,325
Receivables, net – affiliates	19,212	71,648
Derivative contract assets	5,541	10,541
Derivative contract assets – affiliate	2,550	2,919
Inventories	116,305	95,136
Prepaid expenses and other current assets	1,237	1,361
Total current assets	188,510	208,287
Property, plant and equipment, gross	535,651	529,198
Accumulated depreciation	(18,356)	(3,176)
Property, Plant and Equipment, net	517,295	526,022
Noncurrent Assets:		
Intangible assets, net	5,131	7,151
Other	29,106	27,817
Total noncurrent assets	34,237	34,968
Total Assets	\$ 740,042	\$ 769,277
 LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
Current Liabilities:		
Current portion of long-term debt	\$ 114	\$ 110
Accounts payable and accrued liabilities	31,028	47,871
Accounts payable – affiliates	527	8,790
Subordinated accounts payable, net – affiliates	475,257	433,919
Subordinated interest payable – affiliate	41,899	61,562
Derivative contract liabilities	31,056	47,123
Derivative contract liabilities – affiliate	598	—
Other	2,134	2,671
Total current liabilities	582,613	602,046
Noncurrent Liabilities:		
Derivative contract liabilities	6,875	13,782
Pension and postretirement obligations	—	34,297
Out-of-market contracts	179,201	184,039
Other	42,210	43,298
Total noncurrent liabilities	228,286	275,416
Subordinated Note Payable – Affiliate	543,563	543,563
Long-term Debt, net of current portion	276	333
Commitments and Contingencies		
Member's Equity (Deficit):		
Common stock; no par value (1,000 shares authorized, issued and outstanding)	—	—
Additional paid-in capital (deficit)	(618,900)	(660,872)
Retained earnings	4,204	6,619
Accumulated other comprehensive income (loss)	—	2,172
Total member's equity (deficit)	(614,696)	(652,081)
Total Liabilities and Member's Equity (Deficit)	\$ 740,042	\$ 769,277

See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements

GENON REMA, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	<u>Successor</u> <u>Six Months Ended</u> <u>June 30, 2011</u> (in thousands)	<u>Predecessor</u> <u>Six Months Ended</u> <u>June 30, 2010</u> (in thousands)
Cash Flows from Operating Activities:		
Net loss	\$ (2,415)	\$ (73,045)
Adjustments to reconcile net loss and changes in other operating assets and liabilities to net cash provided by operating activities:		
Depreciation and amortization	19,368	25,481
Amortization of acquired contracts	(3,974)	—
Deferred income taxes	—	15,280
Net changes in derivative contracts	(17,007)	(13,462)
Gain on sales of assets, net	(3)	(78)
Other, net	260	(49)
Changes in operating assets and liabilities	35,370	104,092
Total adjustments	<u>34,014</u>	<u>131,264</u>
Net cash provided by operating activities	<u>31,599</u>	<u>58,219</u>
Cash Flows from Investing Activities:		
Capital expenditures	(9,337)	(14,543)
Purchases of emission allowances – affiliate	—	(6,577)
Restricted funds on deposit, net	(43)	833
Other, net	3	78
Net cash used in investing activities	<u>(9,377)</u>	<u>(20,209)</u>
Cash Flows from Financing Activities:		
Payments on notes payable, net – affiliate	—	(16,191)
Net cash used in financing activities	<u>—</u>	<u>(16,191)</u>
Net Increase in Cash and Cash Equivalents	22,222	21,819
Cash and Cash Equivalents, beginning of period	21,145	18,062
Cash and Cash Equivalents, end of period	<u>\$ 43,367</u>	<u>\$ 39,881</u>
Supplemental Disclosures:		
Cash paid for interest to affiliate, net of amounts capitalized	\$ 44,920	\$ 216
Cash paid for interest to third parties	17	65
Cash paid for income taxes (net of refunds received)	(3,700)	133
Supplemental Disclosures for Non-Cash Investing and Financing Activities:		
Distribution of employee-related obligations and related deferred taxes, net of valuation allowance	\$ 39,002	\$ —
Conversion of intercompany interest payable to equity	798	—
Contribution from affiliate of subordinated accounts payable to affiliates	—	6,877

See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements

GENON REMA, LLC AND SUBSIDIARIES

NOTE TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of Presentation

In connection with the merger between Mirant Corporation (Mirant) and RRI Energy, Inc. (RRI Energy) on December 3, 2010, former Mirant stockholders received approximately 54% of the voting interest in the combined company. Although RRI Energy was the legal acquirer, the merger is accounted for as a reverse acquisition whereby Mirant is treated as the accounting acquirer and RRI Energy is treated as the acquired company for financial reporting purposes. As such, the assets and liabilities of RRI Energy were recorded at their respective fair values as of the merger date. Fair value adjustments related to the merger have been pushed down to GenOn REMA, LLC and its subsidiaries (REMA), resulting in certain assets and liabilities of REMA being recorded at fair value at December 3, 2010.

REMA's consolidated statement of operations subsequent to the merger includes amortization expense relating to fair value adjustments and depreciation expense based on the fair value of REMA's property, plant and equipment. In addition, effective with the merger, REMA adopted accounting policies of GenOn Energy, Inc. Therefore, REMA's financial information prior to the merger is not comparable to its financial information subsequent to the merger.

Due to the impact of push down accounting, the financial statements separate REMA's presentations into two distinct periods, the period before the consummation of the merger (labeled Predecessor) and the period after that date (labeled Successor), to indicate the application of different basis of accounting between the periods presented.

Certain prior period amounts have been reclassified to conform to the current period financial statement presentation.