

GenOn REMA, LLC

March 31, 2011

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

	<u>Successor</u> <u>Three Months Ended</u> <u>March 31, 2011</u> (in thousands)	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2010</u> (in thousands)
Operating revenues	\$ 8,811	\$ 6,819
Operating revenues – affiliate	153,153	156,243
Cost of fuel, electricity and other products	57,280	62,331
Cost of fuel, electricity and other products – affiliate	18,374	575
Gross Margin (excluding depreciation and amortization)	86,310	100,156
Operating Expenses:		
Operations and maintenance	3,847	34,797
Operations and maintenance – affiliates	34,854	30,181
Facilities leases	8,367	14,962
Depreciation and amortization	9,367	12,058
Gain on sales of assets, net	—	(39)
Total operating expenses	56,435	91,959
Operating Income	29,875	8,197
Other Income (Expense):		
Interest expense	—	(445)
Interest expense – affiliates	(16,863)	(15,289)
Interest income	24	2
Total other expense, net	(16,839)	(15,732)
Income (Loss) Before Income Taxes	13,036	(7,535)
Provision for income taxes	6	19,573
Net Income (Loss)	\$ 13,030	\$ (27,108)

See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements

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

	March 31, 2011	December 31, 2010
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 67,525	\$ 21,145
Funds on deposit	440	212
Receivables, net	2,038	5,325
Receivables, net – affiliates	472	71,648
Derivative contract assets	7,010	10,541
Derivative contract assets – affiliate	1,513	2,919
Inventories	106,933	95,136
Prepaid lease	5,529	—
Prepaid expenses and other current assets.....	379	1,361
Total current assets.....	191,839	208,287
Property, plant and equipment, gross	531,764	529,198
Accumulated depreciation	(11,956)	(3,176)
Property, Plant and Equipment, net	519,808	526,022
Noncurrent Assets:		
Intangible assets, net	6,181	7,151
Other	27,747	27,817
Total noncurrent assets.....	33,928	34,968
Total Assets	\$ 745,575	\$ 769,277
 LIABILITIES AND MEMBER’S EQUITY (DEFICIT)		
Current Liabilities:		
Current portion of long-term debt	\$ 112	\$ 110
Accounts payable and accrued liabilities	22,715	47,871
Accounts payable – affiliates	22,927	8,790
Subordinated accounts payable, net – affiliates	452,750	433,919
Subordinated interest payable – affiliate	29,160	61,562
Derivative contract liabilities	38,149	47,123
Other	2,723	2,671
Total current liabilities	568,536	602,046
Noncurrent Liabilities:		
Derivative contract liabilities	10,328	13,782
Pension and postretirement obligations.....	—	34,297
Out-of-market contracts	181,568	184,039
Other	41,324	43,298
Total noncurrent liabilities	233,220	275,416
Subordinated Note Payable – Affiliate	543,563	543,563
Long-term Debt, net of current portion	305	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).....	(619,698)	(660,872)
Retained earnings.....	19,649	6,619
Accumulated other comprehensive income (loss).....	—	2,172
Total member’s equity (deficit).....	(600,049)	(652,081)
Total Liabilities and Member’s Equity (Deficit).....	\$ 745,575	\$ 769,277

See Note 1 to the Unaudited Condensed Consolidated Interim Financial Statements

GENON REMA, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY (DEFICIT)
AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Common Stock	Additional Paid-In Capital (Deficit)	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity (Deficit)
	(in thousands)				
Balance, December 31, 2010	\$ —	\$ (660,872)	\$ 6,619	\$ 2,172	\$ (652,081)
Net income.....	—	—	13,030	—	13,030
Distribution of employee- related obligations and related deferred taxes, net of valuation allowance	—	41,174	—	(2,172)	39,002
Balance, March 31, 2011	<u>\$ —</u>	<u>\$ (619,698)</u>	<u>\$ 19,649</u>	<u>\$ —</u>	<u>\$ (600,049)</u>

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>Three Months Ended</u> <u>March 31, 2011</u> <u>(in thousands)</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>March 31, 2010</u> <u>(in thousands)</u>
Cash Flows from Operating Activities:		
Net income (loss).....	\$ 13,030	\$ (27,108)
Adjustments to reconcile net income (loss) and changes in other operating assets and liabilities to net cash provided by operating activities:		
Depreciation and amortization	9,367	12,058
Amortization of acquired contracts	(2,115)	—
Deferred income taxes	—	19,573
Net changes in derivative contracts	(7,491)	(11,134)
Gain on sales of assets, net	—	(39)
Other, net	67	(24)
Changes in operating assets and liabilities	37,110	57,414
Total adjustments	<u>36,938</u>	<u>77,848</u>
Net cash provided by operating activities.....	<u>49,968</u>	<u>50,740</u>
Cash Flows from Investing Activities:		
Capital expenditures	(3,360)	(6,834)
Purchases of emission allowances, net – affiliate	—	(6,538)
Restricted funds on deposit, net	(228)	(2,541)
Net cash used in investing activities.....	<u>(3,588)</u>	<u>(15,913)</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	46,380	18,636
Cash and Cash Equivalents, beginning of period	21,145	18,062
Cash and Cash Equivalents, end of period	<u>\$ 67,525</u>	<u>\$ 36,698</u>
Supplemental Disclosures:		
Cash paid for interest to affiliate, net of amounts capitalized	\$ 45,024	\$ 214
Cash paid for interest to third parties	10	38
Cash paid for income taxes, net of refunds received.....	(3,700)	93
Supplemental Disclosures for Non-Cash Investing and Financing Activities:		
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.