RRI ENERGY INC
Form S-4
May 28, 2010

Table of Contents

As filed with the Securities and Exchange Commission on May 28, 2010

Registration No. 333-

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

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
RRI ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**4911**	**76-0655566**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1000 Main Street
Houston, Texas 77002
(832) 357-3000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Michael L. Jines
Executive Vice President,
General Counsel and Corporate Secretary
and Chief Compliance Officer
RRI Energy, Inc.
1000 Main Street
Houston, Texas 77002
(832) 357-3000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael P. Rogan, Esq. **Frank E. Bayouth, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **1000 Louisiana, Suite 6800** **Houston, Texas 77002** **(713) 655-5100**	**Julia A. Houston** **Senior Vice President, General Counsel,** **Chief Compliance Officer and Corporate Secretary** **Mirant Corporation** **1155 Perimeter Center West** **Atlanta, GA 30338-5416** **(678) 579-5000**	**Daniel A. Neff, Esq.** **Gregory E. Ostling, Esq.** **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, New York 10019** **(212) 403-1000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed merger contemplated by the Agreement and Plan of Merger, dated as of April 11, 2010, described in the enclosed joint proxy statement/prospectus, have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.001 per share	527,887,901(1)(2)	N/A	$2,092,931,218(3)	$149,226.00

(1) The number of shares of common stock of the registrant being registered is based upon an estimate of the maximum number of shares of common stock, par value $0.01 per share, of Mirant Corporation (Mirant) presently outstanding or issuable or expected to be issued in connection with the merger of Mirant with a wholly owned subsidiary of the registrant, including (i) shares of Mirant common stock to be issued pursuant to the reserve created under Mirant s plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code and (ii) shares of Mirant common stock issuable upon the exercise of Mirant warrants, options and restricted stock units that will be assumed by the registrant in the merger, multiplied by the exchange ratio of 2.835 shares of common stock, par value $0.001 per share, of the registrant, for each such share of common stock of Mirant.

(2) Each share of common stock issued by the registrant includes one Series A preferred share purchase right (the Rights), which initially attaches to and trades with the shares of the registrant s common stock being registered hereby. The terms of the Rights are described in the Rights Agreement, dated January 15, 2001, included as Exhibit 4.2 to Amendment No. 8 to the registrant s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 27, 2001.

(3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act), and calculated pursuant to Rule 457(f) under the Securities Act. The proposed maximum aggregate offering price for the common stock is the product of (x) $11.24, the average of the high and low sales prices of Mirant common stock, as quoted on the New York Stock Exchange, on May 25, 2010, and (y) 186,203,845, the estimated maximum number of shares of Mirant common stock that may be exchanged for the shares of common stock of the registrant being registered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer, solicitation or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED May 28, 2010

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Each of the boards of directors of RRI Energy, Inc. and Mirant Corporation has approved a strategic merger, combining RRI and Mirant in what we intend to be a merger of equals. RRI and Mirant think that the proposed merger brings together two organizations with complementary electric generating assets and a history of operating excellence to create a stronger, larger and more geographically diverse organization that will be well positioned to create greater value for all of our stockholders.

RRI and Mirant entered into an agreement and plan of merger on April 11, 2010 pursuant to which, subject to stockholder approvals and certain other customary closing conditions, RRI and Mirant will combine their businesses through the merger of Mirant with a newly formed, wholly owned subsidiary of RRI, with Mirant thereupon becoming a wholly owned subsidiary of RRI.

If the merger is completed, Mirant stockholders will receive 2.835 shares of RRI common stock for each share of Mirant common stock. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing. The exchange ratio will be adjusted, however, if the proposed reverse stock split of RRI common stock is approved by the stockholders of RRI and implemented by the RRI board of directors prior to completion of the merger. RRI stockholders will continue to own their existing shares and, other than any adjustment made to RRI common stock in connection with the proposed reverse stock split, the RRI common stock will not be affected by the merger. Upon completion of the merger, Mirant s former stockholders will own approximately 54% of the then outstanding RRI common stock, based on the number of shares and equity awards (including warrants) of RRI and Mirant outstanding on [ ], 2010. The value of the merger consideration to be received in exchange for each share of Mirant common stock will fluctuate with the market value of RRI common stock until the merger is completed.

Based on the closing sale price for RRI common stock on April 9, 2010, the last trading day before public announcement of the merger, the 2.835 exchange ratio represented approximately $11.20 in value for each share of Mirant common stock. Based on the closing sale price for RRI common stock on [ ], 2010, the last trading day before the printing of this joint proxy statement/prospectus, the 2.835 exchange ratio represented approximately $[ ] in value for each share of Mirant common stock.

RRI common stock is listed on the New York Stock Exchange under the symbol RRI. Mirant common stock is listed on the New York Stock Exchange under the symbol MIR. We urge you to obtain current market quotations for the shares of common stock of RRI and Mirant.

Your vote is very important. The merger cannot be completed unless RRI stockholders approve the issuance of RRI common stock in the merger and Mirant stockholders adopt the merger agreement. Each of Mirant and RRI is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger. Information about these meetings, the merger and the other business to be considered by stockholders at each of the special meetings is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus carefully. **You should also carefully consider the risks that are described in the Risk Factors section beginning on page [ ].**

Whether or not you plan to attend your company s special meeting of stockholders, please submit your proxy as soon as possible to make sure that your shares are represented at that meeting.

The RRI board of directors recommends that RRI stockholders vote FOR the proposal to approve the issuance of RRI common stock in the merger, which is necessary to complete the merger.

The Mirant board of directors recommends that Mirant stockholders vote FOR the proposal to adopt the merger agreement, which is necessary to complete the merger.

Mark M. Jacobs	Edward R. Muller
President and Chief Executive Officer	Chairman, President and Chief Executive Officer
RRI Energy, Inc.	Mirant Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the other transactions described in this joint proxy statement/prospectus or the securities to be issued in connection with the merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [ ], 2010, and is first being mailed to stockholders of RRI and Mirant on or about [ ], 2010.

Table of Contents

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about RRI and Mirant from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see Where You Can Find More Information beginning on page [ ].

You can obtain any of the documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from Innisfree M&A Incorporated, RRI s proxy solicitor, or D.F. King & Co., Inc., Mirant s proxy solicitor, at the following addresses and telephone numbers:

Innisfree M&A Incorporated	D.F. King & Co., Inc.
501 Madison Avenue, 20th floor	48 Wall Street, 22nd Floor
New York, New York 10022	New York, New York 10005
(877) 800-5187 (toll-free)	(800) 549-6697 (toll-free)
(212) 750-5833 (banks and brokers only)	(212) 269-5550 (banks and brokers only)

To receive timely delivery of the documents in advance of the special meetings, you should make your request no later than [ ], 2010.

You may also obtain any of the documents incorporated by reference into this joint proxy statement/prospectus without charge through the Securities and Exchange Commission, which is referred to as the SEC, website at *www.sec.gov*. In addition, you may obtain copies of documents filed by RRI with the SEC by accessing RRI s website at *www.rrienergy.com* under the tab Investor Relations and then under the heading Company Filings. You may also obtain copies of documents filed by Mirant with the SEC by accessing Mirant s website at *www.mirant.com* under the tab Investor Relations and then under the heading SEC Filings.

We are not incorporating the contents of the websites of the SEC, RRI, Mirant or any other entity into this joint proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this joint proxy statement/prospectus at these websites only for your convenience.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [ ], [ ], 2010

To the Stockholders of RRI Energy, Inc.:

A special meeting of stockholders of RRI Energy, Inc. will be held at [ ], on [ ], 2010 at [ ], Central Time, for the following purposes:

1. To approve the issuance of RRI common stock, par value $0.001 per share, pursuant to the Agreement and Plan of Merger, dated as of April 11, 2010, by and among RRI Energy, Inc., RRI Energy Holdings, Inc. and Mirant Corporation, as the same may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice (the Share Issuance proposal).

2. To approve amendments to RRI s restated certificate of incorporation that would effect a reverse stock split of RRI common stock, pursuant to which 3, 3.5, 4, 4.5 or 5 issued and outstanding shares of RRI common stock, as determined by the RRI board of directors, would be combined and reclassified into one share of RRI common stock, and pursuant to which the total number of authorized shares of RRI common stock and RRI preferred stock would be proportionately reduced (the Reverse Stock Split proposal).

3. To approve an amendment to RRI s restated certificate of incorporation to change the corporate name of RRI from RRI Energy, Inc. to GenOn Energy, Inc. (the Name Change proposal).

4. To approve any motion to adjourn the RRI special meeting, if necessary, to solicit additional proxies (the RRI Adjournment proposal).

The Share Issuance proposal is not conditioned on the approval of either the Reverse Stock Split proposal or the Name Change proposal and only approval of the Share Issuance proposal is required to complete the merger. The Reverse Stock Split proposal is conditioned on approval of the Share Issuance proposal and subject to the discretion of the RRI board of directors. The Name Change proposal is conditioned on approval of the Share Issuance proposal and completion of the merger.

RRI will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The accompanying joint proxy statement/prospectus further describes the matters to be considered at the RRI special meeting.

The RRI board of directors has set [ ], 2010 as the record date for the RRI special meeting. Only holders of record of RRI common stock at the close of business on [ ], 2010 will be entitled to notice of and to vote at the RRI special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the RRI special meeting is entitled to appoint a proxy to attend and vote on such stockholder s behalf. Such proxy need not be a holder of RRI common stock.

Your vote is very important. To ensure your representation at the RRI special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet.

Table of Contents

Please vote promptly whether or not you expect to attend the RRI special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the RRI special meeting.

The RRI board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the Share Issuance proposal, FOR the Reverse Stock Split proposal, FOR the Name Change proposal and FOR the RRI Adjournment proposal.

By Order of the Board of Directors,

Michael L. Jines
Executive Vice President,
General Counsel and Corporate Secretary
and Chief Compliance Officer
Houston, Texas

[ ], 2010

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL INNISFREE M&A INCORPORATED TOLL-FREE AT (877) 800-5187 (BANKS AND BROKERS CALL COLLECT AT (212) 750-5833).

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [ ], [ ], 2010

To the Stockholders of Mirant Corporation:

A special meeting of stockholders of Mirant Corporation will be held at [ ], on [ ], 2010 at [ ], Eastern Time, for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of April 11, 2010, by and among RRI Energy, Inc., RRI Energy Holdings, Inc. and Mirant Corporation as the same may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice (the Merger proposal).

2. To approve any motion to adjourn the Mirant special meeting, if necessary, to solicit additional proxies (the Mirant Adjournment proposal).

Approval of the Merger proposal is required for completion of the merger.

Mirant will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The Mirant board of directors has set [ ], 2010 as the record date for the Mirant special meeting. Only holders of record of shares of Mirant common stock at the close of business on [ ], 2010 will be entitled to notice of and to vote at the Mirant special meeting and any adjournments or postponements thereof.

Your vote is very important. To ensure your representation at the Mirant special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the Mirant special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Mirant special meeting.

The Mirant board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the Merger proposal and FOR the Mirant Adjournment proposal.

By Order of the Board of Directors,

Julia A. Houston
Senior Vice President, General Counsel,
Chief Compliance Officer and Corporate Secretary
Atlanta, Georgia
[ ], 2010

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT

VOTING YOUR SHARES, PLEASE CALL D.F. KING & CO., INC. TOLL-FREE AT (800) 549-6697 (BANKS AND BROKERS CALL COLLECT AT (212) 269-5550).

Table of Contents

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS

The following questions and answers briefly address some commonly asked questions about the RRI and Mirant special meetings. They may not include all the information that is important to stockholders of RRI and Mirant. Stockholders should carefully read this entire joint proxy statement/prospectus, including the annexes and the other documents referred to herein.

Q: What is the merger?

A: RRI Energy, Inc., which is referred to as RRI, and Mirant Corporation, which is referred to as Mirant, have entered into an Agreement and Plan of Merger, dated as of April 11, 2010, which is referred to as the merger agreement. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. The merger agreement contains the terms and conditions of the proposed business combination of RRI and Mirant. Under the merger agreement, RRI Energy Holdings, Inc., a direct wholly owned subsidiary of RRI, will merge with and into Mirant, with Mirant continuing as the surviving entity and a wholly owned subsidiary of RRI, in a transaction which is referred to as the merger.

Q: Why am I receiving these materials?

A: RRI and Mirant are sending these materials to their respective stockholders to help them decide how to vote their shares of RRI or Mirant common stock, as the case may be, with respect to the merger and other matters to be considered at the special meetings.

The merger cannot be completed unless RRI stockholders approve the issuance of RRI common stock in the merger and Mirant stockholders adopt the merger agreement. Each of RRI and Mirant is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger. Information about these special meetings, the merger and the other business to be considered by stockholders at each of the special meetings is contained in this joint proxy statement/prospectus.

This joint proxy statement/prospectus constitutes both a joint proxy statement of RRI and Mirant and a prospectus of RRI. It is a joint proxy statement because each of the boards of directors of RRI and Mirant are soliciting proxies from their respective stockholders. It is a prospectus because RRI will issue shares of its common stock in exchange for outstanding shares of Mirant common stock in the merger.

Q: What will Mirant stockholders receive in the merger?

A: In the merger, Mirant stockholders will receive 2.835 shares of RRI common stock for each share of Mirant common stock, which is referred to as the exchange ratio. This exchange ratio is fixed and will not be adjusted to reflect changes in the stock price of either company before the merger is completed. The exchange ratio will be adjusted, however, if the proposed reverse stock split of RRI common stock is approved by the RRI stockholders and implemented by the RRI board of directors prior to completion of the merger. RRI stockholders will continue to own their existing shares of RRI common stock and, other than any adjustment made to RRI common stock in connection with the proposed reverse stock split, the RRI common stock will not be affected by the merger.

Q: When do Mirant and RRI expect to complete the merger?

A:

RRI and Mirant are working to complete the merger as soon as practicable. If the stockholders of both RRI and Mirant approve the merger, we currently expect that the merger will be completed before the end of 2010. Neither RRI nor Mirant can predict, however, the actual date on which the merger will be completed because it is subject to conditions beyond each company s control, including federal and New York State regulatory approvals. See The Merger Agreement Conditions to Completion of the Merger beginning on page [ ].

Q: What am I being asked to vote on and why is this approval necessary?

A: RRI stockholders are being asked to vote on the following proposals:

1. to approve the issuance of RRI common stock, par value $0.001 per share, pursuant to the merger agreement, which is referred to as the Share Issuance proposal;

Table of Contents

2. to approve amendments to RRI s restated certificate of incorporation that would effect a reverse stock split of RRI common stock, pursuant to which 3, 3.5, 4, 4.5 or 5 issued and outstanding shares of RRI common stock, as determined by the RRI board of directors, would be combined and reclassified into one share of RRI common stock, and pursuant to which the total number of authorized shares of RRI common stock and RRI preferred stock would be proportionately reduced, which is referred to as the Reverse Stock Split proposal;

3. to approve an amendment to RRI s restated certificate of incorporation to change the corporate name of RRI Energy, Inc. to GenOn Energy, Inc., which is referred to as the Name Change proposal; and

4. to approve any motion to adjourn the RRI special meeting, if necessary, to solicit additional proxies, which is referred to as the RRI Adjournment proposal.

The Share Issuance proposal is not conditioned on the approval of either the Reverse Stock Split proposal or the Name Change proposal and only approval of the Share Issuance proposal is required to complete the merger. The Reverse Stock Split proposal is conditioned on approval of the Share Issuance proposal and subject to the discretion of the RRI board of directors. The Name Change proposal is conditioned on approval of the Share Issuance proposal and completion of the merger.

Mirant stockholders are being asked to vote on the following proposals:

1. to adopt the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus, which is referred to as the Merger proposal; and

2. to approve any motion to adjourn the Mirant special meeting, if necessary, to solicit additional proxies, which is referred to as the Mirant Adjournment proposal.

Approval of the Merger proposal is required for completion of the merger.

Q: What vote is required to approve each proposal at the RRI Special Meeting?

A: *The Share Issuance proposal:* The affirmative vote of a majority of the shares of RRI common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the Share Issuance proposal, provided that the total votes cast on the proposal (including abstentions) must represent a majority of the shares of RRI common stock outstanding.

The Reverse Stock Split proposal: The affirmative vote of a majority of the outstanding shares of RRI common stock is required to approve the Reverse Stock Split proposal.

The Name Change proposal: The affirmative vote of a majority of the outstanding shares of RRI common stock is required to approve the Name Change proposal.

The RRI Adjournment proposal: The affirmative vote of a majority of the shares of RRI common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the RRI Adjournment proposal.

Q: What vote is required to approve each proposal at the Mirant Special Meeting?

A: *The Merger proposal:* The affirmative vote of a majority of the outstanding shares of Mirant common stock entitled to vote is required to approve the Merger proposal.

The Mirant Adjournment proposal: The affirmative vote of a majority of the shares of Mirant common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the Mirant Adjournment proposal.

Q: What constitutes a quorum?

A: The representation of holders of at least a majority of the total number of shares of common stock outstanding as of the record date at the RRI special meeting or Mirant special meeting, as applicable, whether present in person or represented by proxy, is required in order to conduct business at each special meeting.

This requirement is called a quorum. Abstentions, if any, which are described below, will be treated as present for the purposes of determining the presence or absence of a quorum for each special meeting.

Q: How do the boards of directors of RRI and Mirant recommend that I vote?

A: The RRI board of directors recommends that holders of RRI common stock vote **FOR** the Share Issuance proposal, **FOR** the Reverse Stock Split proposal, **FOR** the Name Change proposal and **FOR** the RRI Adjournment proposal.

The Mirant board of directors recommends that Mirant stockholders vote **FOR** the Merger proposal and **FOR** the Mirant Adjournment proposal.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at your respective company s special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

Q: How do I vote?

A: If you are a stockholder of record of RRI as of [ ], 2010, which is referred to as the RRI record date, or a stockholder of Mirant as of [ ], 2010, which is referred to as the Mirant record date, you may submit your proxy before your respective company s special meeting in one of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at your respective company s special meeting.

If your shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from their broker, bank or other nominee.

If you hold your shares indirectly in the RRI Energy, Inc. Savings Plan or the RRI Energy, Inc. Union Savings Plan, which are referred to as the RRI benefit plans, you have the right to direct the trustee of the RRI benefit plans, who is referred to as the RRI trustee, how to vote your shares as described in the voting materials sent to you by the RRI trustee.

Q: When and where are the RRI and Mirant special meetings of stockholders?

A: The special meeting of RRI stockholders will be held at the [ ] at [ ] on [ ], 2010. Subject to space availability, all RRI stockholders as of the RRI record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], Central Time.

The special meeting of Mirant stockholders will be held at the [ ] at [ ] on [ ], 2010. Subject to space availability, all Mirant stockholders as of the Mirant record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], Eastern Time.

Q: If my shares are held in street name by a broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A: If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to RRI or Mirant or by voting in person at

Table of Contents

your respective company s special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.

Under the rules of the New York Stock Exchange, which is referred to as the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the RRI special meeting and the Mirant special meeting are such non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

If you are an RRI stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Share Issuance proposal, which broker non-votes will have no effect on the vote count for this proposal, but will make it more difficult to meet the NYSE requirement that the total votes cast on this proposal (including abstentions) represent a majority of the shares of RRI common stock outstanding as of the record date;

your broker, bank or other nominee may not vote your shares on the Reverse Stock Split proposal or the Name Change proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker, bank or other nominee may not vote your shares on the RRI Adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

If you are a Mirant stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** this proposal; and

your broker, bank or other nominee may not vote your shares on the Mirant Adjournment proposal, which broker non-votes will have no effect on the vote count for the proposal.

Q: What do I need to do if I hold shares in RRI benefit plans?

A: You must provide voting instructions to the RRI trustee for the shares you hold indirectly in the RRI benefit plans by 11:59 p.m., Central Time, on [ ]. If you do not timely provide voting instructions, then the RRI trustee will vote your shares in the same proportion as the shares for which timely instructions were received, unless doing so would be prohibited by law.

Q: What if I do not vote or abstain?

A: For purposes of each of the RRI special meeting and the Mirant special meeting, an abstention occurs when a stockholder attends the applicable special meeting in person and does not vote or returns a proxy with an abstain vote.

If you are an RRI stockholder and you are not present or represented at the RRI special meeting, or fail to instruct your broker, bank or other nominee how to vote on the Share Issuance proposal, it will have no effect on the vote count for this proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast (including abstentions) on this proposal represent a majority of the shares of RRI common stock outstanding as of the RRI record date.

If you respond with an abstain vote, or if you are present in person but do not vote, your proxy will have the same effect as a vote cast **AGAINST** the Share Issuance proposal.

Table of Contents

If you are an RRI stockholder and you fail to vote or fail to instruct your broker, bank or other nominee how to vote on the Reverse Stock Split proposal or the Name Change proposal, your failure to vote in each case will have the same effect as a vote cast **AGAINST** the proposal. If you respond to the Reverse Stock Split proposal or Name Change proposal with an abstain vote, your proxy will have the same effect as a vote cast **AGAINST** such proposal.

If you are a Mirant stockholder and you fail to vote or fail to instruct your broker, bank or other nominee how to vote on the Merger proposal, it will have the same effect as a vote cast **AGAINST** the Merger proposal. If you respond with an abstain vote on the Merger proposal, your proxy will have the same effect as a vote cast **AGAINST** the Merger proposal.

Q: What will happen if I return my proxy or voting instruction card without indicating how to vote?

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the RRI common stock represented by your proxy will be voted as recommended by the RRI board of directors with respect to that proposal or the Mirant common stock represented by your proxy will be voted as recommended by the Mirant board of directors with respect to that proposal. Unless an RRI stockholder or a Mirant stockholder, as applicable, checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on other matters relating to the RRI special meeting or Mirant special meeting, as applicable.

Q: What if I hold shares of both Mirant common stock and RRI common stock?

A: If you are a stockholder of both Mirant and RRI, you will receive two separate packages of proxy materials. A vote as a Mirant stockholder will not constitute a vote as an RRI stockholder and vice versa. Therefore, please sign, date and return all proxy cards that you receive, whether from RRI or Mirant, or vote as both an RRI stockholder and as a Mirant stockholder by Internet or telephone.

Q: May I change my vote after I have delivered my proxy or voting instruction card?

A: Yes. You may change your vote at any time before your proxy is voted at the RRI or Mirant special meeting. You may do this in one of four ways:

by sending a notice of revocation to the corporate secretary of RRI or Mirant, as applicable;

by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;

by sending a completed proxy card bearing a later date than your original proxy card; or

by attending the RRI or Mirant special meeting, as applicable, and voting in person.

If you choose any of the first three methods, you must take the described action no later than the beginning of the applicable special meeting.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote. If you hold shares indirectly in the RRI benefit plans, you should contact the

RRI trustee to change your vote.

Q: What are the material U.S. federal income tax consequences of the merger?

A: RRI and Mirant intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Code, for U.S. federal income tax purposes. Assuming the merger qualifies for such treatment, a holder of Mirant common stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder s shares of Mirant common stock for shares of RRI common stock in the merger, except with respect to cash received in lieu of a fractional share of RRI common stock.

Table of Contents

Q: What is the proposed RRI reverse stock split and why are RRI stockholders being asked to approve it?

A: The RRI board of directors has unanimously approved proposed amendments to RRI s restated certificate of incorporation that would effect a reverse stock split of all outstanding shares of RRI common stock at a reverse stock split ratio of 1-for-3, 1-for-3.5, 1-for-4, 1-for-4.5 or 1-for-5, as determined by the RRI board of directors, in connection with which the total number of authorized shares of RRI common stock and RRI preferred stock would be proportionately reduced. The RRI board of directors thinks that implementing the proposed RRI reverse stock split could return RRI s market price per share to a level that is more similar to that of other companies it views as its peer group. A higher stock price may also increase RRI s ability to attract and retain employees.

Q: When is the proposed RRI reverse stock split expected to be effected and should RRI stockholders send in their stock certificates now?

A: No. Please do not send your RRI stock certificates with your proxy card.

The Reverse Stock Split proposal is conditioned on approval of the Share Issuance proposal and subject to the discretion of the RRI board of directors. Assuming that the Share Issuance proposal is approved and if the Reverse Stock Split proposal is approved, the RRI board of directors may, in its sole discretion, at any time following the RRI special meeting and prior to March 31, 2011 (or any later End Date, as defined in the merger agreement, agreed to by RRI and Mirant in an amendment to the merger agreement), effect a reverse stock split based on one of the five ratios described above (with the corresponding proportionate reduction in the authorized shares of RRI common stock and RRI preferred stock) as it determines to be in the best interests of RRI and its stockholders. If the RRI board of directors determines to effect the proposed reverse stock split, the RRI stockholders at the time of such determination will receive instructions from Computershare Investor Services, which is RRI s transfer agent, explaining how to exchange their stock certificates.

Q: Do I have appraisal rights in connection with the merger?

A: No. Under Delaware law, holders of RRI common stock or Mirant common stock will not be entitled to exercise any appraisal rights in connection with the merger.

Q: Are RRI stockholders entitled to appraisal rights in connection with the proposed reverse stock split, if effected?

A: No. Under Delaware law, RRI stockholders are not entitled to appraisal rights with respect to the proposed reverse stock split.

Q: What if I hold Mirant or RRI stock-based compensation awards?

A: RRI stock options will vest in full upon completion of the merger and remain outstanding subject to the same terms and conditions as otherwise applied prior to the merger. RRI restricted stock units will vest upon completion of the merger. RRI stock-settled restricted stock units will settle in stock and RRI cash-settled restricted stock units will settle in cash upon completion of the merger.

Upon completion of the merger, Mirant stock options will vest, be converted into options covering RRI common stock based on the exchange ratio and remain outstanding subject to the same terms and conditions as otherwise applied prior to the merger. Other Mirant stock-based awards will vest in full upon completion of the merger, be converted into RRI common stock based on the exchange ratio (with cash paid in lieu of fractional shares) and, in the case of restricted stock units, be settled in accordance with their terms.

Q: What will the holders of Mirant warrants receive in the merger?

A: Upon completion of the merger, each warrant to purchase shares of Mirant common stock that is outstanding and unexercised immediately prior to completion of the merger will be converted into and become a warrant to purchase the number of shares of common stock of the combined company that would have been issued or paid to such holders in the merger if such holders had exercised the Mirant warrants immediately prior to completion of the merger. Accordingly, following completion of the merger, each outstanding and unexercised warrant will entitle a holder to purchase 2.835 shares of common stock of the combined company and the per warrant strike price will be appropriately adjusted to reflect the exchange ratio, subject to further adjustment for the proposed RRI reverse stock split.

Q: Whom should I contact if I have any questions about the proxy materials or voting?

A: If you have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact the proxy solicitation agent for the company in which you hold shares.

If you are an RRI stockholder, you should contact Innisfree M&A Incorporated, the proxy solicitation agent for RRI, toll-free at (877) 800-5187 (banks and brokers call collect at (212) 750-5833). If you are a Mirant stockholder, you should contact D.F. King & Co., Inc., the proxy solicitation agent for Mirant, toll-free at (800) 549-6697 (banks and brokers call collect at (212) 269-5550).

Table of Contents

SUMMARY

This summary highlights selected information contained in this joint proxy statement/prospectus and does not contain all the information that may be important to you. RRI and Mirant urge you to read carefully this joint proxy statement/prospectus in its entirety, including the annexes. Additional, important information, which RRI and Mirant also urge you to read, is contained in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page [ ]. Unless stated otherwise, all references in this joint proxy statement/prospectus to RRI are to RRI Energy, Inc., all references to Mirant are to Mirant Corporation and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of April 11, 2010, by and among RRI, RRI Energy Holdings, Inc. and Mirant, a copy of which is attached as Annex A to this joint proxy statement/prospectus.

The Parties

RRI

RRI provides energy, capacity, ancillary and other energy services to wholesale customers in competitive energy markets in the United States through its ownership and operation of, and contracting for, power generating capacity. RRI is a well-capitalized, wholesale generator with more than 14,000 megawatts of power generating assets.

For the year ended December 31, 2009, RRI had total revenues of approximately $1.8 billion and net income of approximately $403 million.

RRI s principal offices are located at 1000 Main Street, Houston, Texas 77002 and its telephone number is (832) 357-3000. RRI common stock is listed on the NYSE, trading under the symbol RRI.

Mirant

Mirant is a competitive energy company that produces and sells electricity in the United States. Mirant owns or leases more than 10,000 megawatts of net electric generating capacity in the Mid-Atlantic and Northeast regions and in California. Mirant also operates an integrated asset management and energy marketing organization based in Atlanta, Georgia.

For the year ended December 31, 2009, Mirant had total revenues of approximately $2.3 billion and net income of approximately $494 million.

Mirant s principal offices are located at 1155 Perimeter Center West, Suite 100, Atlanta, GA 30338 and its telephone number is (678) 579-5000. Mirant common stock is listed on the NYSE, trading under the symbol MIR.

Merger Sub

RRI Energy Holdings, Inc., or Merger Sub, a wholly owned subsidiary of RRI, is a Delaware corporation formed on April 9, 2010, for the purpose of effecting the merger. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

The Merger

Each of the boards of directors of RRI and Mirant has approved the combination of RRI and Mirant in what the parties intend to be a merger of equals. RRI and Mirant have entered into the merger agreement, which provides that, subject to the terms and conditions of the merger agreement, and in accordance with the Delaware General Corporation Law, which is referred to as the DGCL, upon completion of the merger, Merger Sub will merge with and into Mirant, with Mirant continuing as the surviving entity and a direct wholly owned subsidiary of RRI.

Consideration to be Received in the Merger by Mirant Stockholders

In the merger, each share of Mirant common stock that is either (i) issued and outstanding immediately prior to the effective time of the merger (other than any shares of Mirant common stock owned directly or indirectly by RRI, Mirant, Merger Sub or any of their respective subsidiaries that will be cancelled upon completion of the Merger), or (ii) to be issued pursuant to the reserve created under Mirant s plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code, which is referred to as the Plan, will be converted into the right to receive 2.835 shares of RRI common stock, which is referred to as the exchange ratio. The exchange ratio will be adjusted appropriately to fully reflect the effect of any reclassification, stock split, reverse stock split (including the proposed RRI reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or distribution with respect to the shares of either RRI common stock or Mirant common stock with a record date prior to completion of the merger. No fractional shares of RRI common stock will be issued in connection with the merger, and holders will be entitled to receive cash in lieu thereof. RRI stockholders will continue to own their existing shares, which will not be affected by the merger.

Treatment of Stock Options and Other Stock-based Awards; Mirant Warrants

RRI

RRI stock options will vest in full upon completion of the merger and remain outstanding subject to the same terms and conditions as otherwise applied prior to the merger. RRI restricted stock units will vest upon completion of the merger. RRI stock-settled restricted stock units will settle in stock and RRI cash-settled restricted stock units will settle in cash upon completion of the merger.

For further discussion of the treatment of RRI options and other stock-based awards held by directors and executive officers of RRI, see The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger beginning on page [ ].

Mirant

Upon completion of the merger, all outstanding Mirant stock options will vest, be converted into options covering RRI common stock (with the number of shares subject to such options and the per share exercise price appropriately adjusted based on the exchange ratio) and remain outstanding, subject to the same terms and conditions as otherwise applied prior to the merger. Other Mirant stock-based awards will vest in full upon completion of the merger, be converted into RRI common stock based on the exchange ratio (with cash paid in lieu of fractional shares) and, in the case of restricted stock units, be settled in accordance with their terms.

For a more complete discussion of the treatment of Mirant options and other stock-based awards, see The Merger Agreement Treatment of Mirant Stock Options and Other Equity Based Awards beginning on page [ ]. For further discussion of the treatment of Mirant options and other stock-based awards held by directors and executive officers of Mirant, see The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Mirant in the Merger beginning on page [ ].

In the merger, all outstanding Mirant warrants will be converted into warrants of the combined company entitling the holders thereof to receive upon exercise the number of shares of common stock of the combined company that would have been issued or paid to such holders in the merger if such holders had exercised the Mirant warrants immediately prior to completion of the merger. Accordingly, following completion of the merger, each outstanding and unexercised warrant will entitle a holder to purchase 2.835 shares of common stock of the combined company and the per warrant strike price will be appropriately adjusted to reflect the exchange ratio, subject to adjustment if the proposed RRI reverse stock split is effected prior to the issuance of shares of RRI common stock in connection with the merger.

Directors and Executive Officers Following the Merger; Headquarters

Board of Directors. Upon completion of the merger, the board of directors of the combined company will initially consist of ten directors, including (i) Mark M. Jacobs, a director and the current president and chief executive officer of RRI, (ii) Edward R. Muller, the current chairman, president and chief executive officer of Mirant, (iii) the four current non-employee directors of RRI (E. William Barnett, Steven L. Miller, Evan J. Silverstein and Laree E. Perez) and (iv) the four Mirant designees, Terry G. Dallas, Thomas H. Johnson, Robert C. Murray and William L. Thacker, each a current non-employee director of Mirant. In addition, upon completion of the merger, each of the audit, compensation, nominating and governance, and risk and finance oversight committees of the board of directors of the combined company will consist of four directors, two of whom will be designated by the RRI directors and two of whom will be designated by the Mirant directors. The chairman of the audit committee will be Mr. Murray, the chairman of the compensation committee will be Mr. Thacker, the chairman of the nominating and governance committee will be Mr. Miller and the chairman of the risk and finance oversight committee will be Mr. Silverstein.

Executive Officers. Upon completion of the merger, the corporate leadership team of the combined company will consist of Mr. Muller as chairman and chief executive officer; Mr. Jacobs as president and chief operating officer; J. William Holden III as executive vice president and chief financial officer; Michael L. Jines as executive vice president, general counsel and chief compliance officer; Robert Gaudette as senior vice president and chief commercial officer; David S. Freysinger as senior vice president, plant operations; and Anne M. Cleary as senior vice president, asset management.

Headquarters. Following completion of the merger, the combined company s corporate headquarters will be located in Houston, Texas. The combined company s trading operations (and associated risk management function) will be located in Atlanta, Georgia.

For a more complete discussion of the directors and executive officers and headquarters of the combined company, see The Merger Board of Directors and Executive Officers of the Combined Company after Completion of the Merger; Headquarters; Amendments to the Combined Company s Bylaws beginning on page [ ].

Recommendations of the RRI Board of Directors

After careful consideration, the RRI board of directors recommends that holders of RRI common stock vote **FOR** the Share Issuance proposal, the Reverse Stock Split proposal, the Name Change proposal and the RRI Adjournment proposal.

For a more complete description of RRI s reasons for the merger and the recommendations of the RRI board of directors, see The Merger Rationale for the Merger and The Merger RRI Board of Directors Recommendation and Its Reasons for the Merger beginning on pages [ ] and [ ], respectively.

Recommendation of the Mirant Board of Directors

After careful consideration, the Mirant board of directors recommends that holders of Mirant common stock vote **FOR** the Merger proposal and the Mirant Adjournment proposal.

For a more complete description of Mirant s reasons for the merger and the recommendation of the Mirant board of directors, see The Merger Rationale for the Merger and The Merger Mirant Board of Directors Recommendation and Its Reasons for the Merger beginning on pages [ ] and [ ], respectively.

Opinions of Financial Advisors

RRI Financial Advisors

In connection with the merger, the RRI board of directors received separate opinions from Goldman, Sachs & Co., which is referred to as Goldman Sachs, and Morgan Stanley & Co. Incorporated, which is referred to as Morgan Stanley. On April 10, 2010 each of Goldman Sachs and Morgan Stanley delivered to the RRI board of directors its oral opinion, which opinion was confirmed by delivery of a written opinion, dated April 11, 2010 for Goldman Sachs and April 10, 2010 for Morgan Stanley, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to RRI.

The full text of the written opinions of Goldman Sachs and Morgan Stanley, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions, are attached as Annex B and Annex C, respectively, and are incorporated into this joint proxy statement/prospectus by reference. Each opinion was directed to, and provided for the information and assistance of, the RRI board of directors in connection with its consideration of the merger. The Goldman Sachs opinion and the Morgan Stanley opinion are not recommendations as to how any holder of RRI common stock should vote with respect to the Share Issuance proposal or any other matter. Pursuant to an engagement letter between RRI and Goldman Sachs, RRI has agreed to pay Goldman Sachs a transaction fee of $10.5 million, a principal portion of which is payable upon completion of the merger, and an incentive fee of $4 million, which is payable at RRI s sole discretion. Payment of the $10.5 million transaction fee includes satisfaction of any applicable payment under a prior structuring agent engagement letter between RRI and Goldman Sachs. Additionally, pursuant to an engagement letter between RRI and Morgan Stanley, RRI has agreed to pay Morgan Stanley a transaction fee of $8 million, a principal portion of which is payable upon completion of the merger, and an incentive fee of $5 million, which is payable at RRI s sole discretion.

For a more complete description of Goldman Sachs and Morgan Stanley s opinions, see The Merger Opinions of RRI s Financial Advisors beginning on page [ ]. See also Annex B and Annex C to this joint proxy statement/prospectus.

Mirant Financial Advisor

At a meeting of the Mirant board of directors held on April 10, 2010, J.P. Morgan Securities Inc., which is referred to as J.P. Morgan, delivered its opinion to the Mirant board of directors as to the fairness, from a financial point of view and as of such date, of the exchange ratio to holders of Mirant common stock. The full text of the written opinion of J.P. Morgan, dated April 10, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the opinion and the review undertaken in connection with rendering its opinion, is included as Annex D to this joint proxy statement/prospectus. **J.P. Morgan s written opinion was provided to the Mirant board of directors (solely in its capacity as such) in connection with its evaluation of the merger and addressed only the fairness, from a financial point of view, of the exchange ratio and no other matters. The opinion does not constitute a recommendation to any stockholder as to how any stockholder should vote with respect to the proposed merger or any other matter.** J.P. Morgan has acted as financial advisor to Mirant with respect to the proposed merger and will receive a fee of approximately $30 million for its services contingent upon completion of the merger. For a more complete description of J.P. Morgan s opinion, see The Merger Opinion of Mirant s Financial Advisor beginning on page [ ]. See also Annex D to this joint proxy statement/prospectus.

Interests of Directors and Executive Officers in the Merger

You should be aware that some of the directors and officers of RRI and Mirant have interests in the merger that are different from, or are in addition to, the interests of stockholders generally. These interests relate to the treatment of equity-based compensation awards held by directors and executive officers of Mirant and RRI in the merger; the potential payment to RRI officers of cash awards under RRI s annual incentive compensation plan; the appointment of Edward R. Muller, currently Mirant s chairman, president and chief executive officer, as chairman and chief executive officer of the combined company; the appointment of Mark M. Jacobs, currently RRI s chief executive officer and a member of the RRI board of directors, as president and chief operating officer of the combined company; the election of Mr. Muller and four existing non-employee directors of Mirant (Messrs. Dallas, Johnson, Murray and Thacker) as directors of the combined company following the merger; the continuation of Mr. Jacobs and four existing non-employee RRI directors (Messrs. Barnett, Miller and Silverstein and Ms. Perez) as directors of the combined company following the

merger; change-in-control severance arrangements covering certain executive officers of Mirant and RRI; and the indemnification of Mirant s directors and officers by RRI.

For a further discussion of the interests of Mirant and RRI directors and executive officers in the merger, see The Merger Interests of Directors and Executive Officers in the Merger beginning on page [ ].

Material U.S. Federal Income Tax Consequences of the Merger

Assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes, as RRI and Mirant anticipate, holders of Mirant common stock whose shares of Mirant common stock are exchanged in the merger for shares of RRI common stock will not recognize gain or loss, except to the extent of cash, if any, received in lieu of a fractional share of RRI common stock.

The discussion of material U.S. federal income tax consequences of the merger contained in this joint proxy statement/prospectus is intended to provide only a general summary and is not a complete analysis or description of all potential U.S. federal income tax consequences of the merger. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws.

Mirant stockholders are strongly urged to consult with their tax advisors regarding the tax consequences of the merger to them, including the effects of U.S. federal, state, local, foreign and other tax laws.

For a more complete description of the material U.S. federal income tax consequences of the merger, see Material U.S. Federal Income Tax Consequences beginning on page [ ].

Accounting Treatment of the Merger

The merger will be accounted for as an acquisition of RRI by Mirant under the acquisition method of accounting according to U.S. generally accepted accounting principles, which are referred to as GAAP.

No Appraisal Rights

Under Section 262 of the DGCL, the holders of RRI common stock and the holders of Mirant common stock do not have appraisal rights in connection with the merger. Furthermore, under Section 262 of the DGCL, RRI stockholders are not entitled to appraisal rights with respect to the proposed reverse stock split.

Regulatory Matters

To complete the merger, Mirant and RRI must make filings with and obtain authorizations, approvals or consents from federal and state public utility, antitrust and other regulatory authorities. For a more complete discussion of regulatory matters relating to the merger, see The Merger Regulatory Approvals Required for the Merger beginning on page [ ].

Litigation Related to the Merger

In April 2010, RRI, Mirant and the Mirant board of directors were named defendants in four purported class action lawsuits filed in the Superior Court of Fulton County, Georgia, brought on behalf of proposed classes consisting of holders of Mirant common stock, excluding the defendants and their affiliates. Merger Sub was also named a defendant in three of the lawsuits. The complaints allege, among other things, that the individual defendants breached their fiduciary duties by failing to maximize the value to be received by Mirant s public stockholders, and that the other defendants aided and abetted the individual defendants breaches of fiduciary duties. The complaints seek, among other things, (a) to enjoin defendants from consummating the merger; (b) rescission of the merger, if completed; and/or (c) granting the class members any profits or benefits allegedly improperly received by defendants in connection with the merger. Both RRI and Mirant view the allegations in the complaints as without merit.

Conditions to Completion of the Merger

The parties expect to complete the merger after all of the conditions to the merger in the merger agreement are satisfied or waived, including after RRI and Mirant receive stockholder approvals at their respective special meetings, receive all required regulatory approvals and receive acceptable debt financing in an amount sufficient to fund the refinancing transactions contemplated by the merger agreement. The parties currently expect to complete the merger before the end of 2010. However, it is possible that factors outside of each company s control could require them to complete the merger at a later time or not to complete it at all.

The obligations of RRI and Mirant to complete the merger are each subject to the satisfaction (or waiver by all parties) of the following conditions:

approval by RRI stockholders of the Share Issuance proposal;

approval by Mirant stockholders of the Merger proposal;

absence of any injunction prohibiting the consummation of the merger;

termination or expiration of any waiting period (and any extension thereof) applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act;

receipt of all required regulatory approvals from the Federal Energy Regulatory Commission, which is referred to as FERC, and the New York Public Service Commission, which is referred to as the NYPSC (or, with regard to the NYPSC, a determination that such approval is not required), and filing of notice with the California Public Utility Commission, which is referred to as the CPUC;

authorization of the listing of the shares of RRI common stock to be issued in the merger on the NYSE, subject to official notice of issuance;

effectiveness of the Form S-4 registration statement of which this joint proxy statement/prospectus is a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

receipt by RRI and Mirant of acceptable debt financing in an amount sufficient to fund the refinancing transactions contemplated by the merger agreement (see The Merger Agreement Financing beginning on page [ ]);

accuracy of the other party s representations and warranties in the merger agreement;

the prior performance by the other party, in all material respects, of its obligations under the merger agreement;

receipt of a certificate executed by the chief executive officer or another senior officer of the other party as to the satisfaction of the conditions described in the preceding two bullets; and

receipt of a legal opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

The conditions set forth in the merger agreement may be waived by RRI or Mirant, subject to the agreement of the other party in certain circumstances. For a more complete discussion of the conditions to the merger, see The Merger Agreement Conditions to Completion of the Merger beginning on page [ ].

Financing

The merger is conditioned on the combined company obtaining debt financing in amounts and on terms that satisfy conditions set forth in the merger agreement. RRI and Mirant anticipate that such financing will take the form of a new revolving credit facility to replace their current credit facilities and $1.9 billion of new senior notes (which amount may be reduced if RRI obtains certain consents from the holders of RRI s 6.75% senior secured notes and/or certain bonds issued by the Pennsylvania Economic Development Financing Authority and guaranteed by RRI and certain of its subsidiaries on a senior secured basis, which are referred to as the PEDFA bonds) or a combination of new senior notes and a new term loan. RRI and Mirant intend to

Table of Contents

use the proceeds of such financing in part to refinance approximately $1.2 billion of indebtedness of Mirant and $650 million of indebtedness of RRI. For further information regarding the contemplated financing, see The Merger Agreement Financing beginning on page [ ].

Timing of the Merger

The merger is expected to be completed before the end of 2010, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

No Solicitation of Other Offers

In the merger agreement, each of RRI and Mirant has agreed that it will not directly or indirectly:

- solicit, initiate, seek or knowingly encourage or facilitate any proposal that constitutes or would reasonably be expected to lead to an alternative proposal (as described in the section entitled The Merger Agreement No Solicitations beginning on page [ ]);
- furnish any non-public information, or afford access to properties, books and records in connection with or in response to an alternative proposal;
- engage or participate in any discussions or negotiations with any person regarding an alternative proposal;
- approve, endorse or recommend an alternative proposal; or
- enter into any letter of intent, memorandum of understanding, merger agreement, acquisition agreement or any other agreement providing for an alternative proposal.

The merger agreement does not, however, prohibit either party from considering an acquisition proposal from a third party if certain specified conditions are met. For a discussion of the prohibition on solicitation of acquisition proposals from third parties, see The Merger Agreement No Solicitations beginning on page [ ].

Termination of the Merger Agreement

Generally, the merger agreement may be terminated and the merger may be abandoned at any time prior to completion of the merger, except as specified below, including after the required RRI stockholder approval or Mirant stockholder approval is obtained:

- by mutual written consent of RRI and Mirant; or
- by either party, if:
  - the merger has not been completed on or prior to December 31, 2010; provided that each party has the right to extend such termination date to up March 31, 2011 if the only unsatisfied conditions to completion of the merger are those regarding the receipt of required regulatory approvals;
  - an injunction has been entered permanently restraining, enjoining or otherwise prohibiting completion of the merger and such injunction becomes final and non-appealable, so long as the party seeking to terminate the merger agreement for this reason has used its reasonable best efforts to remove or prevent such injunction;

the requisite approval by the stockholders of RRI or Mirant has not been obtained at the respective stockholders meeting (or at any adjournment or postponement thereof);

the other party has breached any representation, covenant or other agreement in the merger agreement, in a way that the related condition to closing would not be satisfied, and this breach is either incurable or not cured within 30 days;

the other party s board of directors changes its recommendation that its stockholders vote for, in the case of RRI, the Share Issuance proposal or, in the case of Mirant, the Merger proposal; or prior to obtaining approval by its stockholders, the party terminates the merger agreement in order to enter into a definitive agreement with respect to a superior offer and concurrently pays a termination fee to the other party.

The merger agreement provides that, upon a termination of the merger agreement under specified circumstances, RRI or Mirant, as the case may be, may be required to pay a termination fee of approximately $37 million or $58 million, depending on the nature of the termination. See The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Effect of Termination; Termination Fees beginning on pages [ ] and [ ], respectively.

Matters to be Considered at the Special Meetings

RRI

At the RRI special meeting, RRI stockholders will be asked to consider and vote upon:

- the Share Issuance proposal;
- the Reverse Stock Split proposal;
- the Name Change proposal; and
- any RRI Adjournment proposal.

The Share Issuance proposal is not conditioned on the approval of either the Reverse Stock Split proposal or the Name Change proposal and only approval of the Share Issuance proposal is required to complete the merger. The Reverse Stock Split proposal is conditioned on approval of the Share Issuance proposal and subject to the discretion of the RRI board of directors. The Name Change proposal is conditioned on approval of the Share Issuance proposal and completion of the merger.

The affirmative vote of a majority of the shares of RRI common stock represented (in person or by proxy) and entitled to vote is required to approve the Share Issuance proposal, provided that the total votes cast on the proposal (including abstentions) represent a majority of the shares of RRI common stock outstanding as of the RRI record date.

The affirmative vote of a majority of the outstanding shares of RRI common stock is required to approve the Reverse Stock Split proposal and the Name Change proposal.

The affirmative vote of a majority of the shares of RRI common stock represented (in person or by proxy) and entitled to vote is required to approve the RRI Adjournment proposal.

The RRI board of directors recommends that RRI stockholders vote **FOR** all of the proposals set forth above, as more fully described under RRI Special Meeting beginning on page [ ].

Mirant

At the Mirant special meeting, Mirant stockholders will be asked to consider and vote upon:

- the Merger proposal; and

any Mirant Adjournment proposal.

Approval of the Merger proposal is required for completion of the merger.

The affirmative vote of a majority of the outstanding shares of Mirant common stock entitled to vote is required to approve the Merger proposal.

The affirmative vote of a majority of the shares of Mirant common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the Mirant Adjournment proposal.

The Mirant board of directors recommends that Mirant stockholders vote **FOR** all of the proposals set forth above, as more fully described under Mirant Special Meeting beginning on page [ ].

Table of Contents

Voting by RRI and Mirant Directors and Executive Officers

As of the RRI record date, directors and executive officers of RRI and their affiliates owned and were entitled to vote [ ] shares of RRI common stock, or approximately [ ]% of the total voting power of the shares of RRI common stock outstanding on that date. As of the Mirant record date, directors and executive officers of Mirant and their affiliates owned and were entitled to vote [ ] shares of Mirant common stock, or approximately [ ]% of the shares of Mirant common stock outstanding on that date.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA OF RRI

The selected historical consolidated financial data of RRI for each of the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 have been derived from RRI s audited consolidated financial statements and related notes thereto contained in RRI s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this joint proxy statement/prospectus. The financial data as of March 31, 2010 and for the three months ended March 31, 2010 and 2009 are derived from RRI s unaudited interim consolidated financial statements and related notes thereto contained in RRI s Quarterly Report on Form 10-Q for the three months ended March 31, 2010, which is incorporated by reference into this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of December 31, 2007, 2006 and 2005 have been derived from RRI s audited consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of RRI or the combined company, and you should read the following information together with (i) RRI s audited consolidated financial statements, the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in RRI s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference herein and (ii) RRI s unaudited interim consolidated financial statements, the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in RRI s Quarterly Report on Form 10-Q for the three months ended March 31, 2010, which is incorporated by reference herein. For more information, see Where You Can Find More Information beginning on page [ ].

	Years Ended December 31,					Three Months Ended March 31,	
	2009 (1)(2)(3) (4)(17)	**2008 (1)(2)(3) (5)(6)(17)**	**2007 (1)(2)(3) (7)(8)(17)**	**2006 (1)(2)(3) (9)(10)(17)**	**2005 (1)(2)(3) (11)(17)**	**2010 (1)(3) (4)(17)**	**2009 (1)(2) (3)(17)**
				(in millions)			
Statements of Operations Data:							
Revenues	$ 1,825	$ 3,394	$ 3,203	$ 3,040	$ 3,068	$ 605	$ 466
Operating income (loss)	(413)	201	(10)	(207)	(591)	(170)	(94)
Loss from continuing operations	(479)	(110)	(202)	(374)	(579)	(276)	(106)
Cumulative effect of accounting changes, net of tax				1	1		
Net income (loss)	403	(740)	365	(328)	(331)	(277)	(151)

	Years Ended December 31,					Three Months Ended March 31,	
	2009 (1)(2)	2008 (1)(2)(3) (5)(6)(7)	2007 (1)(2)(7)(8)	2006 (1)(2)(9)(10)	2005 (1)(2)(11)	2010 (1)	2009 (1)(2)
Diluted Loss per Share:							
Loss from continuing operations	$ (1.36)	$ (0.32)	$ (0.59)	$ (1.22)	$ (1.91)	$ (0.78)	$ (0.30)

Table of Contents

	Years Ended December 31,					Three Months Ended March 31,	
	2009 (1)(2) (12)(13)	2008 (1)(2)(5) (6)(12)(13)	2007 (1)(2)(7)(8) (10)(12)(13)	2006 (1)(2)(9) (11)(12)(13)	2005 (1)(2) (12)(13)	2010 (1)(13)	2009 (1)(2)(13)
	(in millions)						
Statements of Cash Flow Data:							
Cash flows provided by (used in) operating activities	$ 193	$ 183	$ 762	$ 1,276	$ (917)	$ 202	$ 488
Cash flows provided by (used in) investing activities	154	216	(179)	1,057	306	(22)	(67)
Cash flows provided by (used in) financing activities	(509)	(45)	(292)	(1,957)	594	2	2

	December 31,					March 31,
	2009 (1)(2)(14)	2008 (1)(2)	2007 (1)(2)	2006 (1)(2)	2005 (1)(2)(15)	2010(1)
	(in millions)					
Balance Sheet Data:						
Total assets	$ 7,461	$ 10,722	$ 11,373	$ 11,827	$ 13,569	$ 7,292
Current portion of long-term debt and short-term borrowings(16)	405	13	52	355	339	401
Long-term debt(16)	1,950	2,610	2,642	2,917	4,056	1,950
Stockholders equity	4,238	3,778	4,477	3,950	3,864	3,972

(1) RRI sold or transferred the following operations, which have been classified as discontinued operations: Desert Basin, European energy, Orion Power s hydropower facilities, Liberty, Ceredo, Orion Power s New York facilities and its retail energy business. RRI sold the following operations, which are included in continuing

operations: REMA hydropower facilities in April 2005, landfill-gas fueled power facilities in July 2005, its El Dorado investment in July 2005 and its Bighorn facilities in October 2008.

(2) RRI deconsolidated Channelview in August 2007 and sold its assets in July 2008. Channelview emerged from bankruptcy in October 2009 and RRI reconsolidated the entities at that time.

(3) During 2009, 2008, 2007, 2006 and 2005, RRI had net gains on sales of assets and emission and exchange allowances of $22 million, $93 million, $26 million, $159 million and $168 million, respectively. During the three months ended March 31, 2010 and 2009, RRI had net gains on sales of assets and emission and exchange allowances of $0 million and $18 million, respectively.

(4) During 2009, RRI recorded non-cash long-lived assets impairments of $211 million related to its New Castle and Indian River facilities. During the three months ended March 31, 2010, RRI recorded non-cash long-lived assets impairments of $248 million related to its Elrama and Niles facilities.

(5) During 2008, RRI recorded a non-cash goodwill impairment charge of $305 million related to its historical wholesale energy segment.

(6) During 2008, RRI recorded $37 million in expenses and paid $34 million for Western states litigation and similar settlements relating to natural gas cases.

(7) During 2007, RRI recorded and paid a $22 million charge related to resolution of a 2004 indictment for alleged violations of the Commodity Exchange Act, wire fraud and conspiracy charges.

(8) During 2007, RRI recorded $73 million in debt extinguishments expenses and expensed $41 million of deferred financing costs related to accelerated amortization for refinancings and extinguishments.

(9) During 2006, RRI recorded $37 million in debt conversion expense.

(10) During 2006, RRI recorded a $35 million charge (paid in 2007) related to a settlement of certain class action natural gas cases relating to the Western states energy crisis.

(11) During 2005, RRI recorded charges of $359 million relating to various settlements associated with the Western states energy crisis, which were paid during 2006.

Table of Contents

(12) During 2009, 2008, 2007, 2006 and 2005, RRI had net cash proceeds from sales of assets of $36 million, $527 million, $82 million, $1 million and $149 million, respectively.

(13) During 2009, 2008, 2007, 2006 and 2005, RRI had net proceeds from sales of (purchases of) emission and exchange allowances of $(3) million, $(19) million, $(85) million, $183 million and $89 million, respectively. During the three months ended March 31, 2010 and 2009, RRI had net proceeds from sales of (purchases of) emission and exchange allowances of $0 million and $7 million, respectively.

(14) For discussion of RRI s contingencies, see note 15 to RRI s consolidated financial statements contained in RRI s annual report on Form 10-K for the year ended December 31, 2009, which is incorporated herein by reference.

(15) The balance sheet data for total assets as of December 31, 2005 has not been reclassified for the adoption of accounting guidance relating to the offsetting of amounts for contracts with a single counterparty as it was impracticable to reasonably retrieve and reconstruct the historical information as a result of migration of data driven by a system conversion.

(16) Amounts exclude debt related to discontinued operations for December 31, 2008, 2007, 2006 and 2005.

(17) During 2009, 2008, 2007, 2006 and 2005, RRI had unrealized gains (losses) on energy derivatives of $22 million, $(9) million, $7 million, $56 million and $(123) million, respectively. During the three months ended March 31, 2010 and 2009, RRI had unrealized gains (losses) on energy derivatives of $127 million and $(44) million, respectively

SELECTED HISTORICAL FINANCIAL DATA OF MIRANT

Mirant is providing the following selected historical financial information to assist you in your analysis of the financial aspects of the merger. The information is only a summary and should be read in conjunction with Mirant s historical consolidated financial statements and related notes contained in Mirant s annual and quarterly reports, which have been incorporated by reference into this joint proxy statement/prospectus, as well as other information that has been filed with the SEC by Mirant. See Where You Can Find More Information beginning on page [ ] for information on where you can obtain copies of this information. The historical results included below and elsewhere in this joint proxy statement/prospectus are not indicative of the future performance of Mirant or the combined company.

	Years Ended December 31,					Three Months Ended March 31,	
	2009	2008	2007	2006	2005	2010	2009
	(in millions except per share data)						
Statements of Operations Data:							
Operating revenues	$ 2,309	$ 3,188	$ 2,019	$ 3,087	$ 2,620	$ 880	$ 878
Income (loss) from continuing operations	494	1,215	433	1,752	(1,385)	407	380
Income from discontinued operations		50	1,562	112	93		
Cumulative effect of changes in accounting principles					(15)		
Net income (loss)	494	1,265	1,995	1,864	(1,307)	407	380
Basic EPS per common share from continuing operations	$ 3.41	$ 6.53	$ 1.72	$ 6.15	N/A	$ 2.81	$ 2.62
Diluted EPS per common share from continuing operations	$ 3.41	$ 6.11	$ 1.56	$ 5.90	N/A	$ 2.79	$ 2.62
Cash dividend per common share from continuing operations	$	$	$	$	N/A	$	$

Mirant has not paid or declared any cash dividends on its common stock in the last three years and it does not anticipate paying any quarterly cash dividends in the foreseeable future.

Mirant s Statements of Operations Data for each year reflect the volatility caused by unrealized gains and losses related to derivative financial instruments used to hedge economically electricity and fuel. Changes in the fair value and settlements of derivative financial instruments used to hedge economically electricity are reflected in operating revenue and changes in the fair value and settlements of derivative financial instruments used to hedge economically fuel are reflected in cost of fuel, electricity and other products in the consolidated statements of operations. Changes in the fair value and settlements of derivative financial instruments for proprietary trading and fuel oil management activities are recorded on a net basis as operating revenue in the consolidated statements of operations. For additional information, see Note 2 to the consolidated financial statements contained in Mirant s Annual Report on Form 10-K for the year ended December 31, 2009 and Note B to the unaudited condensed consolidated financial statements contained in Mirant s Quarterly Report on Form 10-Q for the three months ended March 31, 2010, which are incorporated by reference in this joint proxy statement/prospectus.

	Years Ended December 31,					Three Months Ended March 31,	
	2009	2008	2007	2006	2005	2010	2009
	(in millions)						
Unrealized gains (losses) included in operating revenues	$ (2)	$ 840	$ (564)	$ 757	$ (92)	$ 363	$ 255
Unrealized losses (gains) included in cost of fuel, electricity and other products	(49)	54	(28)	102	(76)	11	1
Total	$ 47	$ 786	$ (536)	$ 655	$ (16)	$ 352	$ 254

For the year ended December 31, 2009, income from continuing operations reflects impairment losses of $221 million related to Mirant s Potomac River generating facility and intangible assets related to its Potrero and Contra Costa generating facilities. For the year ended December 31, 2007, income from continuing operations reflects an impairment loss of $175 million related to Mirant s Lovett generating facility. See Note 3 to the consolidated financial statements contained in Mirant s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus, for further information on these impairments. For the year ended December 31, 2006, income from continuing operations reflects an impairment loss of $120 million related to suspended construction at Mirant s Bowline generating facility.

For the year ended December 31, 2007, income from continuing operations also reflects a $379 million gain related to Mirant s settlement of litigation with Potomac Electric Power Company (Pepco), as discussed further in Note 15 to the consolidated financial statements contained in Mirant s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. For the year ended December 31, 2006, Mirant s income for continuing operations reflects a $244 million gain from a New York property tax settlement.

For the year ended December 31, 2007, Mirant s Statement of Operations Data reflects gains on sales of discontinued operations as discussed in Note 8 to the consolidated financial statements contained in Mirant s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. EPS information for the year ended December 31, 2005 has not been presented because the information is not relevant in any material respect for users of Mirant s financial statements. For additional information, see Note 10 to the consolidated financial statements contained in Mirant s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus.

For the year ended December 31, 2005, Mirant s Statement of Operations Data reflects the effects of accounting for the Plan. During Mirant s bankruptcy proceedings, its consolidated financial statements were prepared in accordance with the accounting guidance for financial reporting by entities in reorganization under the bankruptcy code.

The consolidated Balance Sheet Data for years 2006 and 2005 segregates pre-petition liabilities subject to compromise from those liabilities that were not subject to compromise.

December 31,					March 31,
2009	2008	2007	2006	2005	2010
(in millions)					

Balance Sheet Data:						
Total assets	$ 9,528	$ 10,688	$ 10,538	$ 12,845	$ 14,364	$ 11,618
Total long-term debt	2,631	2,676	3,095	3,275	2,582	2,564
Liabilities subject to compromise				18	18	
Stockholders equity	4,315	3,762	5,310	4,443	3,856	4,723

On January 1, 2010, Mirant adopted revised accounting guidance related to accounting for variable interest entities. As a result, MC Asset Recovery, LLC was deconsolidated from Mirant s financial results. The total assets at December 31, 2009 in the table above have been adjusted from amounts previously presented to reflect a $39 million reduction as a result of the deconsolidation of MC Asset Recovery, LLC. The adoption of this accounting guidance did not affect any of the other periods presented. For additional information, see Note A to the unaudited condensed consolidated financial statements contained in Mirant s Quarterly Report on Form 10-Q for the three months ended March 31, 2010, which is incorporated by reference in this joint proxy statement/prospectus.

In 2005, Mirant recorded the effects of the Plan. As a result, liabilities subject to compromise at December 31, 2005 and 2006 reflect only the liabilities of Mirant s New York entities that remained in bankruptcy at that time. Total assets for all periods reflect Mirant s election in 2008 to discontinue the net presentation of assets subject to master netting agreements upon adoption of the accounting guidance for offsetting amounts related to certain contracts.

Table of Contents

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA

The merger will be accounted for as a reverse acquisition of RRI by Mirant under the acquisition method of accounting of GAAP. See The Merger Accounting Treatment. The unaudited pro forma condensed combined financial statements contained in this joint proxy statement/prospectus were prepared using the acquisition method of accounting. The following selected unaudited pro forma condensed combined consolidated statements of operations data of Mirant for the three months ended March 31, 2010 and year ended December 31, 2009 has been prepared to give effect to the merger as if the merger had been completed on January 1, 2009. The unaudited pro forma condensed combined consolidated balance sheet data at March 31, 2010 of Mirant has been prepared to give effect to the merger as if the merger was completed on March 31, 2010.

The following selected unaudited pro forma condensed combined consolidated financial information is not necessarily indicative of the results that might have occurred had the merger taken place on January 1, 2009 for consolidated statements of operations purposes, and on March 31, 2010 for consolidated balance sheet purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled Risk Factors beginning on page [ ]. The following selected unaudited pro forma condensed combined consolidated financial information should be read in conjunction with the section entitled Unaudited Pro Forma Condensed Combined Consolidated Financial Statements and related notes included in this joint proxy statement/prospectus beginning on page [ ].

	Three Months Ended March 31, 2010	**Year Ended December 31, 2009**
	(in millions except per share data)	
Operating revenues	$ 1,479	$ 4,111
Income (loss) from continuing operations	197	(60)
Basic EPS	0.25	(0.08)
Diluted EPS	0.25	(0.08)

	March 31, 2010 (in millions)
Cash and cash equivalents	$ 3,229
Total Assets	16,720
Long-term debt	4,488
Total stockholders equity	6,689

Table of Contents

COMPARATIVE PER SHARE DATA

The following table shows per share data regarding earnings (losses) from continuing operations, book value per share and cash dividends for RRI and Mirant on a historical and pro forma combined basis. The pro forma earnings (losses) from continuing operations information was computed as if the merger had been completed on January 1, 2009. The pro forma book value per share information was computed as if the merger had been completed on March 31, 2010.

The following comparative per share data is derived from the historical consolidated financial statements of each of RRI and Mirant. The information below should be read in conjunction with Unaudited Pro Forma Condensed Combined Consolidated Financial Statements beginning on page [ ].

	As of and for the Year Ended December 31, 2009	As of and for the Three Months Ended March 31, 2010
RRI Energy, Inc.		
Losses from continuing operations per common share basic and diluted	$ (1.36)	$ (0.78)
Book value per share	12.01	11.24
Cash dividends		
Mirant Corporation		
Earnings from continuing operations per common share basic	$ 3.41	$ 2.81
Earnings from continuing operations per common share diluted	3.41	2.79
Book value per share	29.77	32.48
Cash dividends		
Pro Forma Combined (Unaudited)		
Earnings (losses) from continuing operations per common share basic and diluted	$ (0.08)	$ 0.25
Book value per share	N/A(1)	$ 8.65
Cash dividends		

(1) Unaudited pro forma condensed combined consolidated balance sheet is not required for December 31, 2009.

MARKET PRICES AND DIVIDENDS AND OTHER DISTRIBUTIONS

Stock Prices

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share of RRI common stock and Mirant common stock, both of which trade on the NYSE under the symbols RRI and MIR, respectively.

	RRI Common Stock		Mirant Common Stock	
	High	Low	High	Low
2008				
First Quarter	$ 26.74	$ 18.06	$ 39.53	$ 33.75
Second Quarter	$ 28.06	$ 20.47	$ 42.21	$ 36.08
Third Quarter	$ 24.15	$ 4.94	$ 39.20	$ 17.32
Fourth Quarter	$ 7.60	$ 2.77	$ 20.28	$ 11.99
2009				
First Quarter	$ 7.38	$ 2.03	$ 20.20	$ 9.11
Second Quarter	$ 6.23	$ 3.03	$ 17.43	$ 11.01
Third Quarter	$ 7.64	$ 4.44	$ 19.12	$ 14.11
Fourth Quarter	$ 7.21	$ 4.76	$ 16.76	$ 13.65
2010				
First Quarter	$ 6.21	$ 3.57	$ 17.02	$ 10.84
Second Quarter (through May 27, 2010)	$ 4.91	$ 3.50	$ 13.83	$ 10.16

On April 9, 2010, the last trading day before the public announcement of the signing of the merger agreement, the closing sale price per share of RRI common stock was $3.95 and the closing sale price per share of Mirant common stock was $10.73, in each case on the NYSE. On [ ], 2010, the latest practicable date before the date of this joint proxy statement/prospectus, the closing sale price per share of RRI common stock was $[ ] and the closing sale price per share of Mirant common stock was $[ ], in each case on the NYSE.

Dividends and Other Distributions

RRI has never paid or declared any dividends on its common stock. RRI s ability to pay dividends is restricted by provisions in its June 2007 Senior Secured revolver and letter of credit facility, as well as similar provisions in its 6.75% senior secured notes due 2014 and its guarantees of the PEDFA bonds. Mirant has not paid or declared any dividends on its common stock in the last three years and does not anticipate paying any cash dividends prior to completion of the merger. The board of directors of the combined company will determine its new dividend policy.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information about RRI, Mirant and the combined company that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this joint proxy statement/prospectus or may be incorporated by reference to other documents and may include statements for the period after completion of the merger. These forward-looking statements relate to outlooks or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the effect of legal, regulatory or supervisory matters on business, results of operations or financial condition, and include, among others:

statements relating to the benefits of the merger, including anticipated synergies and cost savings estimated to result from the merger;

statements relating to future business prospects, revenue, income, liquidity and financial condition; and

statements preceded by, followed by or that include the words estimate, plan, project, forecast, intend, e anticipate, believe, think, view, seek, target or similar expressions.

Forward-looking statements reflect managements judgment based on currently available information and involve a number of factors, risks and uncertainties that could cause actual results to differ. With respect to these forward-looking statements, each of RRI management and Mirant management has made assumptions regarding, among other things, future demand and market prices for electricity, capacity, fuel and emission allowances, operating, general and administrative costs, financial and economic market conditions and legislative, regulatory and/or market developments. The future and assumptions about the future cannot be ensured. Actual results may differ materially from those in the forward-looking statements. Some factors, risks and uncertainties that could cause actual results to differ include:

the ability to obtain governmental approvals of the merger, or acceptable debt financing, on the proposed terms and time schedule;

the risk that the businesses will not be integrated successfully;

expected cost savings from the merger may not be fully realized within the expected time frames or at all;

revenues following the merger may be lower than expected;

changes in political or other factors such as monetary policy, legal and regulatory changes or other external factors over which the companies have no control;

changes in general economic and market conditions, including demand and market prices for electricity, capacity, fuel and emission allowances; and

those set forth in or incorporated by reference into this joint proxy statement/prospectus in the section entitled Risk Factors beginning on page [ ].

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, neither RRI nor Mirant undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date that they were made or to reflect the occurrence of unanticipated events.

Additional factors, risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by RRI and Mirant. See Where You Can Find More Information beginning on page [ ] for a list of the documents incorporated by reference.

RISK FACTORS

In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements beginning on page [ ], you should carefully consider the following risks before deciding how to vote.

Because the exchange ratio is fixed and the market price of shares of RRI common stock will fluctuate, Mirant stockholders cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each outstanding share of Mirant common stock will be converted into the right to receive 2.835 shares of RRI common stock, subject to adjustment if the proposed RRI reverse stock split is effected prior to the issuance of shares of RRI common stock in connection with the merger. The number of shares of RRI common stock to be issued pursuant to the merger agreement for each share of Mirant common stock is fixed and will not change to reflect changes in the market price of RRI or Mirant common stock. The market price of RRI common stock at the time of completion of the merger may vary significantly from the market prices of RRI common stock on the date the merger agreement was executed, the date of this joint proxy statement/prospectus and the date of the respective special stockholder meetings. Accordingly, at the time of the Mirant special stockholder meeting, you will not know or be able to calculate the market value of the merger consideration you will receive upon completion of the merger.

In addition, the merger might not be completed until a significant period of time has passed after the respective special stockholder meetings. Because the exchange ratio will not be adjusted to reflect any changes in the market value of RRI common stock or Mirant common stock, the market value of the RRI common stock issued in connection with the merger and the Mirant common stock surrendered in connection with the merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from, among other things, changes in the business, operations or prospects of RRI or Mirant prior to or following the merger, litigation or regulatory considerations, general business, market, industry or economic conditions and other factors both within and beyond the control of RRI and Mirant. Neither RRI nor Mirant is permitted to terminate the merger agreement solely because of changes in the market price of either company s common stock.

Current RRI and Mirant stockholders will have a reduced ownership and voting interest after the merger.

RRI will issue or reserve for issuance approximately 528 million shares of RRI common stock (subject to adjustment if the proposed RRI reverse stock split is effected prior to the issuance of shares of RRI common stock in connection with the merger) to Mirant stockholders in the merger (including shares of RRI common stock to be issued in connection with outstanding Mirant equity awards). As a result of these issuances, current RRI and Mirant stockholders are expected to hold approximately 46% and 54%, respectively, of the combined company s outstanding common stock immediately following completion of the merger.

RRI and Mirant stockholders currently have the right to vote for their respective directors and on other matters affecting the applicable company. When the merger occurs, each Mirant stockholder that receives shares of RRI common stock will become a stockholder of RRI (proposed to be renamed GenOn Energy) with a percentage ownership of the combined company that will be smaller than the stockholder s percentage ownership of Mirant. Correspondingly, each RRI stockholder will remain a stockholder of RRI (proposed to be renamed GenOn Energy) with a percentage ownership of the combined company that will be smaller than the stockholder s percentage of RRI prior to the merger. As a result of these reduced ownership percentages, RRI stockholders will have less voting power in the combined company than they now have with respect to RRI, and former Mirant stockholders will have less voting power in the combined company than they now have with respect to Mirant.

Table of Contents

The merger agreement contains provisions that limit each of RRI s and Mirant s ability to pursue alternatives to the merger, which could discourage a potential acquirer of either Mirant or RRI from making an alternative transaction proposal and, in certain circumstances, could require RRI or Mirant to pay to the other a significant termination fee.

Under the merger agreement, RRI and Mirant are restricted, subject to limited exceptions, from entering into alternative transactions in lieu of the merger. In general, unless and until the merger agreement is terminated, both RRI and Mirant are restricted from, among other things, soliciting, initiating, seeking, knowingly encouraging or facilitating a competing acquisition proposal from any person. Each of the RRI board of directors and the Mirant board of directors is limited in its ability to change its recommendation with respect to the merger-related proposals. RRI or Mirant may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of RRI or Mirant from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the merger, or might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable. As a result of these restrictions, neither RRI nor Mirant may be able to enter into an agreement with respect to a more favorable alternative transaction without incurring potentially significant liability to the other. Under the merger agreement, RRI or Mirant may be required to pay to the other a termination fee of approximately $37 million or $58 million, depending on the nature of the termination. See The Merger Agreement No Solicitation beginning on page [ ].

RRI and Mirant will be subject to various uncertainties and contractual restrictions while the merger is pending that could adversely affect their financial results.

Uncertainty about the effect of the merger on employees, suppliers and customers may have an adverse effect on RRI and/or Mirant. These uncertainties may impair RRI s and/or Mirant s ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others who deal with RRI or Mirant to seek to change existing business relationships with RRI or Mirant. Employee retention and recruitment may be particularly challenging prior to completion of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company.

The pursuit of the merger and the preparation for the integration may place a significant burden on management and internal resources. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect RRI s and/or Mirant s financial results.

In addition, the merger agreement restricts each of RRI and Mirant, without the other s consent, from making certain acquisitions and dispositions and taking other specified actions while the merger is pending. These restrictions may prevent RRI and/or Mirant from pursuing attractive business opportunities and making other changes to their respective businesses prior to completion of the merger or termination of the merger agreement. See The Merger Agreement Conduct of Business Prior to Closing beginning on page [ ].

If completed, the merger may not achieve its intended results, and RRI and Mirant may be unable to successfully integrate their operations.

RRI and Mirant entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of RRI and Mirant can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company s ongoing businesses, processes and systems or

Table of Contents

inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company s ability to achieve the anticipated benefits of the merger. The combined company s results of operations could also be adversely affected by any issues attributable to either company s operations that arise or are based on events or actions that occur prior to the closing of the merger. The companies may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company s future business, financial condition, operating results and prospects.

Pending litigation against RRI and Mirant could result in an injunction preventing completion of the merger, the payment of damages in the event the merger is completed and/or may adversely affect the combined company s business, financial condition or results of operations following the merger.

In connection with the merger, purported stockholders of Mirant have filed putative stockholder class action lawsuits against Mirant and its directors, RRI and Merger Sub. Among other remedies, the plaintiffs seek to enjoin the merger. The outcome of any such litigation is inherently uncertain. If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay completion of the merger and result in substantial costs to RRI and Mirant, including any costs associated with the indemnification of directors. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company s business, financial condition or results of operations. See Litigation Relating to the Merger beginning on page [ ].

RRI and Mirant may be unable to obtain in the anticipated timeframe, or at all, acceptable debt financing in an amount sufficient to fund the refinancing transactions contemplated by the merger agreement or the regulatory approvals required to complete the merger or, in order to do so, RRI and Mirant may be required to comply with material restrictions or conditions that may negatively affect the combined company after the merger is completed or cause them to abandon the merger. Failure to complete the merger could negatively affect the future business and financial results of RRI and Mirant.

Completion of the merger is contingent upon, among other things, receipt of acceptable debt financing in an amount sufficient to fund the refinancing transactions contemplated by the merger agreement, the expiration or termination of the applicable HSR Act waiting period, required regulatory approvals from FERC and the NYPSC (or, with regard to the NYPSC, a determination that such approval is not required) and the filing of applicable notices with the CPUC. RRI and Mirant can provide no assurance that acceptable debt financing or all required regulatory authorizations, approvals or consents will be obtained or that the financing, authorizations, approvals or consents will not contain terms, conditions or restrictions that would be detrimental to the combined company after completion of the merger. Obtaining the financing is dependent on numerous factors, including capital market conditions, credit availability from financial institutions and both companies financial performance.

The special meetings of RRI and Mirant stockholders at which the merger-related proposals will be considered may take place before any or all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. In this event, if the merger-related proposals are approved, RRI and Mirant may subsequently agree to conditions without further seeking stockholder approval, even if such conditions could have an adverse effect on RRI, Mirant or the combined company.

Satisfying the conditions to, and completion of, the merger may take longer than, and could cost more than, RRI and Mirant expect. Any delay in completing or any additional conditions imposed in order to complete the merger may materially adversely affect the synergies and other benefits that RRI and Mirant expect to achieve from the merger and the integration of their respective businesses.

Neither RRI nor Mirant can make any assurances that it will be able to satisfy all the conditions to the merger or succeed in any litigation brought in connection with the merger. If the merger is not completed, the financial results of RRI and/or Mirant may be adversely affected and RRI and/or Mirant will be subject to several risks, including but not limited to:

payment to the other of a termination fee of approximately $37 million or $58 million, as specified in the merger agreement, depending on the nature of the termination;

payment of costs relating to the merger, whether or not the merger is completed; and

being subject to litigation related to any failure to complete the merger.

The combined company anticipates recording a non-cash gain at the completion of the merger because the estimated fair value of the acquired assets and liabilities exceeds the purchase price. The acquired assets may become impaired in the future and adversely affect the combined company s operating results.

Under the merger agreement, upon completion of the merger, Mirant will become a wholly owned subsidiary of RRI. However, under GAAP, Mirant will be treated as the acquirer for accounting purposes and the merger will be accounted for under the acquisition method of accounting as a purchase by Mirant of RRI. Accordingly, the total implied purchase price deemed paid by Mirant in the merger will be allocated to RRI s tangible assets and liabilities and identifiable intangible assets based on their estimated fair values as of the date of completion of the merger. The combined company anticipates recording a non-cash gain to the extent the estimated fair value of the acquired assets and liabilities exceeds the purchase price. As a result of future changes in the assumptions used to estimate the fair value of the acquired tangible and intangible assets, these assets may become impaired and the combined company may be required to incur material charges relating to such impairment, which could have a material effect on the combined company s operating results.

The pro forma financial statements included in this joint proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company s financial condition or results of operations following the merger.

The pro forma financial statements contained in this joint proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company s financial condition or results of operations following the merger for several reasons. See Unaudited Pro Forma Condensed Combined Consolidated Financial Statements beginning on page [ ]. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company s financial condition or results of operations following the merger. Any potential decline in the combined company s financial condition or results of operations may cause significant variations in the stock price of the combined company.

RRI and Mirant will incur substantial transaction fees and costs in connection with the merger.

RRI and Mirant expect to incur non-recurring costs totaling approximately $200 million, which include transaction costs and restructuring or exit costs that may be incurred to achieve the desired cost savings from the merger. Additional unanticipated costs may be incurred in the course of the integration of the businesses of RRI and Mirant. The companies cannot be certain that the elimination of duplicative costs or the realization of other efficiencies related to the integration of the two businesses will offset the transaction and integration costs in the near term, or at all.

Certain directors and executive officers of RRI and Mirant have interests in the merger that are different from, or in addition to, those of other RRI and Mirant stockholders, which could have influenced their decisions to support or approve the merger.

In considering whether to approve the proposals at the special meetings, RRI and Mirant stockholders should recognize that certain directors and executive officers of RRI and Mirant have interests in the merger that differ from, or that are in addition to, their interests as stockholders of RRI and Mirant. These interests include, among others, ownership interests in the combined company, continued service as a director or an executive officer of the combined company, and the accelerated vesting of certain equity awards and/or certain severance benefits in connection with the merger. These interests, among others, may influence the directors and executive officers of RRI to support or approve the Share Issuance proposal and/or the directors and executive officers of Mirant to support or approve the Merger proposal. See The Merger Interests of Directors and Executive Officers in the Merger beginning on page [ ].

The combined company s hedging activities may not be fully protected from fluctuations in commodity prices and cannot eliminate the risks associated with these activities.

Currently, a smaller amount of RRI s fuel purchases and electricity sales are hedged and for a shorter time frame, as compared with those of Mirant. Mirant currently engages in activities to hedge its economic risks related to electricity sales, fuel purchases and emissions allowances. RRI and Mirant expect that the combined company will develop an approach to hedging activities. The combined company cannot provide assurance that these activities will be successful in managing its price risks or that they will not result in net losses as a result of future volatility in electricity, fuel and emissions markets. Actual power prices and fuel costs may differ from the combined company s expectations.

Furthermore, the hedging procedures that the combined company will have in place may not always be followed or may not always work as planned. If any of the combined company s employees were able to engage in unauthorized hedging and related activities, it could result in significant penalties and financial losses. As a result of these and other factors, we cannot predict the outcome that risk management decisions may have on the business, operating results or financial position of the combined company.

The addition of Mirant s proprietary trading activities may increase the volatility of the quarterly and annual financial results of the combined company as compared to RRI as a standalone company.

Currently, RRI does not engage in proprietary trading. Mirant, however, engages in proprietary trading activities, through which it attempts to achieve incremental returns by transacting where it has specific market expertise. RRI and Mirant expect that the combined company will continue Mirant s proprietary trading activities. Therefore, the combined company will be subject to risks related to such activities, which are risks to which RRI is not currently exposed.

Derivatives from the combined company s hedging and proprietary trading activities will be recorded on the combined company s balance sheet at fair value in accordance with GAAP. Accordingly, none of the combined company s derivatives recorded at fair value will be designated as a hedge and changes in their fair values will be recognized in earnings as unrealized gains or losses. As a result, the combined company s financial results including gross margin, operating income and balance sheet ratios may, at times, be volatile and subject to fluctuations in value primarily because of changes in forward electricity and fuel prices.

There are risks associated with the proposed RRI reverse stock split, including that the reverse stock split may not result in an increase in the per share price of RRI common stock.

If the proposed RRI reverse stock split is effected, RRI cannot predict whether the proposed RRI reverse stock split will increase the market price of RRI common stock. The history of similar stock split combinations for companies in like circumstances is varied. There is no assurance that:

- the market price per share of RRI common stock after the proposed RRI reverse stock split will rise to a level that is more similar to that of other companies RRI views as its peer group or in proportion to the reduction in the number of shares of RRI common stock outstanding before the proposed RRI reverse stock split; or

Table of Contents

the proposed RRI reverse stock split will result in a per share price that will increase RRI s ability to attract and retain employees.

The market price of RRI common stock will also be based on RRI s performance and other factors, some of which are unrelated to the number of shares of RRI common stock outstanding. The liquidity of RRI common stock could be adversely affected by the reduced number of shares that would be outstanding after the proposed RRI reverse stock split.

The merger is expected to result in an ownership change for Mirant and RRI under Section 382 of the Code, substantially limiting the use of the NOL carryforwards and other tax attributes of both Mirant and RRI to offset future taxable income of the combined company.

At December 31, 2009, Mirant had approximately $2.7 billion of net operating loss, which is referred to as NOL, carryforwards for U.S. federal income tax purposes and approximately $4.8 billion of NOL carryforwards for state income tax purposes. At December 31, 2009, RRI had approximately $1.3 billion of NOL carryforwards for U.S. federal income tax purposes and approximately $3.9 billion of state NOL carryforwards for state income tax purposes. The utilization of the combined company s NOL carryforwards depends on the timing and amount of taxable income earned in the future, which neither Mirant nor RRI is able to predict. Moreover, the merger is expected to result in an ownership change for both Mirant and RRI under Section 382 of the Code, substantially limiting the use of the NOL carryforwards of both Mirant and RRI to offset future taxable income of the combined company for both federal and state income tax purposes. These tax attributes are subject to expiration at various times in the future to the extent that they have not been applied to offset the taxable income of the combined company. These limitations may affect the combined company s effective tax rate in the future.

Risks relating to RRI and Mirant.

RRI and Mirant are, and will continue to be, subject to the risks described in the following periodic reports, each of which is incorporated by reference into this joint proxy statement/prospectus:

RRI s Annual Report on Form 10-K for the year ended December 31, 2009, which was filed by RRI on February 25, 2010 with the SEC;

RRI s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by RRI on May 6, 2010 with the SEC;

Mirant s Annual Report on Form 10-K for the year ended December 31, 2009, which was filed by Mirant on February 26, 2010 with the SEC; and

Mirant s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by Mirant on May 7, 2010 with the SEC.

Please see Where You Can Find More Information beginning on page [ ] for how you can obtain information incorporated by reference into this joint proxy statement/prospectus.

THE MERGER

The following is a discussion of the merger and the material terms of the merger agreement between RRI and Mirant. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference herein.

Background of the Merger

The power generation industry is cyclical and capital intensive. Competitive power markets are relatively immature. In addition, the ownership of competitive generation assets is fragmented. RRI expects the industry to consolidate over time and thinks scale and diversity are important to long-term stockholder value creation. Part of RRI s strategy has been to create value from industry consolidation. To that end, from time to time, the senior management of RRI has engaged in discussions with other industry participants regarding consolidation in the sector. The board of directors of RRI was regularly briefed on these discussions.

Similarly, Mirant has regularly reviewed and evaluated its business strategy and strategic alternatives with the goal of enhancing stockholder value. As a result of these reviews, the Mirant board of directors and its management have undertaken a variety of actions aimed at enhancing Mirant s performance and prospects and providing current value to stockholders. Much of this activity has been in response to two factors inherent in Mirant s business: (i) for most of the period between January 2006 (when Mirant emerged from bankruptcy) and 2008, the business had cash in excess of its needs, which the Mirant board of directors distributed to stockholders, and (ii) the geographic footprint of the business and fuel sources of its plants are less diversified than the Mirant board of directors thinks to be optimal. Accordingly, since Mirant emerged from bankruptcy four years ago, it has sought to address the two factors mentioned above by publicly proposing (but later withdrawing) a significant acquisition in 2006, publicly exploring strategic alternatives to enhance stockholder value, including a sale of the entire company, in 2007 (which ended without any financeable acquisition proposal being made), selling its Philippines and Caribbean businesses as well as six U.S. gas plants for aggregate net proceeds of approximately $5 billion in 2007 and returning a total of over $5.3 billion to Mirant stockholders by means of a self-tender offer, an accelerated share repurchase program and open market purchases (at various times in 2006, 2007 and 2008), engaging in discussions and negotiations concerning potential mergers with strategic acquirers in the summer of 2008 and in late 2009 (which ended when the potential acquirers determined not to proceed) and, at various times in the period from 2008 to 2010, engaging in discussions concerning other business combinations. In connection with all these actions, Mirant retained J.P. Morgan as its financial advisor and Wachtell, Lipton, Rosen & Katz, which is referred to as Wachtell Lipton, as its legal advisor.

On October 6, 2008, the RRI board of directors initiated a process to explore the full range of possible strategic alternatives to enhance stockholder value. These alternatives included, among other possibilities, the sale of all or substantially all of RRI, as well as the sale of some or all of RRI s retail electric business. The RRI board of directors engaged Goldman Sachs and Morgan Stanley to act as financial advisors in connection with the strategic review.

Goldman Sachs and Morgan Stanley contacted numerous parties regarding their potential interest in engaging in a strategic business combination transaction involving all or a portion of RRI. Mirant s then chief financial officer contacted Goldman Sachs and indicated Mirant s possible interest in a transaction with RRI involving its generation business. In January 2009, Mr. Edward R. Muller, the chairman and chief executive officer of Mirant, contacted Mr. Mark M. Jacobs, RRI s chief executive officer and indicated that Mirant had an interest in exploring a combination involving RRI s wholesale business. There were no further conversations with Mirant or its representatives during this strategic review.

In December 2008, RRI sold its Northeast retail commercial, industrial and governmental/institutional contracts. Over the next several months, RRI continued to engage in various discussions regarding a strategic business combination with other parties. In May 2009, RRI sold its Texas retail business and announced that it had concluded its formal review of strategic alternatives.

Table of Contents

As discussed above, part of RRI s strategy has been to create value from industry consolidation. Accordingly, Mr. Jacobs periodically held conversations with other CEOs regarding the merger and acquisition landscape, including an August 27, 2009 meeting with Mr. Muller. Messrs. Jacobs and Muller discussed their respective views on consolidation in the sector, including exploring a combination of RRI and Mirant. During meetings on September 9 and 10, 2009, Mr. Jacobs briefed the RRI board of directors of this conversation between the two CEOs.

On September 15, 2009, Mr. Jacobs informed Mr. Muller that the RRI board of directors was supportive of his continuing to discuss the potential for a combination of RRI and Mirant. On September 15, 2009, RRI and Mirant entered into a confidentiality agreement so that each party could confirm its strategic rationale for and identify potential benefits and issues related to a combination.

On September 18, 2009, members of the senior management teams of each company met to discuss a work plan to evaluate the potential benefits of a combination. Over the next month, management and outside advisors of each of RRI and Mirant exchanged materials and conducted reviews of the business, operations, assets and liabilities of the other company.

Between September 15, 2009 and October 19, 2009, Mirant s senior management informed and periodically updated the Mirant board of directors as to its discussions with RRI s senior executives and its due diligence review of RRI.

On October 19, 2009, the Mirant board of directors met with Mirant s senior management and outside legal and financial advisors to review the strategic rationale for a business combination with RRI and the status of the discussions with RRI and the results of due diligence performed to date.

At a meeting of the RRI board of directors on October 21, 2009, RRI management discussed with its board the strategic rationale for and potential benefits of a business combination transaction with Mirant. In addition, management updated the RRI board of directors on the status of the discussions to date.

On October 22, 2009, RRI engaged Goldman Sachs and Morgan Stanley to assist in evaluating the possible transaction.

On October 28, 2009, Messrs. Jacobs and Muller discussed the progress that had been made in evaluating the potential benefits of a combination and agreed to continue to pursue a possible transaction. Messrs. Jacobs and Muller determined that the next step would be to address the governance structure of the combined company.

On November 4, 2009, the Mirant board of directors met, together with Mirant s senior management and outside advisors and discussed the progress of the discussions with RRI, the due diligence process and projected financial information for RRI and the company which would result from a combination of Mirant and RRI.

On November 18, 2009, the RRI board of directors received an update from its senior management and legal and financial advisors on the status of the discussions with Mirant. The RRI board of directors and senior management discussed the basis for determining the exchange ratio, the location of the headquarters of the combined company, the need for a lead director, board composition and CEO succession.

On December 2, 2009, Mr. Jacobs and Mr. Steve Miller, Chairman of the RRI board of directors, met with Mr. Muller and Mr. A.D. Correll, the lead director of Mirant, to discuss various issues regarding the proposed transaction, including the governance of the combined company.

On December 8, 2009, Messrs. Jacobs and Muller met to further discuss various terms of the proposed transaction, including the location of the combined company s headquarters, the size of the board of directors of the combined company, the composition of the senior management of the combined company and the methodology for determining the exchange ratio. On December 11, 2009, Mr. Jacobs communicated to Mr. Muller RRI s position on the terms discussed at their previous meeting. Mr. Muller indicated that the Mirant board of directors would consider RRI s position on each of the various terms.

Table of Contents

During January and February 2010, Messrs. Muller and Jacobs communicated with each other concerning the appropriate methodology for determination of an exchange ratio and other issues to be resolved, including the location of the combined company s headquarters and Mr. Muller s term as chairman and chief executive officer of the combined company following completion of the proposed transaction. Also, Messrs. Miller and Correll engaged in discussions regarding these terms of the proposed transaction. Throughout this period, both the RRI board of directors and Mirant board of directors received regular updates from their respective management teams as to the status of discussions regarding the proposed transaction. The Mirant board of directors additionally discussed the proposed transaction at two meetings in February 2010.

On March 13 and 14, 2010, Messrs. Muller and Correll met with the RRI board of directors. Mr. Muller outlined for the RRI board of directors Mirant s views regarding challenges facing the industry, the strategic benefits of a combination and the business strategy of the combined company. Following that meeting, the RRI board of directors authorized Mr. Jacobs to pursue further discussions with a view to finalizing the terms of a transaction.

On March 19, 2010, Wachtell Lipton delivered an initial draft merger agreement to RRI s legal counsel, Skadden, Arps, Slate, Meagher & Flom LLP, which is referred to as Skadden. Over the course of the following three weeks, Wachtell Lipton and Skadden, as well as representatives of RRI and Mirant, completed their due diligence and continued to negotiate the terms of the merger agreement including, among other things, the terms and scope of the parties no shop restrictions, the circumstances under which the proposed merger could be terminated, the amount of the termination fee and the circumstances under which such fee would be payable by either party, the conditions to completion of the merger and the parties respective covenants relating to the satisfaction of those conditions, and terms and scope of the representations and warranties and interim operating and other pre-closing covenants of the parties.

On April 1, 2010, the RRI board of directors, representatives of RRI management, Skadden, Goldman Sachs and Morgan Stanley met and reviewed the status of the discussions with Mirant and the results of its due diligence on Mirant to date and provided an updated analysis of the merits of a strategic combination of the two companies.

On April 10, 2010, the RRI board of directors met to consider the proposed strategic business combination of RRI and Mirant. Prior to the meeting, the RRI board of directors was provided with a substantially final draft of the merger agreement and other materials related to the proposed transaction. At the meeting, RRI s management updated the RRI board of directors on the terms of the proposed transaction and the results of its due diligence on Mirant, and reviewed the strategic rationale and the anticipated benefits of the proposed transaction to the RRI stockholders; and representatives of Skadden reviewed with the RRI board of directors the terms of the proposed merger agreement and addressed various other issues and related matters. Representatives of Goldman Sachs and Morgan Stanley reviewed the financial terms of the transaction and presented certain financial analyses conducted with respect to the merger, and each of Goldman Sachs and Morgan Stanley rendered an oral opinion (as subsequently confirmed in writing in opinions dated April 10, 2010 and April 11, 2010, respectively), as described under Opinion of RRI s Financial Advisors, that as of that date and based on and subject to the assumptions made, procedures followed, matters considered and limitations of review set forth in their respective opinions, the proposed exchange ratio was fair, from a financial point of view, to RRI. RRI management, Goldman Sachs and Morgan Stanley also discussed with the board of directors the contemplated financing terms. Following discussions, and taking into consideration the factors described under Rationale for the Merger and RRI Board of Directors Recommendation and Its Reasons for the Merger, the RRI board of directors unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and resolved to recommend the approval by the RRI stockholders of the issuance of shares of RRI common stock in the merger.

On April 10, 2010, the Mirant board of directors also met to consider the proposed strategic business combination between RRI and Mirant. Wachtell Lipton reviewed with the Mirant board of directors its fiduciary duties and then described to the Mirant board of directors the principal terms of the proposed merger agreement and addressed various other issues and related matters. J.P. Morgan reviewed with the Mirant board of directors J.P. Morgan s financial analysis performed in connection with the proposed merger and delivered to the Mirant board of directors an oral opinion (confirmed by delivery of a written opinion dated April 10, 2010), to the effect that, as of that date and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of Mirant common stock. After considering the foregoing and the proposed terms of the merger agreement, and taking into consideration the factors described under Rationale for the Merger and Mirant Board of Directors Recommendation and Its Reasons for the Merger, the Mirant board of directors unanimously determined that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of the Mirant stockholders, and adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and recommended that the Mirant stockholders adopt the merger agreement.

Following the approvals of the RRI board of directors and the Mirant board of directors, RRI and Mirant executed the merger agreement. On April 11, 2010, RRI and Mirant issued a joint press release announcing execution of the merger agreement.

Rationale for the Merger

In the course of their discussions, both RRI and Mirant recognized that there were substantial potential strategic and financial benefits of the proposed merger of equals. This section summarizes the principal potential strategies and financial benefits that the parties expect to realize in the merger. For a discussion of various factors that could prevent or limit the parties from realizing some or all of these benefits, see Risk Factors beginning on page [ ].

Each of Mirant and RRI thinks that the merger will enhance stockholder value through, among other things, enabling RRI and Mirant to capitalize on the following strategic advantages and opportunities:

Cost Synergies. RRI and Mirant think that the merger will create significant cost synergies for RRI and Mirant. Although no assurance can be given that any particular level of cost savings or other synergies will be achieved, RRI and Mirant anticipate that the combined company will achieve approximately $150 million in annual cost savings through reductions in corporate overhead. RRI and Mirant expect to be able to capture these savings quickly, achieving the full approximately $150 million by the start of 2012. RRI and Mirant expect overhead cost savings to result from consolidations in several areas, including headquarters, IT systems and corporate functions such as accounting, human resources and finance. Costs to achieve these savings are expected to be approximately $125 million over 2010 and 2011.

Scale and Scope; Diversification. RRI and Mirant think that the merger will create a combined company with scale and scope in energy generation and delivery. The combined company will be one of the largest independent power producers in the United States, with over 24,700 megawatts of generating capacity. In addition, the generation fleet of the combined company will have increased diversity and will be strategically positioned with a significant presence across key regions, including the Mid-Atlantic, the Northeast, California, the Southeast and the Midwest.

Anticipated Financial Strength and Increased Flexibility. RRI and Mirant think that the increased scale and scope of the combined company will strengthen its balance sheet. In addition, the combined company is expected to have ample liquidity and increased financial flexibility. This will enhance financial stability and enable the combined company to better navigate through industry cycles and commodity price fluctuations.

Ability to Participate in Future Growth of the Combined Company. RRI and Mirant think that, because current RRI and Mirant stockholders are expected to hold approximately 46% and 54%, respectively, of the combined company s outstanding common stock upon completion of the merger, both RRI and Mirant stockholders will have the opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of the combined company s common stock as a result of economic, power demand and commodity price recovery.

The actual synergistic benefits from the merger and costs of integration could be different from the foregoing estimates and these differences could be material. Accordingly, there can be no assurance that any of the potential benefits described above or included in the factors considered by the RRI board of directors described under RRI Board of Directors Recommendation and Its Reasons for the Merger beginning on page [ ] or by the Mirant board of directors described under Mirant Board of Directors Recommendation and Its Reasons for the Merger beginning on page [ ] will be realized. See Risk Factors and Cautionary Statement Regarding Forward-Looking Statements beginning on pages [ ] and [ ], respectively.

RRI Board of Directors Recommendation and Its Reasons for the Merger

At a meeting on April 10, 2010, the RRI board of directors, by unanimous vote, (i) determined that the merger and entering into the merger agreement are advisable and in the best interests of RRI and its stockholders, (ii) approved the merger and the merger agreement and the transactions contemplated thereby, including the Share Issuance, and (iii) determined to recommend that the holders of RRI common stock vote **FOR** the Share Issuance proposal.

In evaluating the merger, the RRI board of directors consulted with RRI s management, as well as RRI s legal and financial advisors, and, in reaching its conclusion, considered the following factors in addition to the specific reasons described above under Rationale for the Merger :

Its knowledge of RRI s business, operations, financial condition, earnings and prospects and of Mirant s business, operations, financial condition, earnings and prospects, taking into account the results of RRI s due diligence review of Mirant.

The prevailing macroeconomic conditions, and the economic environment of the industries in which RRI and Mirant operate, which the RRI board of directors viewed as supporting the rationale for seeking a strategic transaction that should create a stronger, more diversified combined company that will be better positioned to benefit from a future recovery in the general U.S. economy and in power prices in particular.

The financial analyses and presentations of Goldman Sachs and Morgan Stanley, and their related written opinions, dated as of April 11, 2010 for Goldman Sachs and April 10, 2010 for Morgan Stanley, to the effect that, as of those dates and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to RRI. See Opinions of RRI s Financial Advisors beginning on page [ ] and Annexes B and C to this joint proxy statement/prospectus, which contain the full texts of the Goldman Sachs and Morgan Stanley opinions and describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions. The opinions are incorporated by reference into this section of the joint proxy statement/prospectus.

The strong commitment on the part of both parties to complete the merger pursuant to their respective obligations under the terms of the merger agreement, which was viewed as a factor in favor of the merger because the RRI board of directors thought this made it more likely, once announced, that the merger would be completed.

The review by the RRI board of directors, in consultation with RRI s legal and financial advisors, of the structure of the merger and the financial and other terms and conditions of the merger agreement, including the merger consideration, the expectation that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and the likelihood of completing the merger on the anticipated schedule.

The terms of the merger agreement, including the termination fees potentially payable by RRI, which, in the view of the RRI board of directors, were factors in favor of the merger as such terms do not preclude a proposal for an alternative transaction involving RRI.

The fact that the merger agreement allows the RRI board of directors to change or withdraw its recommendation regarding the Share Issuance proposal if a superior transaction proposal is received from a third party or in response to certain material developments or changes in circumstances, if in either case the RRI board of directors determines that a failure to change its recommendation would be reasonably likely to be inconsistent with the exercise of its fiduciary duties under applicable law, subject to the payment of a specified termination fee upon termination under certain circumstances.

The fact that the same specified termination fee (as described in the preceding bullet) would be payable by Mirant upon termination of the merger agreement under similar circumstances was a factor in favor of entering into the merger agreement because RRI would be entitled to that termination fee in such circumstances. See The Merger Agreement Effect of Termination; Termination Fees beginning on page [ ].

The governance arrangements contained in the merger agreement providing, after completion of the merger, that (i) the board of directors of the combined company will initially consist of ten directors, including (a) Mark M. Jacobs, a director and the current president and chief executive officer of RRI, (b) Edward R. Muller, the current chairman, president and chief executive officer of Mirant, (c) the four current non-employee directors of RRI (E. William Barnett, Steven L. Miller, Evan J. Silverstein and Laree E. Perez) and (d) the four Mirant designees, Terry G. Dallas, Thomas H. Johnson, Robert C. Murray and William L. Thacker, each a current non-employee director of Mirant, (ii) each of the committees of the board of directors of the combined company would consist of two directors designated by RRI and two directors designated by Mirant, (iii) Mr. Jacobs, the current president and chief executive officer of RRI and a member of the RRI board of directors, will serve as president and chief operating officer of the combined company and (iv) that other RRI officers will serve in senior executive positions at the combined company, as well as the expectation that Mr. Jacobs is to succeed Mr. Muller as chief executive officer of the combined company three years from the date of the completion of the merger.

The trends and competitive developments in the independent power generation industry and the range of strategic alternatives available to RRI, including continuing to operate as a stand alone entity.

RRI management s recommendation in favor of the merger.

The significant capital investment that Mirant has made in order to install certain pollution control equipment.

The fact that the combined headquarters will be based in Houston, Texas.

The RRI board of directors also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations of the proposed transaction, including:

The possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of RRI and/or Mirant.

The potential for diversion of management and employee attention and for increased employee attrition during the period prior to completion of the merger, and the potential effect of the merger on RRI s business and relations with customers, suppliers and regulators.

The risk that governmental entities may impose conditions on RRI and/or Mirant in order to gain approval for the merger that may adversely affect the ability of the combined company to realize the synergies that are projected to occur in connection with the merger.

The substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of RRI and Mirant and the transaction expenses arising from the merger.

The risk of not capturing all of the anticipated operational synergies and cost savings between RRI and Mirant and the risk that other anticipated benefits might not be realized.

The possibility that RRI and Mirant (or, where applicable, their respective subsidiaries) might be unable to complete the refinancing transactions contemplated under the merger agreement on terms acceptable to the parties. See The Merger Agreement Financing beginning on page [ ].

The interests of RRI s executive officers and directors with respect to the merger apart from their interests as RRI stockholders, and the risk that these interests might influence their decision with respect to the merger. See Interest of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger beginning on page [ ].

The risk that certain members of RRI s and Mirant s senior management might choose not to remain employed with the combined company.

The fact that the merger agreement includes customary restrictions on the ability of RRI to solicit offers for alternative proposals or to engage in discussions regarding such proposals, subject to exceptions, which could have the effect of discouraging such proposals from being made or pursued. The RRI board understood that these provisions may have the effect of discouraging alternative proposals and may make it less likely that the transactions related to such proposals would be negotiated or pursued, even if potentially more favorable to the RRI stockholders than the merger.

The potential that the termination payment provisions of the merger agreement could have the effect of discouraging an alternative proposal for RRI.

The restrictions on the conduct of RRI s business during the period between the signing of the merger agreement and completion of the merger.

That the merger is expected to result in an ownership change for both RRI and Mirant under Section 382 of the Code, substantially limiting the use of the NOL carryforwards and other tax attributes of both RRI and Mirant to offset future taxable income of the combined company.

The risks of the type and nature described under Risk Factors, and the matters described under Cautionary Statement Regarding Forward-Looking Statements beginning on page [ ].

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the RRI board of directors did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to these factors.

In addition, the RRI board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather the RRI board of directors conducted an overall analysis of the factors described above, including discussions with the senior management team and outside legal and financial advisors. In considering the factors described above, individual members of the RRI board of directors may have given different weight to different factors.

Mirant Board of Directors Recommendation and Its Reasons for the Merger

On April 10, 2010, the Mirant board of directors, by a unanimous vote, determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Mirant and its stockholders, and approved the merger, the merger agreement and the other transactions contemplated by the merger agreement. The Mirant board of directors recommends that Mirant stockholders vote **FOR** the Merger proposal.

In evaluating the merger, the Mirant board of directors consulted with Mirant s management, as well as Mirant s legal and financial advisors and, in reaching its conclusion, considered the following factors in addition to the specific reasons described above under Rationale for the Merger beginning on page [ ]:

Its knowledge of Mirant s business, operations, financial condition, earnings and prospects and of RRI s business, operations, financial condition, earnings and prospects, taking into account the results of Mirant s due diligence review of RRI.

The prevailing macroeconomic conditions, and the economic environment of the industries in which Mirant and RRI operate, which the Mirant board of directors viewed as supporting the rationale for seeking a strategic transaction that should create a stronger, more diversified combined company that will be better positioned to benefit from a future recovery in the general U.S. economy and in power prices in particular.

The financial presentation and opinion of J.P. Morgan, dated April 10, 2010, to the Mirant board of directors as to the fairness, from a financial point of view and based upon and subject to the various considerations set forth in its opinion (attached to this joint proxy statement/prospectus as Annex D), to holders of Mirant common stock of the exchange ratio provided for in the merger. See Opinion of Mirant s Financial Advisor beginning on page [ ].

The strong commitment on the part of both parties to complete the merger pursuant to their respective obligations under the terms of the merger agreement, which was viewed as a factor in favor of the merger because the Mirant board of directors thought this made it more likely, once announced, that the merger would be completed.

The review by the Mirant board of directors, in consultation with Mirant s legal and financial advisors, of the structure of the merger and the financial and other terms and conditions of the merger agreement, including the merger consideration, the expectation that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and the likelihood of completing the merger on the anticipated schedule.

The terms of the merger agreement, including the termination fees potentially payable by Mirant, which, in the view of the Mirant board of directors, were factors in favor of the merger as such terms do not preclude a proposal for an alternative transaction involving Mirant.

The fact that the merger agreement allows the Mirant board of directors to change or withdraw its recommendation regarding the Merger proposal if a superior transaction proposal is received from a third party or in response to certain material developments or changes in circumstances, if in either case the Mirant board of directors determines that a failure to change its recommendation would reasonably be likely to be inconsistent with its fiduciary duties under applicable law, subject to the payment of a specified termination fee upon termination under certain circumstances.

The fact that the same specified termination fee (as described in the preceding bullet) would be payable by RRI upon termination of the merger agreement under similar circumstances, which was a factor in favor of the entering into the merger agreement because Mirant would be owed that termination fee in such circumstances. See The Merger Agreement Effect of Termination; Termination Fees beginning on page [ ].

The governance arrangements contained in the merger agreement providing, after completion of the merger that, (i) the board of directors of the combined company will initially consist of ten directors, including (a) Mark M. Jacobs, a director and the current president and chief executive officer of RRI, (b) Edward R. Muller, the current chairman, president and chief executive officer of Mirant, (c) the four current non-employee directors of RRI (E. William Barnett, Steven L. Miller, Evan J. Silverstein and Laree E. Perez) and (d) the four Mirant designees, Terry G. Dallas, Thomas H. Johnson, Robert C. Murray and William L. Thacker, each a current non-employee director of Mirant, (ii) each of the committees of the board of directors of the combined company will consist of two directors designated by Mirant and two directors designated by RRI, (iii) Mr. Muller, the current chairman, president and chief executive officer of Mirant, will serve as chairman and chief executive officer of the combined company, and that other Mirant officers will serve in senior executive positions at the combined company.

The fact that the combined company s trading operations (and associated risk management function) will be based in Atlanta, Georgia.

The Mirant board of directors also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations of the proposed transaction, including:

The possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of Mirant and/or RRI.

The potential for diversion of management and employee attention and for increased employee attrition during the substantial period prior to completion of the merger, and the potential effect of the merger on Mirant s business and relations with customers, suppliers and regulators.

The substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of Mirant and RRI and the transaction expenses arising from the merger.

That the fixed exchange ratio, by its nature, will not adjust upward to compensate for declines, or downward to compensate for increases, in RRI s stock price prior to completion of the merger, and that the terms of the merger agreement did not include collar provisions or stock price-based termination rights that would be triggered by a decrease in the value of the merger consideration implied by the RRI stock price.

The risk of not capturing all the anticipated operational synergies and cost savings between RRI and Mirant and the risk that other anticipated benefits might not be realized.

The possibility that RRI and Mirant (or, where applicable, their respective subsidiaries) might be unable to complete the refinancing transactions contemplated under the merger agreement on terms acceptable to the parties. See The Merger Agreement Financing beginning on page [ ].

The interests of Mirant executive officers and directors with respect to the merger apart from their interests as Mirant stockholders, and the risk that these interests might influence their decision with respect to the merger. See Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Mirant in the Merger beginning on page [ ].

The potential that the termination payment provisions of the merger agreement could have the effect of discouraging an alternative proposal for Mirant.

The restrictions on the conduct of Mirant s business during the period between the signing of the merger agreement and completion of the merger.

That the merger is expected to result in an ownership change for both Mirant and RRI under Section 382 of the Code, substantially limiting the use of the NOL carryforwards and other tax attributes of both Mirant and RRI to offset future taxable income of the combined company.

The risks of the type and nature described under Risk Factors, and the matters described under Cautionary Statement Regarding Forward-Looking Statements beginning on page [ ].

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Mirant board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and to recommend that Mirant stockholders vote **FOR** the Merger proposal. In addition, individual members of the Mirant board of directors may have given differing weights to different factors. The Mirant board of directors conducted an overall review of the factors described above and consulted with Mirant s management and Mirant s outside legal and financial advisors regarding certain of the matters described above.

Opinions of RRI s Financial Advisors

RRI has retained Goldman Sachs and Morgan Stanley as its financial advisors to advise the RRI board of directors in connection with the merger. Goldman Sachs and Morgan Stanley are collectively referred to herein as RRI s Financial Advisors. In connection with this engagement, RRI requested that RRI s Financial

Advisors evaluate the fairness from a financial point of view to RRI of the exchange ratio of 2.835 shares of RRI common stock per share of Mirant common stock, as provided for in the merger agreement.

On April 10, 2010, at a meeting of the RRI board of directors held to evaluate the merger, each of RRI s Financial Advisors delivered to the RRI board of directors its oral opinion, which opinion was confirmed by delivery of a written opinion, dated April 11, 2010 for Goldman Sachs and April 10, 2010 for Morgan Stanley, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to RRI.

The Goldman Sachs opinion and the Morgan Stanley opinion, the full texts of which describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions, are attached as Annex B and Annex C, respectively, and are incorporated into this joint proxy statement/prospectus by reference. The summaries of the Goldman Sachs opinion and the Morgan Stanley opinion described below are qualified in their entirety by reference to the full texts of the opinions.

Opinion of Goldman Sachs

Goldman Sachs rendered its opinion to the RRI board of directors that, as of April 11, 2010 and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to RRI.

The full text of the written opinion of Goldman Sachs, dated April 11, 2010, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Goldman Sachs opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of the RRI board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of RRI common stock should vote with respect to the merger, or any other matter.

In connection with rendering its opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to stockholders and Annual Reports on Form 10-K of RRI and Mirant for the three years ended December 31, 2009;
- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of RRI and Mirant;
- certain publicly available research analyst reports for RRI and Mirant;
- certain other communications from RRI and Mirant to their respective stockholders;
- certain internal financial analyses and forecasts for Mirant prepared by its management; and
- certain internal financial analyses and forecasts for RRI and certain financial analyses and forecasts for Mirant, in each case, as prepared by the management of RRI and approved for Goldman Sachs use by RRI (the Forecasts), including certain cost savings projected by the managements of RRI and Mirant to result from the merger, as approved for Goldman Sachs use by RRI (the Synergies).

Goldman Sachs also held discussions with members of the senior managements of RRI and Mirant regarding their assessment of the past and current business operations, financial condition and future prospects of Mirant and with the members of senior management of RRI regarding their assessment of the past and current business operations, financial condition and future prospects of RRI and the strategic rationale for, and the potential benefits of, the merger; reviewed the reported price and trading activity for the shares of RRI common stock and the shares of Mirant common stock; compared certain financial and stock market information for RRI and Mirant with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the energy industry specifically and in other industries generally; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering its opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, tax, accounting and other information provided to, discussed with or reviewed by it, and Goldman Sachs does not assume any responsibility for any such information. In that regard, Goldman Sachs assumed with RRI s consent that the Forecasts, including the Synergies, had been reasonably prepared on a basis reflecting the best available estimates and judgments of the management of RRI. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of RRI or Mirant or any of their respective subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of RRI or Mirant or any of their respective subsidiaries furnished to Goldman Sachs. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for completion of the merger would be obtained without any adverse effect on RRI or Mirant or on the expected benefits of the merger in any way meaningful to its analysis. Goldman Sachs has also assumed that the merger would be completed on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs opinion does not address the underlying business decision of RRI to engage in the merger or the relative merits of the merger as compared to any strategic alternatives that may be available to RRI; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs was not requested to solicit, and did not solicit, interest from other parties with respect to an acquisition of, or other business combination with, RRI, or any other alternative transaction. Goldman Sachs opinion addresses only the fairness from a financial point of view, as of the date of the opinion, of the exchange ratio pursuant to the merger agreement. Goldman Sachs opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the merger or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any class of securities, creditors or other constituencies of RRI, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of RRI or Mirant, or any class of such persons in connection with the merger, whether relative to the exchange ratio pursuant to the merger agreement or otherwise. Goldman Sachs opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. In addition, Goldman Sachs does not express any opinion as to the prices at which shares of RRI s common stock will trade at any time or as to the impact of the merger on the solvency or viability of either RRI or Mirant or the ability of RRI or Mirant to pay its obligations when they come due. Goldman Sachs opinion was approved by a fairness committee of Goldman Sachs.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of third parties, RRI, Mirant and any of their respective affiliates or any currency or commodity that may be involved in the merger contemplated by the merger agreement for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to RRI in connection with, and participated in certain of the negotiations leading to, the merger. In addition, Goldman Sachs has provided certain investment banking and other financial services to RRI and its affiliates from time to time for which the investment banking division of Goldman Sachs has received, and may receive, compensation, including, but not limited to, having acted as a lender under RRI s revolving credit facility (which had an initial aggregate principal amount of $500 million in May 2007), as an arranger of a $1 billion financing for RRI in September 2008, and as financial advisor to RRI in the sale of its Texas retail business in May 2009. Goldman Sachs also has provided certain investment banking and other financial services to Mirant and its affiliates from time to time for which the investment banking division of Goldman Sachs has received, and may receive, compensation. Goldman Sachs also may provide investment banking and other financial services to RRI, Mirant and their respective affiliates in the future for which the investment banking division of Goldman Sachs may receive compensation.

The RRI board of directors selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated March 19, 2010, RRI engaged Goldman Sachs to act as its financial advisor in connection with the merger. Pursuant to the terms of this engagement letter, RRI has agreed to pay Goldman Sachs a transaction fee of $10.5 million, a principal portion of which is payable upon completion of the merger, and an incentive fee of $4 million, which is payable at RRI s sole discretion. Payment of the $10.5 million transaction fee includes satisfaction of any applicable payment under a prior structuring agent engagement letter between RRI and Goldman Sachs. In addition, RRI has agreed to reimburse Goldman Sachs for its expenses, including the reasonable fees and disbursements of Goldman Sachs attorneys, and to indemnify Goldman Sachs and certain related persons against various liabilities, including certain liabilities under the federal securities laws, arising out of the engagement.

Opinion of Morgan Stanley

RRI retained Morgan Stanley to provide financial advisory services and a financial opinion to the RRI board of directors in connection with RRI s review of strategic alternatives and any resulting transactions. The RRI board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, experience and expertise. Morgan Stanley rendered its opinion to the RRI board of directors that, as of April 10, 2010 and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to RRI.

The full text of Morgan Stanley s written opinion, dated April 10, 2010, is attached as Annex C. That opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully. Morgan Stanley s opinion is directed to the RRI board of directors and addresses only the fairness from a financial point of view to RRI of the exchange ratio pursuant to the merger agreement as of the date of the opinion. Morgan Stanley s opinion does not address any other aspect of the merger and does not express an opinion or a recommendation to any stockholder of RRI or Mirant as to how such stockholder should vote or act on any matter with respect to the merger. In addition, the opinion does not in any manner address the prices at which RRI common stock or Mirant common stock will trade at any time. The summary of Morgan Stanley s opinion set forth herein is qualified in its entirety by reference to the full text of the written opinion of Morgan Stanley attached as Annex C.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of RRI and Mirant, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning RRI and Mirant, respectively;
- reviewed certain financial projections prepared by the managements of RRI and Mirant, respectively;
- reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of RRI and Mirant, respectively;

discussed the past and current operations and financial condition and the prospects of RRI, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of RRI;

discussed the past and current operations and financial condition and the prospects of Mirant with senior executives of Mirant;

reviewed the pro forma impact of the merger on RRI s earnings per share, cash flow, consolidated capitalization and financial ratios;

reviewed the reported prices and trading activity for RRI common stock and Mirant common stock;

compared the financial performance of RRI and Mirant and the prices and trading activity of RRI common stock and Mirant common stock with that of certain other publicly-traded companies comparable with RRI and Mirant, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

reviewed the merger agreement and certain related documents; and

performed such other analyses and reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by RRI and Mirant and formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that such projections had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of RRI and Mirant of the future financial performance of RRI and Mirant. In addition, Morgan Stanley assumed that the merger will be completed in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the merger will be treated as a tax-free reorganization and/or exchange, each pursuant to the Code. Morgan Stanley relied upon, without independent verification, the assessment by the managements of each of RRI and Mirant of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the timing and risks associated with the integration of RRI and Mirant; (iii) the ability of each of RRI and Mirant to retain key employees and (iv) the validity of, and risks associated with, RRI s and Mirant s existing and future technologies, intellectual property, products, services and business models. Morgan Stanley assumed that in connection with the receipt of all of the necessary governmental, regulatory or other approvals and consents required for the merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the merger. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessments of RRI and Mirant and their legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of RRI s officers, directors or employees, or any class of such persons, relative to the consideration to be paid to the holders of shares of Mirant common stock in the merger. Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of RRI, nor has Morgan Stanley been furnished with any such appraisals. Morgan Stanley s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, April 10, 2010. Events occurring after April 10, 2010 may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, a business combination or any other extraordinary transaction, involving RRI.

The RRI board of directors retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with Morgan Stanley s customary practice.

Table of Contents

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of RRI, Mirant, or any other company, or any currency or commodity, that may be involved in the merger, or any related derivative instrument. In the two years prior to the date of its opinion, Morgan Stanley provided financial advisory and financing services for RRI and received fees in connection with such services. Morgan Stanley may also seek to provide such services to RRI and Mirant in the future and expects to receive fees for the rendering of these services.

Under the terms of its engagement letter, Morgan Stanley provided RRI financial advisory services and a financial opinion in connection with the merger, and RRI has agreed to pay Morgan Stanley a transaction fee of $8 million, a principal portion of which is payable upon completion of the merger, and an incentive fee of $5 million, which is payable at RRI s sole discretion. RRI has also agreed to reimburse Morgan Stanley for its expenses, including attorney s fees, incurred in connection with its services. In addition, RRI has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each other person, if any, controlling Morgan Stanley and any of its affiliates from and against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to, arising out of or in connection with Morgan Stanley s engagement.

Summary of Material Financial Analyses

The following is a summary of the material financial analyses contained in the joint presentation that was made by RRI s Financial Advisors to the RRI board of directors on April 10, 2010 and that were used by RRI s Financial Advisors in connection with rendering their respective opinions described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by RRI s Financial Advisors, nor does the order of analyses described represent relative importance or weight given to those analyses by RRI s Financial Advisors. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of RRI s Financial Advisors financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before April 7, 2010 and is not necessarily indicative of current or future market conditions. In connection with the RRI Financial Advisors financial analyses described below, the RRI Financial Advisors were provided with financial forecasts relating to RRI and Mirant prepared by the managements of RRI and Mirant (and, in the case of Mirant, as adjusted by RRI s management) based on March 16, 2010 forward curves.

Selected Companies Analysis. RRI s Financial Advisors reviewed and compared certain financial information for RRI and Mirant to corresponding financial information, ratios and public market multiples for the following publicly traded corporations (collectively, the Selected Companies) in the energy industry:

Calpine Corporation;

Dynegy Inc.; and

NRG Energy, Inc.

Although none of the Selected Companies is directly comparable to RRI or Mirant, the companies included were chosen because they are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of RRI and Mirant.

RRI s Financial Advisors also derived and compared various financial multiples based on financial data as of April 7, 2010. The multiples of each of the Selected Companies were based on the most recent publicly available information obtained from SEC filings and IBES estimates. The multiples of each of RRI and Mirant were calculated using the closing price of each such party on April 7, 2010 and were based on information provided by their respective managements and on IBES estimates. With respect to each of the Selected Companies, RRI and Mirant, RRI s Financial Advisors calculated:

aggregate value, which is equal to the sum of the company s equity market capitalization and net debt (equal to total debt including capitalized leases less cash and cash equivalents), as a multiple of the estimated earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for lease payments, for each of the years 2010, 2011 and 2012;

net debt as a multiple of the estimated EBITDA, adjusted for lease payments and principal balances, for each of the years 2010, 2011 and 2012; and

aggregate value as a multiple of the total installed capacity measured in kilowatts.

The results of these analyses are summarized as follows:

	Range for Selected Companies	RRI	Mirant
Aggregate Value as a multiple of:			
2010E EBITDA	5.4x-12.5x	7.7x	4.6x
2011E EBITDA	6.4x-11.5x	7.7x	6.8x
2012E EBITDA	5.9x-11.0x	6.7x	7.8x
Net Debt as a multiple of:			
2010E EBITDA	2.9x-11.0x	4.5x	2.4x
2011E EBITDA	3.4x-10.2x	4.4x	3.6x
2012E EBITDA	3.1x- 9.7x	3.9x	4.1x
Aggregate Value as a multiple of:			
Total Installed Capacity ($/kW)	$/kW 503-596	$/kW 218	$/kW 317

Illustrative EBITDA Multiple Analysis. RRI s Financial Advisors performed an EBITDA multiple analysis on RRI common stock and Mirant common stock, using historical information, projections provided by the management of RRI and Mirant and IBES estimates, which IBES estimates were adjusted to exclude certain lease expenses. RRI s Financial Advisors calculated for RRI and Mirant the implied prices per share for each company s common stock based on an EBITDA multiple valuation under each of the following scenarios: (i) RRI s and Mirant s managements projections of estimated EBITDA for the year 2011 and (ii) IBES projections of RRI s and Mirant s estimated EBITDA for the year 2011. In each case, the implied prices per share of RRI and Mirant common stock were based on a range of EBITDA multiples of 7.0x-9.0x. The following table presents the results of RRI s Financial Advisors analysis:

	Management s Estimates	
Company	**EBITDA Multiple Range**	**Range of Implied Prices per Share**
RRI	7.0x-9.0x	$ 0.57-$ 2.07
Mirant	7.0x-9.0x	$ 8.29-$14.25

Company	IBES EBITDA Multiple Range	Estimates Range of Implied Prices per Share
RRI	7.0x-9.0x	$ 3.47-$ 5.80
Mirant	7.0x-9.0x	$ 9.90-$16.33

Illustrative Discounted Cash Flow Analysis. RRI s Financial Advisors performed a discounted cash flow analysis using RRI s and Mirant s respective managements projections. RRI s Financial Advisors calculated indications of net present value of free cash flows for RRI for the years 2011 through 2014 using discount rates ranging from 8.75% to 9.75%, reflecting estimates of RRI s weighted average cost of capital. RRI s Financial Advisors then calculated an implied terminal value for RRI by applying perpetual growth rates ranging from 2.5% to 3.5% to an illustrative terminal value. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative discount rate of 9.25%.

In addition, RRI s Financial Advisors calculated indications of net present value of free cash flows for Mirant for the years 2011 through 2014 using discount rates ranging from 8.5% to 9.5%, reflecting estimates of Mirant s weighted average cost of capital. RRI s Financial Advisors then calculated an implied terminal value for Mirant by applying perpetual growth rates ranging from 2.5% to 3.5% to an illustrative terminal value. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative terminal discount rate of 8.0%. These analyses resulted in the following ranges of implied present values per share of common stock:

Company	Illustrative per Share Value Indications	
RRI	$	2.65-$ 3.62
Mirant	$	9.38-$12.56

Exchange Ratio Analysis. RRI s Financial Advisors reviewed the trading prices of RRI common stock and Mirant common stock for the period April 7, 2009 through April 7, 2010. For each trading day during that period, RRI s Financial Advisors derived (i) the implied historical exchange ratio by dividing the closing price per share of Mirant common stock by the closing price per share of RRI common stock and (ii) RRI s implied ownership in the combined company based on such implied exchange ratio. The following table sets forth the average implied historical exchange ratios and RRI s implied ownership in the combined company as of April 7, 2010 and for the specified periods ending April 7, 2010:

Period	Implied Historical Exchange Ratio	Implied RRI Percentage Ownership
April 7, 2010	2.757	46.7%
Prior 10-day period	2.868	45.8%
Prior 3-month period	2.847	47.5%
Prior 6-month period	2.757	51.5%
Prior 9-month period	2.807	43.6%
Prior 12-month period	2.845	43.9%

Contribution Analysis. RRI s Financial Advisors reviewed certain estimated future operating and financial information for RRI and Mirant for fiscal years 2011, 2012, 2013 and 2014 based on each of RRI s and Mirant s management s estimates, with respect to two scenarios: (i) forecasts before taking into account any of the possible benefits that may be realized following the merger and (ii) forecasts assuming RRI contributes 45.8% of the cost savings and operating synergies of the combined company, based on estimates of RRI s and Mirant s managements. Such estimated future operating and financial information included for RRI (a) estimated EBITDA adjusted to exclude certain hedging and lease expenses (Open EBITDA) and (b) Open EBITDA adjusted to include the financial impact of certain hedges (Adjusted EBITDA). RRI s Financial Advisors analyzed the relative potential financial contributions of RRI and Mirant to the combined company post-merger and RRI s implied equity ownership of the combined company determined by valuing RRI s contribution to the combined company based on an appropriate weighted average enterprise valuation multiple. The weighted average enterprise valuation multiple is calculated by taking the sum of the enterprise value of RRI and the enterprise value of Mirant and then dividing the result by the sum of RRI s and

Mirant s Open EBITDA or Adjusted EBITDA, as appropriate.

RRI s Financial Advisors then adjusted the two companies gross contributions to take account of differences in the respective capital structures, including cash and total debt outstanding, for RRI and Mirant, to calculate an adjusted contribution to the combined company based on an appropriate weighted average

Table of Contents

enterprise valuation multiple, which is referred to as the implied equity contribution. The following table presents the results of this analysis:

	RRI Implied Equity Contribution			
	Open EBITDA		Adjusted EBITDA	
Year	No Synergies	Synergies	No Synergies	Synergies
2011E	46.8%	46.6%	26.2%	29.9%
2012E	59.3%	54.0%	37.1%	40.3%
2013E	46.2%	46.0%	30.5%	35.3%
2014E	65.8%	60.4%	56.0%	53.3%

Illustrative Pro Forma EBITDA Multiple Analysis. RRI s Financial Advisors performed an EBITDA multiple analysis on RRI common stock in the combined company post-merger, using projections provided by the management of RRI and Mirant and IBES estimates, each of which included adjustments for the cost savings and operating synergies of the combined company and adjustments to exclude certain lease expenses. RRI s Financial Advisors calculated the implied prices per share of RRI common stock based on an EBITDA multiple valuation under both of the following scenarios: (i) RRI s management s projection of estimated EBITDA for the combined company for the year 2011 and (ii) IBES projection of RRI s and Mirant s estimated EBITDA for the year 2011. In each case, the implied prices per share of RRI common stock were based on a range of EBITDA multiples from 7.0x-9.0x and a pro forma share count of 775 million shares. RRI s Financial Advisors then compared these implied prices per share to the midpoint of the range of implied prices per share of RRI common stock, calculated as described above under Illustrative EBITDA Multiple Analysis. The following table presents the results of RRI s Financial Advisors analysis:

Analysis	RRI s Management s Estimates Implied Prices per Share
Illustrative Pro Forma EBITDA Multiple Analysis	$ 2.34-$4.34
Midpoint of Illustrative EBITDA Multiple Analysis	$ 1.32

Analysis	IBES Estimates Implied Prices per Share
Illustrative Pro Forma EBITDA Multiple Analysis	$ 3.97-$6.45
Midpoint of Illustrative EBITDA Multiple Analysis	$ 4.64

Illustrative Pro Forma Discounted Cash Flow Analysis. RRI s Financial Advisors performed a discounted cash flow analysis on RRI common stock in the combined company post-merger using each of RRI s and Mirant s management s projections, which included adjustments for the cost savings and operating synergies of the combined company and the utilization of certain tax assets. RRI s Financial Advisors calculated indications of net present value of free cash flows for the combined company for the years 2011 through 2014 using discount rates ranging from 8.625% to 9.625%, reflecting estimates of the combined company s weighted average cost of capital. RRI s Financial Advisors then calculated an implied terminal value for the combined company by applying perpetual growth rates ranging from 2.5% to 3.5% to an illustrative terminal value. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative discount rate of 8.75%. These analyses resulted in a range of implied present values of $4.59 to $5.89 per share of RRI common stock. RRI s Financial Advisors then compared these implied prices per share to the midpoint of the range of implied present values per share of RRI common stock of $3.10, calculated as described above under Illustrative Discounted Cash Flow Analysis.

General. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying each of RRI s Financial Advisors respective opinions. In arriving at their respective fairness determinations, RRI s Financial Advisors considered the results of all of their analyses and did not attribute any particular weight to any factor or analysis considered by them. Rather, RRI s Financial Advisors made their respective determinations as to fairness on the basis of their respective experience and professional judgment after considering the results of all of their respective analyses. No company or transaction used in the above analyses as a comparison is directly comparable to RRI or Mirant or the merger.

RRI s Financial Advisors prepared these analyses for purposes of RRI s Financial Advisors providing their respective opinions to the RRI board of directors as to the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of RRI, Mirant, RRI s Financial Advisors or any other person assumes responsibility if future results are materially different from those forecast.

The exchange ratio was determined through arm s-length negotiations between RRI and Mirant and was approved by the RRI board of directors. RRI s Financial Advisors provided advice to RRI during these negotiations. RRI s Financial Advisors did not, however, recommend any specific exchange ratio to RRI or the RRI board of directors or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

As described above, each of RRI s Financial Advisors respective opinions to the RRI board of directors was one of many factors taken into consideration by the RRI board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by RRI s Financial Advisors in connection with their respective fairness opinions and is qualified in its entirety by reference to the written opinions of RRI s Financial Advisors attached as Annex B and Annex C.

Opinion of Mirant s Financial Advisor

In connection with the merger, Mirant retained J.P. Morgan to act as Mirant s financial advisor. At a meeting of the Mirant board of directors held on April 10, 2010, J.P. Morgan rendered to the Mirant board of directors an oral opinion, confirmed by delivery of a written opinion, dated April 10, 2010, to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio provided in the merger was fair, from a financial point of view, to holders of Mirant common stock. The issuance of J.P. Morgan s opinion was approved by a fairness committee of J.P. Morgan. The full text of the written opinion of J.P. Morgan, dated April 10, 2010, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the opinion and the review undertaken in connection with rendering its opinion, is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference. **J.P. Morgan s written opinion was provided to the Mirant board of directors (solely in its capacity as such) in connection with its evaluation of the merger and addressed only the fairness, from a financial point of view, of the exchange ratio and no other matters. The opinion does not constitute a recommendation to any stockholder as to how any stockholder should vote with respect to the proposed merger or any other matter. The summary of the opinion of J.P. Morgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.**

In arriving at its opinion, J.P. Morgan, among other things:

reviewed an execution copy of the merger agreement provided to J.P. Morgan on April 10, 2010;

reviewed certain publicly available business and financial information concerning Mirant and RRI and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies that J.P. Morgan deemed relevant and the consideration paid for such companies;

compared the financial and operating performance of Mirant and RRI with publicly available information concerning certain other companies that J.P. Morgan deemed relevant and reviewed the current and historical market prices of Mirant common stock and RRI common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts relating to Mirant s business prepared by or at the direction of Mirant s management and certain internal financial analyses and forecasts relating to RRI s business prepared by or at the direction of RRI s management as adjusted by Mirant s management, as well as financial analyses and forecasts provided by Mirant s management regarding the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the proposed merger, collectively referred to as synergies; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the managements of Mirant and RRI with respect to certain aspects of the proposed merger, and the past and current business operations of Mirant and RRI, the financial condition and future prospects and operations of Mirant and RRI, the effects of the merger on the financial condition and future prospects of Mirant and RRI and certain other matters that J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Mirant or RRI or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify, nor has J.P. Morgan assumed responsibility or liability for independently verifying, any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, contingent or otherwise, nor did J.P. Morgan evaluate the solvency of Mirant or RRI under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, including the synergies, J.P. Morgan assumed that they were reasonably prepared based on assumptions that reflected the best currently available estimates and judgments by management as to the expected future results of operations and financial conditions of Mirant and RRI to which such analyses or forecasts relate and other matters covered thereby. Specifically, J.P. Morgan relied, without independent verification, upon the assessments of Mirant s management as to market trends and prospects and regulatory matters relating to the energy-related industries and the potential impact of such trends, prospects and matters on Mirant and RRI, including the assumptions of such management as to future commodity fuel prices reflected in the financial forecasts and other information and data relating to Mirant and RRI utilized in J.P. Morgan s analyses, which are subject to significant volatility and which, if different than as assumed by Mirant s management, could have a material impact on such analyses. J.P. Morgan expressed no view as to the management-provided analyses or forecasts, including the synergies, or the assumptions, including such market trends and prospects and regulatory matters, on which they were based. J.P. Morgan also assumed that the merger would qualify as a tax-free reorganization for U.S. federal income tax purposes, and would be completed as described in the merger agreement, and that the definitive merger agreement would not differ in any material respects from the execution copy furnished to J.P. Morgan on April 10, 2010. J.P. Morgan further assumed that the representations and warranties made by Mirant, RRI and Merger Sub in the merger agreement and any related agreements are and will be true and correct in all material respects as of the dates made or deemed made. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to Mirant with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for completion of the merger would be obtained without any material adverse effect on Mirant, RRI or the contemplated benefits of the proposed merger.

J.P. Morgan s opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of its opinion. J.P. Morgan s opinion notes that subsequent developments may affect J.P. Morgan s opinion, and J.P. Morgan does not have any obligation to update, revise or reaffirm its opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, to holders of Mirant common stock of the exchange ratio in the proposed merger and J.P. Morgan expressed no opinion as to the fairness of the proposed merger to, or any consideration to be received by, the holders of any other class of securities, creditors or other constituencies of Mirant or as to the underlying decision by Mirant to engage in the proposed merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, relative to the exchange ratio in the merger or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the prices at which Mirant common stock or RRI common stock will trade at any future time. In connection with J.P. Morgan s engagement with respect to the merger, J.P. Morgan was not authorized to and did not solicit any expressions of interest from any other third parties with respect to the sale of all or any part of Mirant or any alternative transaction. Except as described above, Mirant imposed no other instructions or limitations on J.P. Morgan with respect to the investigations made or the procedures followed by it in rendering its opinion.

The terms of the merger agreement, including the consideration to be received by holders of Mirant common stock in the merger, were determined through negotiation between Mirant and RRI, and the decision to enter into the merger agreement was solely that of the Mirant board of directors and the RRI board of directors. J.P. Morgan s opinion and financial analyses were only one of the many factors considered by the Mirant board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of the Mirant board of directors or management with respect to the proposed merger or the merger consideration, the value of Mirant or RRI or whether the Mirant board of directors would have been willing to agree to different or other forms of consideration.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methodologies in connection with its opinion. The following is a summary of the material financial analyses used by J.P. Morgan in connection with providing its opinion and does not purport to be a complete description of the analyses or data presented by J.P. Morgan. **Some of the summaries of the financial analyses include information presented in tabular format. To fully understand the financial analyses, the tables should be read together with the text of each summary. Considering the data set forth in the tables without considering the narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. In connection with J.P. Morgan s financial analyses described below, J.P. Morgan was provided with financial forecasts relating to Mirant and RRI prepared by the managements of Mirant and RRI (and, in the case of RRI, as adjusted by Mirant s management) based on March 16, 2010 forward curves.**

Mirant Standalone Financial Analyses

Selected Companies Analysis. J.P. Morgan compared the financial and operating performance of Mirant with that of RRI and the following three publicly-traded merchant generation companies, which are referred to as the selected companies:

- Dynegy Inc.
- Calpine Corporation
- NRG Energy, Inc.

J.P. Morgan reviewed, among other information, each company s firm value as a multiple of calendar years 2010 and 2011 estimated earnings before interest taxes, depreciation and amortization, referred to as EBITDA, excluding the value of hedge positions and one-time occurrences (*e.g.*, asset sales), referred to as

Table of Contents

Open EBITDA. For purposes of this analysis, firm value was calculated as market value, based on closing stock prices on April 9, 2010, plus total debt, non-controlling interest and capitalized leases, less the net present value of hedge positions, cash and cash equivalents, based on data as of December 31, 2009. Estimated financial data of RRI and the selected companies were based on publicly available Wall Street research analysts estimates. J.P. Morgan applied selected ranges of firm value to calendar years 2010 and 2011 Open EBITDA multiples implied by RRI and the selected companies to corresponding data of Mirant based both on internal estimates of Mirant s management and publicly available Wall Street research analysts estimates with respect to Mirant, which are referred to as Mirant street estimates. This analysis implied the following approximate per share equity value reference ranges for Mirant, as compared to Mirant s closing stock price of $10.73 per share on April 9, 2010:

	Implied per Share Equity Value Reference Ranges for Mirant Based on:		Mirant Closing Stock Price on April 9, 2010
	Mirant Management Estimates	**Mirant Street Estimates**	
Calendar Year 2010 Open EBITDA	$11.05 - $12.60	$14.65 - $16.95	$10.73
Calendar Year 2011 Open EBITDA	$6.90 - $7.90	$11.50 - $13.45	

Selected Transactions Analysis. Using publicly available information, J.P. Morgan reviewed financial data relating to the following six selected publicly announced transactions, which are referred to as the selected transactions, involving independent power producer companies and utilities engaged in both regulated utility operations and unregulated wholesale power generation:

Acquirer	Target
Exelon Corporation	NRG Energy, Inc.
MidAmerican Energy Holdings Company	Constellation Energy Group, Inc.
Kohlberg Kravis Roberts & Co. L.P. and Texas Pacific Group	TXU Corp.
Mirant	NRG Energy, Inc.
FPL Group, Inc.	Constellation Energy Group, Inc.
Exelon Corporation	Public Service Enterprise Group Incorporated

J.P. Morgan reviewed, among other information, transaction values in the selected transactions, calculated as the firm value implied for the target company based on the consideration payable in the selected transaction, as a multiple of the target company s latest 12 months EBITDA prior to announcement of such transaction. Financial data for the selected transactions were based on information publicly available at the time of such announcement. J.P. Morgan applied a selected range of the latest 12 months EBITDA multiples implied by the selected transactions to Mirant s latest 12 months EBITDA as of March 31, 2010, based both on internal estimates of Mirant s management and Mirant street estimates. This analysis implied the following per share equity value reference ranges for Mirant, as compared to Mirant s closing stock price of $10.73 per share on April 9, 2010:

Implied per Share Equity Value Reference Ranges for Mirant Based on:		Mirant Closing Stock Price on April 9, 2010
Mirant Management Estimates	**Mirant Street Estimates**	

$11.25 - $12.80	$10.35 - $12.15	$10.73

Discounted Cash Flow Analysis. J.P. Morgan performed a discounted cash flow analysis to estimate the present value of the unlevered free cash flows that Mirant is projected to generate for fiscal years 2010 through 2014 based both on internal estimates of Mirant s management and Mirant street estimates. J.P. Morgan also calculated a range of terminal values for Mirant by applying a selected range of terminal value multiples of 7.5x to 8.5x to Mirant s fiscal year 2014 estimated Open EBITDA, adjusted for non-recurring items. The unlevered free cash flows and range of terminal values were then discounted to present value as of March 31, 2010 using a selected range of discount rates of 8.5% to 9.5%. This analysis implied the following approximate per share equity value reference ranges for Mirant, as compared to Mirant s closing stock price of $10.73 per share on April 9, 2010:

Implied per Share Equity Value Reference Ranges for Mirant Based on:		Mirant Closing Stock Price on April 9, 2010
Mirant Management Estimates	**Mirant Street Estimates**	
$5.15 - $5.95	$10.50 - $12.95	$10.73

RRI Standalone Financial Analyses

Selected Companies Analysis. J.P. Morgan compared the financial and operating performance of RRI with that of Mirant and the selected companies. J.P. Morgan reviewed, among other information, each company s firm value as a multiple of calendar years 2010 and 2011 estimated Open EBITDA. Estimated financial data of Mirant and the selected companies were based on publicly available research analysts estimates. J.P. Morgan applied selected ranges of 2010 and 2011 Open EBITDA multiples implied by Mirant and the selected companies to corresponding data of RRI based both on internal estimates of RRI s management as adjusted by Mirant s management, which are referred to as the RRI base case, and publicly available research analysts estimates relating to RRI, which are referred to as RRI street estimates. This analysis implied the following approximate per share equity value reference ranges for RRI, as compared to RRI s closing stock price of $3.95 per share on April 9, 2010 (reference ranges that resulted in negative per share values were considered not meaningful and are designated below as NM):

	Implied per Share Equity Value Reference Ranges for RRI Based on:		RRI Closing Stock Price on April 9, 2010
	RRI Base Case	**RRI Street Estimates**	
Calendar Year 2010 Open EBITDA	NM	$ 2.30 - $3.35	$ 3.95
Calendar Year 2011 Open EBITDA	NM	$ 2.30 - $3.30	

Selected Transactions Analysis. Using publicly available information, J.P. Morgan reviewed financial data relating to the selected transactions. J.P. Morgan reviewed, among other information, transaction values in the selected transactions, calculated as the firm value implied for the target company based on the consideration payable in the selected transaction, as a multiple of the target company s latest 12 months EBITDA prior to announcement of such transaction. Financial data for the selected transactions were based on information publicly available at the time of such announcement. J.P. Morgan applied a selected range of latest 12 months EBITDA multiples implied by the selected transactions to RRI s latest 12 months EBITDA as of March 31, 2010 based both on the RRI base case and RRI street estimates. This analysis implied the following per share equity value reference ranges for RRI, as compared to RRI s closing stock price of $3.95 per share on April 9, 2010 (reference ranges that resulted in negative per share values were considered not meaningful and are designated below as NM):

Implied per Share Equity Value Reference Ranges for RRI Based on:		RRI Closing Stock Price on April 9, 2010
RRI Base Case	**RRI Street Estimates**	

NM	$0.45 - $1.25	$3.95

Discounted Cash Flow Analysis. J.P. Morgan performed a discounted cash flow analysis to estimate the present value of the unlevered free cash flows that RRI is projected to generate for fiscal years 2010 through 2014 based both on the RRI base case and RRI street estimates. J.P. Morgan also calculated a range of terminal values for RRI by applying a selected range of terminal value multiples of 7.5x to 8.5x to RRI s fiscal year 2014 estimated Open EBITDA, adjusted for non-recurring items. The unlevered free cash flows and range of terminal values were then discounted to present value as of March 31, 2010 using a selected range of discount rates of 8.5% to 9.5%. This analysis implied the following approximate per share equity value reference ranges for RRI, as compared to RRI s closing stock price of $3.95 per share on April 9, 2010:

Implied per Share Equity Value Reference Ranges for RRI Based on:		RRI Closing Stock Price on April 9, 2010
RRI Base Case	RRI Street Estimates	
$1.55 - $2.50	$3.45 - $4.25	$3.95

Relative Valuation Considerations

Mirant/RRI Discounted Cash Flow Analyses. J.P. Morgan compared the relative implied per share equity value reference ranges for Mirant and RRI derived from the discounted cash flow analyses described above based on internal estimates of Mirant s management and the RRI base case. J.P. Morgan then calculated an implied exchange ratio reference range by dividing the low to high ends of the implied per share equity value reference range for Mirant by the high to low ends of the implied per share equity value reference range for RRI derived from such analyses. This analysis resulted in the following implied exchange ratio reference range, as compared to the exchange ratio provided for in the merger agreement.

Implied Exchange Ratio Reference Range	Merger Exchange Ratio
2.0519x - 3.7666x	2.8350x

J.P. Morgan also calculated the implied relative equity ownership percentage of the Mirant stockholders in the combined company immediately upon completion of the merger based on the implied exchange ratio reference range described above. This calculation indicated an implied pro forma equity ownership percentage for the Mirant stockholders of approximately 46.0% to 61.0%, as compared to the pro forma equity ownership percentage of Mirant s stockholders in the combined company based on the exchange ratio provided for in the merger of 54.0%.

Pro Forma Financial Analysis

Potential Pro Forma Value Creation. J.P. Morgan reviewed the implied equity values of Mirant and RRI on a standalone basis derived from their respective closing stock prices on April 9, 2010 and the midpoint of the per share equity value reference ranges derived for Mirant and RRI from the discounted cash flow analyses described above. J.P. Morgan added to such implied equity values the net present value (as of March 31, 2010) of potential synergies estimated by Mirant s management to result from the merger to calculate the potential pro forma equity value of the combined company. J.P. Morgan then calculated the value attributable to the proportionate interest of the Mirant stockholders in such implied equity values assuming the pro forma equity ownership percentage of the Mirant stockholders in the combined company based on the exchange ratio provided for in the merger agreement. This analysis indicated a potential pro forma value creation for the Mirant stockholders of approximately 37.6% (relative to the implied equity value of Mirant derived from its closing stock price on April 9, 2010) and approximately 71.4% (relative to the midpoint of the per share equity value reference range derived from Mirant s discounted cash flow analysis described above).

Additional Analysis

Accretion/Dilution. J.P. Morgan reviewed the potential pro forma financial effects of the merger, taking into account potential synergies estimated by Mirant s management to result from the merger, on Mirant s and RRI s estimated free cash flows on a standalone basis during calendar years 2011 through 2014 relative to the combined company s estimated free cash flows during those calendar years. Estimated free cash flows were calculated as Open EBITDA less interest expense, capital expenditures and changes in working capital plus cash realized from hedges based on internal estimates of Mirant s management and the RRI base case. Based on the exchange ratio provided for in the merger agreement, this analysis indicated that, on a pro forma basis, the merger could be:

accretive relative to Mirant s estimated free cash flows on a standalone basis during calendar years 2011 through 2014; and dilutive relative to RRI s estimated free cash flows for calendar year 2011 and accretive relative to RRI s estimated free cash flows during calendar years 2012 through 2014.

Other Factors. J.P. Morgan also reviewed for informational purposes certain other factors, including the following:

historical trading prices during the three-month period ended April 9, 2010 of Mirant common stock and RRI common stock of $10.33 to $16.16 per share and $3.59 to $5.92 per share, respectively, the implied exchange ratio reference range derived from the low to low ends and high to high ends of such historical trading prices of 2.7297x to 2.8774x and the implied equity ownership percentage range of Mirant s stockholders in the combined company based on such implied exchange ratio reference range of 53.1% to 54.4%; and

Wall Street analysts price targets, based on equity research reports published after announcement of calendar year 2009 fourth quarter results, for Mirant common stock and RRI common stock of $6.00 to $14.00 per share and $3.00 to $6.00 per share, respectively.

Miscellaneous

The summary above of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions thereof, or focusing on information in tabular format, without considering all of its analyses and the narrative description of the analyses, could create an incomplete view of the processes underlying its analyses and opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the results of all of its analyses as a whole and made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

Analyses based on forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to Mirant or RRI, and none of the selected transactions reviewed as described in the above summary was identical to the merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of Mirant and RRI. The transactions selected were similarly chosen for their participants, size and other factors that, for purposes of J.P. Morgan s analysis, may be considered similar to those of the merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Mirant and RRI and the transactions compared to the merger.

As part of its investment banking and financial advisory business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. J.P. Morgan was selected by Mirant as its financial advisor with respect to the merger on the basis of such experience and its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions.

J.P. Morgan has acted as financial advisor to Mirant with respect to the merger and will receive a fee of approximately $30 million for its services contingent upon completion of the merger. In addition, Mirant has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and to indemnify J.P. Morgan and its affiliates for certain liabilities arising out of its engagement. J.P. Morgan may provide lending and/or investment banking services to the combined company in the future, including in connection with the refinancing transactions contemplated by the merger agreement. During the two years preceding the date of J.P. Morgan s opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with Mirant and RRI, in connection with which J.P. Morgan and its affiliates have received customary compensation. Such services during such period have included acting as (i) sole counterparty in connection with Mirant s accelerated share repurchase program in May 2008 and (ii) financial advisor to RRI on the sale of its Nevada-based Bighorn power generation station in October 2008. In addition, J.P. Morgan s commercial banking affiliate is an agent bank and/or a lender under certain outstanding credit facilities of Mirant and RRI (which credit facilities will be refinanced in connection with the merger), for which it receives customary compensation or other financial benefits. In the ordinary course of business, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Mirant or RRI for their own account or for the accounts of customers and, accordingly, may at any time hold long or short positions in such securities.

Board of Directors and Executive Officers of the Combined Company After Completion of the Merger; Headquarters; Amendments to the Combined Company s Bylaws

Board of Directors. Upon completion of the merger, the board of directors of the combined company will initially consist of ten directors, including (i) Mark M. Jacobs, the current president and chief executive officer of RRI, (ii) Edward R. Muller, the current chairman, president and chief executive officer of Mirant, (iii) the four current non-employee directors of RRI (E. William Barnett, Steven L. Miller, Evan J. Silverstein and Laree E. Perez) and (iv) the four Mirant designees, Terry G. Dallas, Thomas H. Johnson, Robert C. Murray and William L. Thacker, each a current non-employee director of Mirant. In addition, upon completion of the merger, each of the Audit, Compensation, Nominating and Governance, and Risk and Finance Oversight committees of the board of directors of the combined company will consist of four directors, two of whom will be designated by the RRI directors and two of whom will be designated by the Mirant directors. The chairman of the audit committee will be Mr. Murray, the chairman of the compensation committee will be Mr. Thacker, the chairman of the nominating and governance committee will be Mr. Miller and the chairman of the risk and finance oversight committee will be Mr. Silverstein. For discussion of the material interests of directors of RRI and Mirant in the merger that may be in addition to, or different from, their interests as stockholders, see Interests of Directors and Executive Officers in the Merger beginning on page [ ].

Executive Officers. Upon completion of the merger, the corporate leadership team of the combined company will consist of Mr. Muller as chairman and chief executive officer; Mr. Jacobs as president and chief operating officer; J. William Holden III as executive vice president, chief financial officer; Michael L. Jines as executive vice president, general counsel and chief compliance officer; Robert Gaudette as senior vice president, chief commercial officer; David S. Freysinger as senior vice president, plant operations; and Anne M. Cleary as senior vice president, asset management. For further discussion of the material interests of executive officers of RRI and Mirant in the merger that may be in addition to, or different from, their interests as stockholders, see Interests of Directors and Executive Officers in the Merger beginning on page [ ].

Headquarters. Following completion of the merger, the combined company s corporate headquarters will be located in Houston, Texas. The combined company s trading operations (and associated risk management function) will be located in Atlanta, Georgia.

Bylaws. In connection with the merger, RRI s bylaws, which will be the bylaws of the combined company, will be amended and restated as of completion of the merger in the form attached as Annex E to this joint proxy statement/prospectus to provide that, for three years following completion of the merger, the removal of either (i) the chief executive officer or (ii) the president and chief operating officer will require the affirmative vote of at least two-thirds of the independent members of the RRI board of directors then in office.

Table of Contents

Interests of Directors and Executive Officers in the Merger

Interests of Directors and Executive Officers of Mirant in the Merger

In considering the recommendation of the Mirant board of directors that Mirant stockholders vote **FOR** the Merger proposal, Mirant stockholders should be aware that some of Mirant s executive officers and directors have financial interests in the merger that may be different from, or in addition to, those of Mirant stockholders generally. The Mirant board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendations that the Mirant stockholders approve the merger agreement. For purposes of all of the Mirant agreements and plans described below, completion of the merger will constitute a change in control.

Equity Compensation Awards

Upon completion of the merger, (1) each outstanding Mirant stock option will vest and be converted into an option to purchase RRI common stock (with the number of shares and per share exercise price appropriately adjusted based on the exchange ratio) in the merger on the same terms and conditions applicable to the corresponding Mirant stock option, (2) each outstanding Mirant restricted share will vest and be converted into a number of shares of RRI common stock based on the exchange ratio in the merger and (3) each outstanding Mirant restricted stock unit will vest and be converted into the right to receive a number of shares of RRI common stock based on the exchange ratio in the merger (except to the extent that a holder of a Mirant restricted stock unit has made a valid deferral election with respect to such Mirant restricted stock unit, in which case the settlement of such Mirant restricted stock unit will be at the time specified in such deferral election).

The table below sets forth the number of stock options and restricted stock units, that will vest upon completion of the merger for Messrs. Muller, Holden, O Neal, Garlick and Gaudette, Msses. Houston and Cleary and the Mirant non-employee directors, as a group, based on Mirant equity compensation awards outstanding as of [ ], 2010.

	Outstanding Stock Options That Would Vest (#)	Outstanding Restricted Stock Units That Would Vest (#)
Named Executive Officers		
Edward R. Muller	[ ]	[ ]
J. William Holden III	[ ]	[ ]
Julia A. Houston	[ ]	[ ]
John L. O Neal	[ ]	[ ]
James P. Garlick	[ ]	[ ]
Anne M. Cleary	[ ]	[ ]
Other Officer		
Robert Gaudette	[ ]	[ ]
Non-Employee Directors, as a group	[ ]	[ ]

Mirant Corporation Change in Control Severance Plan

Messrs. Muller, Holden, O Neal and Garlick and Msses. Houston and Cleary each participate in the Mirant Corporation Change in Control Severance Plan, which is referred to as the Change in Control Severance Plan. Mr. Muller receives the greater of the benefits under the Change in Control Severance Plan and his employment agreement and Mr. Holden and Ms. Cleary will have, upon completion of the merger, waived certain of their rights under the Change in Control Severance Plan in exchange for certain rights under new offer letters. Each of Mr. Muller s employment agreement and Mr. Holden and Ms. Cleary s new offer letters are described in more detail below.

The Change in Control Severance Plan provides that, if, during the two year period following a change in control, the executive s employment is terminated for any reason other than by reason of disability or for cause or if the executive terminates his or her employment for good reason, the executive would receive the following:

payment equal to the sum of (i) three times the executive s base salary and (ii) three times the target annual bonus for the year in which termination occurs; and

a lump sum amount equal to the cost of 36 months of additional benefit coverage under the medical, dental and vision plans in which the executive participates on the date of termination; and

a pro rata bonus based on the higher of the executive s target bonus immediately prior to the change in control or immediately after the change in control.

In the event that any payments or benefits made to the executive would be subjected to the excise tax imposed by Section 4999 of the Code, the executive would receive an additional payment such that the executive would be placed in the same after-tax position as if no excise tax had been imposed; however, in no event may the gross up payment exceed $2 million for each executive.

Based on compensation and benefit levels in effect on [ ], 2010 and assuming that each executive officer experiences a qualifying termination of employment after completion of the merger, each of Messrs. O Neal and Garlick and Ms. Houston would be entitled to receive $[ ], $[ ] and $[ ], respectively, in severance payments under the Change in Control Severance Plan. The actual amounts payable will vary depending on, among other things, the timing of the completion of merger and any qualifying termination, the amount of salary and bonuses being earned by the executives at that time and various assumptions about the golden parachute excise tax imposed in respect of Section 4999 of the Code.

Employment Agreements

Original Employment Agreement with Edward R. Muller. Mr. Muller is party to an employment agreement with Mirant, originally entered into on September 30, 2005 (as amended from time to time), which is referred to as the 2005 Employment Agreement. The 2005 Employment Agreement had a three-year term and has been automatically extended through September 30, 2010. Pursuant to the terms of the 2005 Employment Agreement, Mr. Muller is eligible for severance payments in the event his employment is terminated without cause, or as a result of death, disability or a change in control. If, for up to two years following a change in control, Mr. Muller is terminated for any reason, other than by reason of disability or for cause (as defined in his employment agreement), or if he terminates his employment for good reason (as defined below), then he would receive the following:

payment equal to the sum of (i) three times his base salary and (ii) the higher of (a) three times the last full-year s annual short-term incentive payment or (b) three times the target annual short-term incentive payment for the year in which termination occurs;

a multiple of three times the benefit related to life and long-term disability insurance and contributions under Mirant s Employee Savings Plan and Supplemental Benefit (Savings) Plan;

18 months of continued coverage for medical, dental and other group health benefits and plans in effect at the date of termination;

a lump sum amount equal to the cost of 18 months of additional benefit coverage under the medical, dental and vision plans in which Mr. Muller participates on the date of termination; and in the event that any payments made to Mr. Muller would be subjected to the excise tax imposed by Section 4999 of the Code, Mr. Muller would receive a gross up, on an after-tax basis, on his compensation for all federal, state and local income and excise taxes and any penalties and interest, but the gross up is capped at $7 million.

New Employment Agreement with Edward R. Muller. On April 11, 2010, Mr. Muller entered into a new employment agreement with RRI Energy on generally the same terms and conditions as the 2005 Employment Agreement, with certain exceptions as described below, which is referred to as the 2010 Employment Agreement. The 2010 Employment Agreement will become effective upon completion of the merger and supersede the 2005 Employment Agreement, has a term of three years and provides that Mr. Muller will be Chief Executive Officer of the combined company, based in Houston, Texas. The 2010 Employment Agreement specifies that, upon completion of the merger, all equity incentive compensation awards held by Mr. Muller will vest as of completion, and the post-termination exercise period will be governed by the agreements evidencing such awards. Mr. Muller will also be provided relocation benefits in accordance with Mirant s relocation policy for senior executives as in effect at completion of the merger or such more favorable expense reimbursement policies as may be adopted by the combined company from time to time.

Mr. Muller has agreed to relinquish the golden parachute excise tax gross-up provision that was included in the 2005 Employment Agreement.

As an inducement for Mr. Muller to relocate his employment, not to resign for good reason under the 2005 Employment Agreement and to relinquish the golden parachute excise tax gross-up provision that was included in the 2005 Employment Agreement, Mr. Muller will receive a restricted stock grant with a value equal to two times the sum of his annual base salary and annual target bonus which will vest in two equal installments on the first and second anniversaries of completion of the merger, subject to his continued employment through the vesting date. Upon Mr. Muller s retirement from the combined company or upon Mr. Muller s earlier termination of employment by the Company without cause or by Mr. Muller for good reason, all of his outstanding equity compensation will vest in full, become immediately exercisable and remain exercisable for the remaining term of the award. For purposes of the 2010 Employment Agreement, retirement is defined as any termination on or after the third anniversary of completion of the merger or such earlier date as the board of directors of the combined company may determine.

New Offer Letter Agreement with Anne M. Cleary. On April 11, 2010, Mirant entered into an offer letter agreement with Ms. Cleary that becomes effective upon completion of the merger. Under the terms of Ms. Cleary s offer letter, Ms. Cleary will be head of asset management of the combined company, based in Houston, Texas. Her annual base salary and annual target bonus will be no less than immediately before completion of the merger, and her long term incentive opportunities and employee benefits will be no less favorable than those provided to similarly situated executives generally. The offer letter also specifies that as a result of the merger, all equity incentive compensation awards held by Ms. Cleary will vest as of completion of the merger, and the post-termination exercise period will be governed by the agreements evidencing such awards. Ms. Cleary will be entitled to reimbursement of reasonable relocation expenses from Atlanta, Georgia to Houston, Texas.

As an inducement for Ms. Cleary to relocate her employment and not to resign for good reason under the Change in Control Severance Plan, on the second anniversary of completion of the merger, Ms. Cleary will be paid, subject to her continued employment through the second anniversary of the completion of the merger, a cash retention bonus in an amount equal to the amount of severance that she would have been paid under the Change in Control Severance Plan (as described above). If, prior to the second anniversary of the completion of the merger, Ms. Cleary dies, terminates as a result of disability, is terminated without cause or resigns following a material breach of the offer letter, Ms. Cleary (or her beneficiaries) will be paid the retention bonus.

Ms. Cleary will have waived her rights under the Change in Control Severance Plan following completion of the merger, except that any right to a gross-up for taxes imposed under Section 4999 of the Code will survive.

New Offer Letter Agreement with J. William Holden III. On April 11, 2010, Mirant entered into an offer letter agreement with Mr. Holden that becomes effective upon completion of the merger. Under the terms of Mr. Holden s offer letter, Mr. Holden will be Chief Financial Officer of the combined company, based in Houston, Texas. Mr. Holden s base salary will be $540,000, his annual target bonus and long term incentive opportunities will be no less than 75% and 185% of his annual base salary, respectively, and his employee benefits will be no less favorable than those provided to similarly situated executives generally. The offer letter specifies that as a result of the merger, all equity incentive compensation awards held by Mr. Holden will vest as of completion, and the post-termination exercise period will be governed by the agreements evidencing such awards. Upon a change in control that occurs subsequent to the merger, Mr. Holden will be eligible for change in control severance benefits upon a qualifying termination in an amount equal to three times his base salary and target annual bonus. Mr. Holden will be entitled to reimbursement of commuting, living (including temporary housing costs) and relocation expenses from Atlanta, Georgia to Houston, Texas.

Mr. Holden is also eligible to receive a retention bonus on the same terms as Ms. Cleary, except that Mr. Holden s retention bonus will also be paid if he terminates employment for any reason following a termination of Mr. Muller s employment as Chief Executive Officer of the combined company for any reason.

Mr. Holden will have waived his rights under the Change in Control Severance Plan following completion of the merger, except that any right to a gross up for taxes imposed under Section 4999 of the Code will survive.

New Offer Letter Agreement with Robert Gaudette. On April 11, 2010, Mirant entered into an offer letter agreement with Mr. Gaudette that becomes effective upon completion of the merger. Mr. Gaudette s offer letter provides that he will become Chief Commercial Officer of the combined company and that he will waive any right that he might otherwise have to resign and collect severance benefits under the Change in Control Severance Plan as a result of the relocation of his employment to Houston, Texas.

Based on compensation and benefit levels in effect on [ ], 2010 and assuming that each executive officer experiences a qualifying termination of employment after completion of the merger, each of Messrs. Muller and Holden and Ms. Cleary will be entitled to receive $[ ], $[ ] and $[ ], respectively, under their employment or offer letter agreement, as applicable. The actual amounts payable will vary depending on, among other things, the timing of the completion of the merger and any qualifying termination, the amount of salary and bonuses being earned by the executives at that time and various assumptions about the golden parachute excise tax imposed in respect of Section 4999 of the Code.

Nonqualified Deferred Compensation Plans

Mirant maintains the following nonqualified deferred compensation and supplemental retirement plans in which its executive officers and directors may be eligible to participate: the Mirant Corporation Deferred Compensation Plan, Mirant Corporation Deferred Compensation Plan for Directors and Selected Employees (suspended as of July 30, 2003) and Mirant Services Supplemental Benefit (Savings) Plan. Only Mr. Muller and Ms. Cleary are participants in the Deferred Compensation Plan. Ms. Cleary is also a participant in the Mirant Corporation Deferred Compensation Plan for Directors and Selected Employees. All executive officers are participants in the Supplemental Benefit (Savings) Plan.

In connection, with the merger, the Mirant board of directors has authorized the termination of the Mirant Services Supplemental Benefit (Savings) Plan and the distribution of all account balances of each participant under such plan as of completion of the merger.

Based on compensation and benefit levels in effect on [ ], 2010 and assuming the merger is completed on [ ], 2010 and the employment of each executive officer is terminated by Mirant immediately thereafter, each of Messrs. Muller, Holden, O Neal, Garlick and Gaudette and Mses. Houston and Cleary and the non-employee directors, as a group, will receive $[ ], $[ ], $[ ], $[ ], $[ ], $[ ], $[ ] and $[ ], respectively, in respect of additional vesting of deferred compensation cash awards. The actual amount of unvested benefit that vests will depend on the amount of any additional contributions or earnings credited to the respective officer s account prior to vesting.

Grantor Trust

Upon completion of the merger, a grantor trust maintained by Mirant will be funded at a level equal to 100% of the amounts necessary to pay participants (or their beneficiaries) under Mirant s severance and deferred compensation arrangements. The amount of such contribution is expected to be approximately $[ ].

Retention Program

Under the terms of the merger agreement, Mirant may establish a retention pool in an aggregate amount not to exceed $10 million to be allocated by Mirant s chief executive officer to key employees, including potentially some of its executive officers. $[ ] of such amounts have been allocated by Mirant s chief executive officer.

Interests of Directors and Executive Officers of RRI in the Merger

In considering the recommendations of the RRI board of directors with respect to its approval of the merger agreement, RRI stockholders should be aware that RRI s executive officers and directors have interests in the merger that are different from, or in addition to, those of the RRI stockholders generally. The RRI board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that the RRI stockholders approve the merger agreement. See The Merger Rationale for the Merger and The Merger RRI Board of Directors Recommendation and Its Reasons for the Merger. These interests are described below.

CEO and Board of Directors

Mark M. Jacobs, the president and chief executive officer of RRI will, pursuant to the merger agreement, become president and chief operating officer of the combined company and will remain on the board of directors of the combined company. In addition, the four current non-employee RRI directors will serve on the board of directors of the combined company.

Equity Compensation Awards

Before their amendment in connection with the merger, the terms of RRI stock options and restricted stock units provided that upon completion of the merger they would vest and be settled entirely in cash based on the value of RRI common stock at that time. In the ordinary course, some RRI restricted stock units settle in cash and some settle in RRI stock. As amended, RRI stock options will vest in full upon completion of the merger and remain outstanding subject to the same terms and conditions as otherwise applied prior to the merger, RRI stock-settled restricted stock units will settle in stock and RRI cash-settled restricted stock units will settle in cash. Moreover, pursuant to their pre-existing terms, vested restricted stock units held by non-employee directors will be settled upon completion of the merger.

The following table sets forth, as of [ ], (1) the number of stock options held by each RRI executive officer (including RRI s named executive officers, those current executives subject to compensation disclosure in RRI s proxy statement for its most recent annual meeting and RRI s other executive officers as a group) for which vesting will accelerate upon completion of the merger, (2) the number of restricted stock units held by such persons for which vesting will accelerate, in full or on a pro rata basis, upon completion of the merger (cash-settled restricted stock unit grants made to executives in 2010 will vest on a pro rata basis at the greater of target or actual performance) and (3) the number of vested restricted stock units held by non-employee directors, as a group, whose settlement will accelerate.

	Outstanding Stock Options That Would Vest	**Outstanding Restricted Stock Units That Would Vest in Full**	**Outstanding Performance Based Restricted Stock Units That Would Vest Pro Rata***	**Vested Restricted Stock Units Held by Non-Employee Directors**

Named Executive Officers				
Mark M. Jacobs	[ ]	[ ]	[ ]	
Michael L. Jines	[ ]	[ ]	[ ]	
Rick J. Dobson	[ ]	[ ]	[ ]	
D. Rogers Herndon	[ ]	[ ]	[ ]	
David D. Brast	[ ]	[ ]	[ ]	
Other Executive Officers, as a group	[ ]	[ ]	[ ]	
Non-Employee Directors, as a group				[ ]

* Represents cash-settled restricted stock units granted in 2010, determined at target levels and assuming the merger was completed on [ ].

Change in Control Agreements Overview

Each of Messrs. Jacobs, Jines, Dobson, Herndon and Brast and the other RRI executive officers is a party to a Change in Control Agreement with RRI, which provides for payments and benefits in the event of a Covered Termination (*i.e.*, an involuntary termination that does not result from death, disability or termination for cause, a termination by the executive for good reason (as those terms are defined in the Change in Control Agreements) or a termination initiated by RRI and mutually agreed upon by the executive and RRI), in each case within two years following a change in control, including the merger. For purposes of these Change in Control Agreements, good reason generally means (i) a material reduction in duties and responsibilities; (ii) a material reduction in annual base salary; (iii) RRI s failure to continue certain benefits and compensation plans (or comparable benefits plans) that are material to the executive s compensation; or (iv) a change of more than 50 miles in the location of the executive s principal place of employment.

If the payment and benefit obligations under the Change in Control Agreements are triggered, RRI is required to provide the following severance benefits: (i) a cash severance payment equal to a multiple of salary (three in the case of Messrs. Jacobs, Dobson and Jines (pursuant to the amendment to his Change in Control Agreement, which is subject to completion of the merger, as described below), and two in the case of the other executive officers), plus the same multiple times the executive s target annual incentive award, payable in a lump sum; (ii) a pro-rated target annual incentive award based on the number of days the executive was employed during the year in which his/her employment was terminated, payable in cash in a lump sum; (iii) continued welfare benefits coverage (medical, dental and vision) for two years; (iv) outplacement services for 12 months and financial planning services; (v) other than for Mr. Jines and Mr. Jacobs pursuant to amendments to their Change in Control Agreements, which are subject to completion of the merger (as described below), gross-up payments intended to reimburse the executive for golden parachute excise taxes under Section 4999 of the Code if certain payment amounts exceed a certain level; and (vi) gross-up payments intended to reimburse the executive for taxes and penalties inadvertently triggered under Section 409A of the Code, unless the tax is imposed because of the plan aggregation rules under Section 409A or, in the case of termination for good reason, the executive does not timely notify RRI of the event.

As described below, Mr. Jacobs will have, upon completion of the merger, agreed not to assert certain rights under his Change in Control Agreement. Mr. Jines continued employment in his present position does not constitute good reason under his Change of Control Agreement. Mr. Freysinger, Mr. Thomas C. Livengood and Ms. Karen D. Taylor will have, upon completion of the merger, agreed that accepting their new positions with the combined company will not constitute good reason under their respective Change in Control Agreements.

Based on compensation and benefits levels in effect on [ ] and assuming that the merger is completed and that each executive experiences a qualifying termination of employment after completion of the merger, each of Messrs. Dobson, Herndon, Brast and Mr. Albert Myres will be entitled to receive, respectively, approximately [ ], [ ], [ ] and [ ] in cash and other benefits under their Change in Control Agreements (exclusive of any amounts attributable to the golden parachute excise tax imposed in respect of Section 4999 of the Code). The actual amounts payable will vary depending on, among other things, the timing of the completion of merger and any qualifying termination, the amount of salary and bonuses being earned by the executives at that time and various other assumptions.

Change in Control Agreements Executives with Ongoing Roles.

Mr. Jines entered into an amendment to his Change in Control Agreement, subject to completion of the merger, which increases his cash severance multiple from two to three and eliminates his golden parachute tax gross-up. The amendment provides that payments to Mr. Jines that are subject to Section 4999 of the Code will be reduced below the Section 4999 threshold if such reduced payment amounts are greater than or equal to the net amount Mr. Jines would have received after paying the Section 4999 tax without such reduction.

Mr. Jacobs also entered into an amendment to his Change in Control Agreement, also subject to completion of the merger, pursuant to which Mr. Jacobs agreed that he would not assert good reason for termination by reason of (i) his failure to be chief executive officer of RRI as of the completion of the merger, (ii) the reduction of his duties from those of chief executive officer of RRI, (iii) his becoming chief operating officer and president of the combined company as of the completion of the merger or (iv) the assignment to him of the duties consistent with the positions of chief operating officer and president of the combined company. The amendment also provides that (i) if Mr. Jacobs is not appointed chief executive officer of RRI on the earlier of (a) the third anniversary of the completion of the merger and (b) the tenth day following the date Mr. Muller ceases to serve as chief executive officer of the combined company or (ii) if Mr. Jacobs is terminated without cause or is removed from or not nominated for reelection to, or ceases to be re-elected to, the RRI board of directors, in each case other than for cause prior to the third anniversary of the completion of the merger, such termination by RRI without cause or any termination of employment by Mr. Jacobs within 90 days following any other such event will constitute a termination entitling him to severance benefits under his Change in Control Agreement. Finally, the amendment to Mr. Jacobs Change in Control Agreement also eliminates his right to a golden parachute tax gross-up on the same terms as described above with respect to the amendment to Mr. Jines Change in Control Agreement.

Based on compensation and benefits levels in effect on [ ] and assuming that the merger is completed and that each executive experiences a qualifying termination of employment after completion of the merger, each of Messrs. Jacobs, Jines and other RRI executive officers (Messrs. Freysinger and Livengood and Ms. Taylor) would be entitled to receive, respectively, approximately [ ], [ ] and [ ] in cash and other benefits under their Change in Control Agreements (exclusive of any amounts attributable to the golden parachute excise tax imposed in respect of Section 4999 of the Code). Any amounts actually payable would vary depending on, among other things, the timing of the completion of merger and any qualifying termination, the amount of salary and bonuses being earned by the executives at that time and various other assumptions.

Retention Agreement with Mr. Jacobs

Because of Mr. Jacobs experience with the operations of RRI, he is expected to have expanded obligations following the completion of the merger, including facilitating integration of RRI and Mirant. As an inducement to continue his employment with the combined company, Mr. Jacobs entered into a Retention Incentive Agreement with RRI in connection with, and subject to completion of, the merger, pursuant to which Mr. Jacobs will be granted an award of restricted stock (or, alternatively, cash- or stock-settled restricted stock units) within 30 days following completion of the merger, with a value, based on the closing price of RRI common stock on the date of completion of the merger, equal to two times his annual base salary and target bonus as in effect immediately before completion of the merger (which amount presently is approximately [ ]). The award will vest in equal amounts on the first and second anniversaries of the merger, provided that if his employment is terminated prior to the award becoming fully vested under circumstances entitling him to severance benefits under his Change in Control Agreement, the award will vest pro rata for each month he was employed following completion of the merger and prior to such termination.

Successor Deferral Plan

If participants in RRI s Successor Deferral Plan (an account balance deferred compensation plan) are terminated in connection with the merger (as determined by RRI in its discretion), such participants will receive distribution of their account balances as if they had retired and terminated employment as of the normal retirement date (as defined in the Successor Deferral Plan). Mr. Jines is the only executive officer who participates in the Successor Deferral Plan, and his account balance as of [ ], was approximately $[ ]. The amount of Mr. Jines account balance upon completion of the merger or any later termination of employment will depend on the amount of interest credited to his deferral account under the Successor Deferral Plan. Accordingly, the actual amounts, if any, to be received by Mr. Jines may differ materially from the foregoing amount.

2010 Annual Incentive Compensation Plan (AICP)

RRI s executive officers are eligible to receive an annual cash award tied to achievement of performance metrics approved by the RRI Compensation Committee. The annually-approved performance metrics are intended to emphasize factors that RRI thinks are important in driving its success. In May 2010, the Compensation Committee revised the 2010 performance metrics for executive officers to include completion of the merger. This metric will be considered 100% achieved if the merger is completed during the fourth quarter of 2010 and 150% achieved if the merger is completed during the third quarter of 2010. Achievement of this metric is given 20% weighting relative to the other performance metrics. Assuming all performance metrics are achieved at the target level and the merger is completed during the fourth quarter of 2010, in 2011 RRI s executive officers will be eligible to receive the following amounts in respect of this merger completion metric under the AICP: Messrs. Jacobs and Jines, respectively, $[ ] and $[ ], and other RRI executive officers (Messrs. Freysinger and Livengood and Ms. Taylor) as a group, $[ ].

Grantor Trust

Upon completion of the merger, a grantor trust maintained by RRI will be funded at a level equal to 100% of the amounts necessary to pay participants (or their beneficiaries) under certain of RRI s deferred compensation arrangements. The amount of such contribution is expected to be approximately $[ ].

Accounting Treatment

The merger will be accounted for as a reverse acquisition of RRI by Mirant under the acquisition method of accounting of GAAP. Under the acquisition method of accounting, the assets and liabilities of the acquired company are, as of completion of the merger, recorded at their respective fair values and added to those of the accounting acquirer. Financial statements of RRI issued after the merger will reflect only the operations of RRI after the merger and will not be restated retroactively to reflect the historical financial position or results of operations of RRI.

If the fair value of the acquired assets and liabilities is less than the purchase price, goodwill will be recognized for the difference between the purchase price and the fair value of the assets and liabilities acquired. If the fair value of the acquired assets and liabilities exceeds the purchase price, a bargain purchase will occur with a gain recognized for the difference between the purchase price and the fair value of the acquired assets and liabilities. Currently, the preliminary purchase price allocation indicates that a gain will be recognized as the fair value of the assets and liabilities acquired exceeds the preliminary purchase price.

All unaudited pro forma condensed combined consolidated financial statements contained in this joint proxy statement/prospectus were prepared using the acquisition method of accounting. The final allocation of the purchase price will be determined after the merger is completed and after completion of an analysis to determine the estimated fair value of RRI s assets and liabilities. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments. Any decrease in the net estimated fair value of the assets and liabilities of RRI as compared to the unaudited pro forma information included in this joint proxy statement/prospectus will have the effect of decreasing the amount of the estimated non-cash gain recognized related to the merger.

Regulatory Approvals Required for the Merger

To complete the merger, Mirant and RRI must make filings with and obtain authorizations, approvals or consents from a number of federal and state public utility, antitrust and other regulatory authorities. The merger is subject to requirements of the HSR Act, and the expiration or termination of the waiting period (and any extension of the waiting period) applicable to the merger under the HSR Act. The merger is also subject to the regulatory requirements of, and requires prior approval by, FERC, and is, or may be, subject to the regulatory requirements of other state and federal domestic agencies and authorities, including the NYPSC and the CPUC. RRI and Mirant filed a joint application under Section 203 of the Federal Power Act with FERC on May 14, 2010 (any comments and/or interventions are due June 17, 2010) and a joint petition under Section 70 of the New York Public Service Law with the NYPSC on April 23, 2010. RRI and Mirant made separate filings voluntarily informing the CPUC of the merger pursuant to CPUC General Order 167 on April 28, 2010.

Treatment of Mirant Stock Options and Other Equity Based Awards

Stock Options

Upon completion of the merger, each outstanding option to purchase Mirant common stock, whether vested or unvested, will automatically vest and convert into an option to purchase RRI common stock on the same terms and conditions applicable to the corresponding Mirant stock option immediately before completion of the merger, except that (i) the number of shares of RRI common stock subject to each such converted option will be equal to the product, rounded down to the nearest whole number of shares of RRI common stock, of (A) the number of shares of Mirant common stock subject to the corresponding Mirant stock option and (B) the exchange ratio, and (ii) the per-share exercise price of the converted Mirant stock options will equal the per-share exercise price applicable to the corresponding Mirant stock option divided by the exchange ratio (rounded up to the nearest whole cent).

Restricted Stock Units

Upon completion of the merger, each outstanding award of Mirant restricted stock units, whether or not then vested or free of conditions to payment, will vest and automatically be converted into the right to receive a number of shares of RRI common stock (and cash in lieu of fractional shares) equal to the product of (i) the number of shares of Mirant common stock subject to such Mirant restricted stock unit and (ii) the exchange ratio, provided that to the extent that a holder of the restricted stock unit has made a valid deferral election with respect to such restricted stock unit, the settlement of such restricted stock unit will be governed by the terms of such deferral election.

Restrictions on Sales of Shares of RRI Common Stock Received in the Merger

All shares of RRI common stock received by Mirant stockholders in the merger will be freely tradable for purposes of the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, except for shares of RRI common stock received by any Mirant stockholder who becomes an affiliate of RRI after completion of the merger (such as Mirant directors or executive officers who become directors or executive officers of RRI after the merger). This joint proxy statement/prospectus does not cover resales of shares of RRI common stock received by any person upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

Appraisal Rights

Under Section 262 of the DGCL, holders of shares of RRI common stock and Mirant common stock do not have appraisal rights in connection with the merger. Furthermore, under Section 262 of the DGCL, RRI stockholders are not entitled to appraisal rights with respect to the proposed reverse stock split.

NYSE Listing of RRI Common Stock; Delisting and Deregistration of Mirant Common Stock

Before completion of the merger, RRI has agreed to use all reasonable efforts to cause the shares of RRI common stock to be issued in the merger and reserved for issuance under any equity awards to be approved for listing on the NYSE. The listing of the shares of RRI common stock is also a condition to completion of the merger. If the merger is completed, Mirant common stock will cease to be listed on the NYSE and Mirant common stock will be deregistered under the Exchange Act.

59

Table of Contents

LITIGATION RELATING TO THE MERGER

In April 2010, RRI, Mirant and the members of the Mirant board of directors were named defendants in four purported class action lawsuits filed in the Superior Court of Fulton County, Georgia, brought on behalf of proposed classes consisting of holders of Mirant common stock, excluding the defendants and their affiliates. Merger Sub was also named a defendant in three of the lawsuits. The complaints allege, among other things, that the individual defendants breached their fiduciary duties by failing to maximize the value to be received by Mirant s public stockholders, and that the other defendants aided and abetted the individual defendants breaches of fiduciary duties. The complaints seek, among other things, (a) to enjoin defendants from consummating the merger; (b) rescission of the merger, if completed and/or (c) granting the class members any profits or benefits allegedly improperly received by defendants in connection with the merger. Both RRI and Mirant view the allegations in the complaints as without merit.

RECENT DEVELOPMENTS

Montgomery County Carbon Emissions Levy. Mirant Mid-Atlantic s Dickerson generating facility is located in Montgomery County, Maryland. On May 19, 2010, the Montgomery County Council passed a law that will impose a levy on major emitters of CO_2 in Montgomery County of $5 per ton of CO_2 emitted. The law will become effective upon the earlier of its signature by the County Executive or ten days after its passage. The law defines a major emitter of CO_2 in Montgomery County to be a stationary source emitting 1 million tons or more annually of CO_2. The Dickerson generating facility would fall within the definition of a major emitter, and is currently the only facility in Montgomery County that would meet the criteria to be a major emitter. Mirant estimates that the law will impose an additional $10 million to $15 million per year in levies owed to Montgomery County. Mirant Mid-Atlantic intends to challenge the legality of the law, but cannot predict the outcome of any such challenge.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of the material U.S. federal income tax consequences of the merger to U.S. persons who hold Mirant common stock. The discussion which follows is based on the Code, Treasury regulations issued under the Code, and judicial and administrative interpretations thereof, all as in effect as of the date of this joint proxy statement/prospectus and all of which are subject to change at any time, possibly with retroactive effect. The discussion applies only to stockholders who hold Mirant common stock as a capital asset within the meaning of Section 1221 of the Code. The discussion assumes that the merger will be completed in accordance with the merger agreement and as further described in this joint proxy statement/prospectus. This discussion is not a complete description of all of the consequences of the merger, and, in particular, may not address U.S. federal income tax considerations applicable to Mirant stockholders subject to special treatment under U.S. federal income tax law, including, without limitation:

- financial institutions or insurance companies;
- mutual funds;
- tax-exempt organizations;
- stockholders who are not citizens or residents of the United States;
- pass-through entities or investors in such entities;
- dealers or brokers in securities or foreign currencies;
- stockholders who hold individual retirement or other tax-deferred accounts;
- traders in securities who elect to apply a mark-to-market method of accounting;
- stockholders who actually or constructively own 5% or more of the outstanding shares of Mirant common stock;
- stockholders who hold Mirant common stock as part of a hedge, appreciated financial position, straddle, constructive sale or conversion transaction; or
- stockholders who acquired their shares of Mirant common stock pursuant to the exercise of employee stock options or otherwise as compensation.

In addition, tax consequences under state, local and foreign laws or under federal laws other than federal income tax laws are not addressed in this joint proxy statement/prospectus.

Mirant stockholders are strongly urged to consult with their own tax advisors regarding the tax consequences of the merger to them, including the effects of U.S. federal, state, local, foreign and other tax laws.

U.S. Federal Income Tax Consequences to Mirant Stockholders

RRI and Mirant intend for the merger to qualify as a reorganization for U.S. federal income tax purposes. It is a condition to the obligation of Mirant to complete the merger that Mirant receive a written opinion from Wachtell, Lipton, Rosen & Katz, counsel to Mirant, dated as of the closing date, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to the obligation of RRI to effect the merger that RRI receive a written opinion from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to RRI, dated as of the closing date, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. The opinions will rely on assumptions, representations and covenants, which may include assumptions regarding the absence of changes in existing facts and law and the completion of the merger in the manner contemplated by the merger agreement and representations contained in representation letters of officers of RRI, Mirant and Merger Sub. If any of those representations, covenants or assumptions is inaccurate, counsel may be unable to render the required opinion and the merger may not be completed or the tax consequences of the merger could differ from those discussed here. An opinion of counsel represents counsel s best legal judgment and is not binding on the Internal Revenue Service, which is referred to as the IRS, or any court, nor does it preclude the IRS from adopting a contrary position. No ruling has been or will be sought from the IRS on the U.S. federal income tax consequences of the merger.

Assuming that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes, in general:

a Mirant stockholder whose shares of Mirant common stock are exchanged in the merger for shares of RRI common stock will not recognize gain or loss, except to the extent of cash, if any, received in lieu of a fractional share of RRI common stock;

a Mirant stockholder s aggregate tax basis in shares of RRI common stock received in the merger, including any fractional share interests deemed received and exchanged as described below, will equal the aggregate tax basis of the Mirant common stock surrendered in the merger;

a Mirant stockholder s holding period for shares of RRI common stock received in the merger will include the stockholder s holding period for the shares of Mirant common stock surrendered in the merger; and

a Mirant stockholder who receives cash in lieu of a fractional share of RRI common stock in the merger will be treated as having received a fractional share in the merger and then as having received the cash in exchange for such fractional share. As a result, such a Mirant stockholder should generally recognize capital gain or loss equal to the difference between the amount of the cash received in lieu of the fractional share and the stockholder s tax basis allocable to such fractional share. Any such capital gain or loss will be a long-term capital gain or loss if the holding period of the Mirant common stock exchanged for the fractional share of RRI common stock is more than one year at the time of the merger.

Mirant stockholders who hold their Mirant common stock with differing bases or holding periods should consult their tax advisors with regard to identifying the bases or holding periods of the particular shares of RRI common stock received in the merger.

Information Reporting and Backup Withholding

Non-corporate holders of Mirant common stock may be subject to information reporting and backup withholding on any cash payments they receive in the merger. Mirant stockholders generally will not be subject to backup withholding, however, if they:

furnish a correct taxpayer identification number, certify that they are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal that they will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or

provide proof that they are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a Mirant stockholder s U.S. federal income tax liability, provided such stockholder timely furnishes the required information to the IRS.

The discussion of material U.S. federal income tax consequences set forth above is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger. Moreover, the discussion set forth above does not address tax consequences that may vary with, or are contingent upon,

individual circumstances. In addition, the discussion set forth above does not address any non-income tax or any foreign, state or local tax consequences of the merger and does not address the tax consequences of any transaction other than the merger.

THE MERGER AGREEMENT

This section of this joint proxy statement/prospectus describes the material provisions of the merger agreement, but does not describe all of the terms of the merger agreement and may not contain all of the information about the merger agreement that is important to you. The following summary is qualified by reference to the complete text of the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference herein. You are urged to read the full text of the merger agreement because it is the legal document that governs the merger.

The representations, warranties and covenants contained in the merger agreement were made only for purposes of the merger agreement, as of a specific date. These representations were made solely for the benefit of the parties to the merger agreement and may be subject to important qualifications and limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purpose of allocating risk between parties to the merger agreement rather than the purpose of establishing these matters as facts, and may apply standards of materiality in ways that are different from what may be viewed as material by investors. These representations do not survive completion of the merger. For the foregoing reasons, one should not read them or any description thereof as characterizations of the actual state of facts or condition of RRI or Mirant, which are disclosed in the other information provided elsewhere in this joint proxy statement/prospectus or incorporated by reference herein.

Terms of the Merger

The merger agreement provides that, upon the terms and subject to the conditions of the merger agreement, and in accordance with the DGCL, upon completion of the merger, Merger Sub will merge with and into Mirant, with Mirant continuing as the surviving entity and as a direct, wholly owned subsidiary of RRI. At the effective time of the merger, each share of Mirant common stock that is either (i) issued and outstanding immediately prior to the effective time of the merger or (ii) to be issued pursuant to the reserve created under the Plan (other than any shares of Mirant common stock owned directly or indirectly by RRI, Mirant, Merger Sub or any of their respective subsidiaries, which will be cancelled upon completion of the merger), will be converted into the right to receive 2.835 shares of RRI common stock (which is referred to as the exchange ratio, as it may be adjusted as described in the following sentence). The exchange ratio will be adjusted appropriately to fully reflect the effect of any reclassification, stock split (including a reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or distribution with respect to the shares of either RRI common stock or Mirant common stock with a record date prior to the completion of the merger.

RRI will not issue fractional shares of RRI common stock in the merger. Instead, each holder of shares of Mirant common stock who would otherwise be entitled to receive fractional shares of RRI common stock in the merger will be entitled to an amount of cash, without interest, in lieu of such fractional shares representing such holder s proportionate interest, if any, in the proceeds from the sale by RRI s exchange agent in one or more transactions of shares of RRI common stock equal to the excess of (a) the number of shares of RRI common stock to be delivered to RRI s exchange agent by RRI pursuant to the merger agreement over (b) the aggregate number of whole shares of RRI common stock to be distributed to the holders of shares of Mirant common stock. RRI s exchange agent will sell such excess number of shares of RRI common stock, which sale will be executed on the NYSE at then-prevailing market prices and in round lots to the extent practicable. RRI s exchange agent will hold the proceeds of any such sale of RRI common stock in trust for the holders of shares of Mirant common stock and will determine the pro rata portion of such proceeds to which each such holder will be entitled.

Exchange of Mirant Stock Certificates

Within two business days of the completion of the merger, if you are a Mirant stockholder, RRI s exchange agent will mail you a letter of transmittal and instructions for use in surrendering your Mirant common stock (including any stock certificates if you hold shares in certificated form) for RRI common stock, a fractional share payment in lieu of any fractional shares of RRI common stock and any dividends or other distributions payable pursuant to the merger agreement. When you deliver your Mirant stock certificates to the exchange agent along with a properly executed letter of transmittal and any other required documents, your Mirant stock certificates will be cancelled.

Holders of Mirant common stock will not receive physical stock certificates for RRI common stock unless a physical stock certificate is specifically requested. Rather, they will receive statements indicating book-entry ownership of RRI common stock (and a fractional share payment instead of any fractional shares of RRI common stock that would have been otherwise issuable to them as a result of the merger).

PLEASE DO NOT SUBMIT YOUR MIRANT STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.

If you own Mirant common stock in book-entry form or through a broker, bank or other holder of record, you will not need to obtain stock certificates to submit for exchange to the exchange agent. However, you or your broker, bank or other nominee will need to follow the instructions provided by the exchange agent in order to properly surrender your Mirant shares.

If you hold Mirant stock certificates, you will not be entitled to receive any dividends or other distributions on RRI common stock until the merger is completed and you have surrendered your Mirant stock certificates in exchange for RRI common stock. If RRI effects any dividend or other distribution on the RRI common stock with a record date occurring after the time the merger is completed and a payment date before the date you surrender your Mirant stock certificates, you will receive the dividend or distribution, without interest, with respect to the whole shares of RRI common stock issued to you after you surrender your Mirant stock certificates and the shares of RRI common stock are issued in exchange. If RRI effects any dividend or other distribution on the RRI common stock with a record date after the date on which the merger is completed and a payment date after the date you surrender your Mirant stock certificates, you will receive the dividend or distribution, without interest, on that payment date with respect to the whole shares of RRI common stock issued to you. The exchange agent may deduct and withhold amounts required under federal, state or local tax law.

Treatment of Mirant Stock Options and Other Equity Awards

Stock Options. Upon completion of the merger, each outstanding option to purchase shares of Mirant common stock, whether vested or unvested, will automatically vest and be converted into an option to purchase RRI common stock on the same terms and conditions applicable to the corresponding Mirant stock option immediately before completion of the merger, except that (i) the number of shares of RRI common stock subject to each such converted option will be equal to the product, rounded down to the nearest whole number of shares of RRI common stock, of (A) the number of shares of Mirant common stock subject to the corresponding Mirant stock option and (B) the exchange ratio, rounded down to the nearest whole number and (ii) the per-share exercise price of the converted Mirant stock options will equal the per-share exercise price applicable to the corresponding Mirant stock option divided by the exchange ratio (rounded up to the nearest whole cent).

Restricted Stock Units. Upon completion of the merger, each outstanding award of Mirant restricted stock units, whether or not then vested or free of conditions to payment, will automatically vest and be converted into the right to receive a number of shares of RRI common stock (and cash in lieu of fractional shares) equal to the product of (i) the number of shares of Mirant common stock subject to such Mirant restricted stock units and (ii) the exchange ratio, provided that to the extent that a holder of a Mirant restricted stock unit has made a valid deferral election with respect to such restricted stock unit, the settlement of such restricted stock unit will be governed by the terms of such deferral election.

Mirant Warrants. Prior to completion of the merger, RRI and Mirant agree to make all necessary and appropriate provisions to ensure that holders of the outstanding Mirant Series A and Series B warrants have the right to receive, upon the exercise of such warrants, the number of shares of RRI common stock that would have been issued or paid to such holders if they were to have exercised the warrants immediately prior

Table of Contents

to completion of the merger, including RRI s assumption in writing of the obligations to deliver such shares, pursuant to the terms of the Warrant Agreement between Mirant and Mellon Investors Services, LLC, dated January 3, 2006.

Governance Matters upon Completion of the Merger

Board of Directors. Upon completion of the merger, the board of directors of the combined company will initially consist of ten directors, including (i) Mark M. Jacobs, the current president and chief executive officer of RRI, (ii) Edward R. Muller, the current chairman, president and chief executive officer of Mirant, (iii) the four current non-employee directors of RRI, E. William Barnett, Steven L. Miller, Evan J. Silverstein and Laree E. Perez and (iv) the four Mirant designees, Terry G. Dallas, Thomas H. Johnson, Robert C. Murray and William L. Thacker, each a current non-employee member of the Mirant board of directors. In addition, upon completion of the merger, each of the Audit, Compensation, Nominating and Governance, and Risk and Finance Oversight committees of the board of directors of the combined company will consist of four directors, two of whom will be designated by the RRI directors and two of whom will be designated by the Mirant directors. The chairman of the audit committee will be Mr. Murray, the chairman of the compensation committee will be Mr. Thacker, the chairman of the nominating and governance committee will be Mr. Miller and the chairman of the risk and finance oversight committee will be Mr. Silverstein.

Executive Officers. Upon completion of the merger, the corporate leadership team of the combined company will consist of Mr. Muller as chairman and chief executive officer; Mr. Jacobs as president and chief operating officer; J. William Holden III as executive vice president, chief financial officer; Michael L. Jines as executive vice president, general counsel and chief compliance officer; Robert Gaudette as senior vice president, chief commercial officer; David S. Freysinger as senior vice president, plant operations; and Anne M. Cleary as senior vice president, asset management.

Headquarters; Trading Operations. Upon completion of the merger, (i) the headquarters for the combined company will be located in Houston, Texas and (ii) the trading operations (and associated risk management function) will be located in Atlanta, Georgia.

Completion of the Merger

Unless RRI and Mirant agree otherwise to another date, the parties are required to complete the merger no later than the third business day after satisfaction or waiver of all the conditions described under Conditions to Completion of the Merger below. The merger will be effective at the time the certificate of merger is filed with the Secretary of State of the State of Delaware.

Conditions to Completion of the Merger

The obligations of each of RRI and Mirant to complete the merger are subject to the satisfaction of the following conditions:

approval by RRI stockholders of the Share Issuance proposal;

approval by Mirant stockholders of the Merger proposal;

absence of any injunction prohibiting the consummation of the merger;

expiration of any waiting period (and any extension thereof) applicable to the merger under the HSR Act;

receipt of all required regulatory approvals from FERC and the NYPSC (or, with regard to the NYPSC, a determination that no such approval is required), and filing of notice with the CPUC;

authorization of the listing of the shares of RRI common stock to be issued in connection with the merger or reserved for issuance in connection with the merger on the NYSE, subject to official notice of issuance;

effectiveness of this joint proxy statement/prospectus and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose; and

receipt by the RRI and Mirant of acceptable debt financing (as defined below under Financing).

In addition, the obligations of each of RRI and Mirant to complete the merger are subject to the satisfaction of the following conditions:

(i) the truth and correctness, in all respects as so qualified at and as of the date of the merger agreement and at and as of the date of completion of the merger as though made at and as of the date of completion of the merger (except with respect to the foregoing to the extent that any representation and warranty is made as of a particular date or period), of the representations and warranties of the other party, subject to certain exceptions, which are qualified by a material adverse effect qualification; (ii) the truth and correctness, at and as of the date of the merger agreement and at and as of the date of completion of the merger as though made at and as of the date of completion of the merger (except with respect to the foregoing to the extent that any representation and warranty is made as of a particular date or period), except where such failures to be true and correct would not, in the aggregate, reasonably be expected to have a material adverse effect on the other party, of the representations and warranties of the other party, subject to exceptions, which are not qualified by a material adverse effect qualification, (iii) the truth and correctness, except for *de minimis* inaccuracies, on the date of the merger agreement and at and as of the date of completion of the merger as though made at and as of the date of completion of the merger, of certain of the representations and warranties relating to the capital structure of the other party (except with respect to the foregoing to the extent that any representation and warranty is made as of a particular date or period) and (iv) the accuracy and correctness of the representation relating to the absence of certain changes since December 31, 2009 at and as of the date of the merger agreement and at and as of the date of completion of the merger as though made at and as of the date of completion of the merger;

the prior performance by the other party, in all material respects, of all of its obligations under the merger agreement;

receipt of a certificate executed by the chief executive officer or another senior officer of the other party as to the satisfaction of the conditions described in the preceding two bullets; and

receipt of a legal opinion of its counsel, dated as of the closing date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Representations and Warranties

Each of RRI and Mirant has made representations and warranties with respect to itself and its subsidiaries regarding, among other things:

organization, standing and corporate power, charter documents, subsidiaries and permits and other approvals necessary to operate the business as presently constituted;

capital structure;

corporate authority to enter into and perform the merger agreement, enforceability of the merger agreement, approval of the merger agreement by each party s board of directors and voting requirements to complete the merger and the other transactions contemplated by the merger agreement;

absence of conflicts with or defaults under organizational documents, other contracts and applicable laws;

required regulatory filings and consents and approvals of governmental entities;

SEC filings since January 1, 2009, including financial statements contained in the filings, internal controls and compliance with the Sarbanes-Oxley Act of 2002;

Table of Contents

accuracy of the information supplied for inclusion in, and compliance with applicable securities laws by, this joint proxy statement/prospectus;

conduct of the business and absence of certain changes since December 31, 2009, except as contemplated by the merger agreement, including that there has been no event, change, development, condition or occurrence that has had or would reasonably be expected to have a material adverse effect on the party making the representation;

the absence of undisclosed material liabilities;

environmental matters;

regulatory matters;

tax matters;

labor and other employment matters, including benefit plans;

real property matters;

the absence of pending or threatened investigations or litigation;

compliance with applicable laws and validity of permits;

matters with respect to material contracts;

intellectual property matters;

the absence of undisclosed brokers fees and expenses;

receipt of opinion(s) of financial advisors;

effectiveness of insurance policies;

reorganization under the Code;

matters with respect to trading policies; and

no other representations and warranties.

For Mirant, the merger agreement contains the following additional representations and warranties:

inapplicability of state takeover statutes; and

inapplicability of Mirant s existing stockholder rights agreement, including that such stockholder rights agreement is not triggered by the merger and will terminate upon completion of the merger.

For RRI, the merger agreement also contains an additional representation and warranty that it does not own any Mirant stock or any rights to acquire Mirant stock as well as certain representations and warranties with respect to Merger Sub, including corporate organization and authorization, no prior business activities, capitalization and approval of the merger agreement.

Many of the representations and warranties in the merger agreement are qualified by a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or reasonably be expected to have a material adverse effect). For purposes of the merger agreement, a material adverse effect means any material adverse event, change, effect, development, condition or occurrence on or with respect to the business, financial condition or continuing results of operations of RRI or Mirant, as the case may be, and its respective subsidiaries, taken as a whole.

Table of Contents

Except as discussed in the next paragraph below, in no event may any of the following be taken into account, individually or in the aggregate, when determining whether there has been or would reasonably be expected to be a material adverse effect :

any event or change generally affecting the economy or the financial or securities markets in the United States or elsewhere in the world, the industry or industries in which RRI or Mirant, as the case may be, operate generally or in any specific jurisdiction or geographical area;

any event or change resulting from or arising out of any changes or developments in national, regional, state or local wholesale or retail markets for electric power, capacity or fuel or related products (including those resulting from actions by competitors or from changes in commodities prices or hedging markets);

any event or change resulting from or arising out of any changes or developments in national, regional, state or local electric transmission or distribution systems;

any event or change resulting from or arising out of any changes or developments in national, regional, state or local wholesale or retail electric power and capacity prices;

any event or change resulting from or arising out of public announcement or the existence of, or compliance with, the merger agreement or the merger;

any event or change resulting from or arising out of any taking of any action at the written request of the other party (or, in the case of Mirant, at the written request of Merger Sub);

any event or change resulting from or arising out of any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any rule, regulation, ordinance, order, protocol or any other law of or by any national, regional, state or local governmental entity, independent system operator, regional transmission organization or market administrator;

any event or change resulting from or arising out of any changes in GAAP or accounting standards or interpretations thereof to the extent that such changes do not materially disproportionately affect RRI or Mirant, as the case may be, relative to other similarly situated companies in the industries in which it operates;

any event or change resulting from or arising out of any weather-related or other force majeure event or outbreak or escalation of hostilities or acts of war or terrorism to the extent that such changes do not materially disproportionately affect RRI or Mirant, as the case may be, and its subsidiaries, taken as a whole, relative to other similarly situated companies in the industries in which it and its subsidiaries operate; or

any event or change resulting from or arising out of any change in the market price or trading volume of shares of RRI common stock or Mirant common stock, as the case may be, or the credit rating of RRI or Mirant, as the case may be, or the failure of by RRI or Mirant, as the case may be, to meet its projections or forecasts (unless as a result of any event or change which has resulted in a material adverse effect).

Conduct of Business Prior to Closing

Each of RRI and Mirant has undertaken customary covenants in the merger agreement restricting the conduct of its respective business between the date of the merger agreement and completion of the merger. In general, each of RRI and Mirant has agreed to (i) conduct its and its subsidiaries business in the ordinary course and (ii) use reasonable best efforts to preserve intact its and its subsidiaries present lines of business, maintain its rights and franchises and preserve its relationships with customers and suppliers.

In addition, between the date of the merger agreement and completion of the merger, each of RRI and Mirant agreed, with respect to itself and its subsidiaries, not to, among other things, undertake any of the following (subject in each case to exceptions specified in the merger agreement or set forth in the confidential disclosure schedules to the merger agreement):

authorize or pay dividends on or make any distribution (whether in cash, assets, stock or other securities) with respect to outstanding shares of capital stock;

adopt a plan of, or enter into a letter of intent or agreement in principle with respect to a, complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

prepay, redeem, repurchase, defease, cancel or otherwise acquire any indebtedness or guarantees, other than (i) at stated maturity, (ii) any required amortization payments and mandatory prepayments (including mandatory prepayments arising from any change of control put rights) and (iii) certain other specified indebtedness or guarantees, in each case in accordance with the terms of the instrument governing such indebtedness as in effect as of the date of the merger agreement;

acquire any other person or business or make any loans, advances or capital contributions to, or investments in, any other person in 2010 and 2011 with an aggregate value in excess of $50 million other than (i) as contemplated in that party s fiscal budget for 2010 or 2011, (ii) as required by certain specified contracts or (iii) as made in connection with a transaction involving only the party and/or wholly owned subsidiaries of that party;

make or commit to make any capital expenditures in excess of $50 million in 2010 and 2011 beyond specified limits other than (i) as contemplated in that party s fiscal budget for 2010 or 2011, (ii) as required by certain specified contracts or (iii) expenditures made in response to any emergency;

split, combine, subdivide or reclassify any of its capital stock, or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock;

(i) except in the ordinary course of business consistent with past practice, increase the compensation or other benefits payable or provided to its directors, officers or employees, (ii) enter into any employment, change of control, severance or retention agreement with any director, officer or employee except (A) for agreements entered into with any newly-hired employees or (B) for severance agreements entered into with employees who are not executive officers in connection with terminations of employment, in each case, in the ordinary course of business consistent with past practice, (iii) establish, adopt, enter into or amend any plan, policy, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries except in the ordinary course of business consistent with past practice as would not result in a material increase in cost, or (iv) enter into or amend any collective bargaining agreements, except in the ordinary course of business consistent with past practice;

enter into or make any loans or advances to, or change existing borrowing or lending arrangements for or on behalf of, any officers, directors, employees, agents or consultants;

make any material change in financial accounting policies or procedures, other than as required by a change in GAAP, SEC rule or policy or applicable law;

adopt any amendments to its certificate of incorporation, bylaws or similar applicable charter documents, or any material amendments to any of its subsidiaries certificate of incorporation, bylaws or similar applicable charter documents;

issue, sell, pledge, dispose of or encumber (or authorize any of the foregoing) any shares of capital stock or other ownership interest in itself or any of its subsidiaries (or any securities convertible into or exchangeable for such shares or ownership interests), or any rights, warrants or options, subject to certain exceptions including (i) the issuance of securities issuable upon the exercise of options (or warrants, in the case of Mirant) or other outstanding rights under any benefit plan or, in the case of Mirant, under any plan of reorganization, (ii) the sale of shares to cover tax withholding on distribution of shares to employees and (iii) subject to certain limitations, the grant of equity compensation awards in the ordinary course of business consistent with past practice;

purchase, redeem or acquire shares of capital stock (other than with respect to Mirant Americas, Inc. s Series A Preferred Stock and Series B Preferred Stock pursuant to the certificates of designations thereof) or any rights, warrants or options to acquire such shares;

incur, assume, guarantee or otherwise become liable for any indebtedness (subject to certain exceptions);

sell, lease, license, transfer, exchange or swap, mortgage (including securitizations) or otherwise dispose of any material portion of material properties or non-cash assets, except as may be required by applicable law or any governmental entity in order to permit or facilitate the transactions contemplated by the merger agreement;

take any action that would result in any restriction with respect to payment of dividends or distributions that was not in existence as of the date of the merger agreement;

modify, amend, terminate or assign, or waive or assign any rights under, any specified contracts in any material respect in a manner which is adverse to it and its subsidiaries, taken as a whole, or which could prevent or materially delay the consummation of the merger and the other transactions contemplated under the merger agreement;

materially amend or terminate any trading policies or take any action that materially violates any trading policies or causes net trading positions to be materially outside of risk parameters established under such trading policies;

waive, release, assign settle or compromise any claim, action or proceeding, other than waivers, releases, assignments, settlements or compromises that (i) involve only monetary payment not exceeding (A) the amounts previously reserved with respect thereto on its balance sheet as of December 31, 2009 or (B) $25 million in the aggregate and (ii) with respect to non-monetary terms and conditions, impose or require actions that, individually or in the aggregate, would reasonably be expected to have a material adverse effect; and

agree to take any of the foregoing actions.

No Solicitations

Each of RRI and Mirant has agreed that neither it nor its respective subsidiaries nor any of its or its subsidiaries respective officers, directors or employees will, directly or indirectly:

solicit, initiate, seek or knowingly encourage or facilitate any proposal that constitutes or would reasonably be expected to lead to an alternative proposal (as defined below);

furnish any non-public information, or afford access to properties, books and records in connection with or in response to an alternative proposal;

engage or participate in any discussions or negotiations with any person regarding an alternative proposal;

approve, endorse or recommend an alternative proposal; or enter into any letter of intent, memorandum of understanding, merger agreement, acquisition agreement or any other agreement providing for an alternative proposal.

Each of RRI and Mirant will, and will cause its subsidiaries, and its and their respective officers, directors and employees, and will use reasonable best efforts to cause its and their respective representatives, to immediately cease and terminate any existing discussions with any third parties conducted as of the date of the merger agreement regarding any alternative proposal.

Table of Contents

An alternative proposal with respect to RRI or Mirant, as the case may be (which is referred to as the subject company), means any bona fide offer, inquiry, proposal or indication of interest (whether or not in writing) made by a third party with respect to (i) any merger, consolidation, share exchange, recapitalization or business combination involving the subject company, (ii) any direct or indirect acquisition, sale or repurchase of securities, tender offer, exchange offer or other similar transaction or series of transactions which would result in a person or group of persons owning more than 20% of the outstanding shares of the common stock of the subject company, (iii) any acquisition of any business or businesses or of assets (including equity interests in any subsidiary) that constitute or account for twenty percent (20%) or more of the consolidated net revenues, net income or assets (based on the fair market value thereof) of the subject company and its subsidiaries, taken as a whole, or (iv) any liquidation or dissolution of the subject company or any of its subsidiaries.

Notwithstanding the restrictions described above, prior to the subject company obtaining its stockholder approval, if the subject company receives an unsolicited, written alternative proposal from a third party, the subject company may furnish nonpublic information with respect to itself and its subsidiaries to the third party who made the alternative proposal and its representatives, and may participate in discussions and negotiations regarding the alternative proposal, if (i) its board of directors, after consultation with outside legal counsel, concludes in good faith that the failure to take such actions with respect to the alternative proposal would be reasonably likely to be inconsistent with its fiduciary duties under applicable law, (ii) the alternative proposal did not result from a breach of the non-solicitation provisions of the merger agreement and (iii) prior to taking such action, it enters into a confidentiality agreement with the third party that made the alternative proposal that is on substantially the same terms as the confidentiality agreement between RRI and Mirant.

The merger agreement requires the subject company to provide prompt notice to the other party (and in no event later than 24 hours) after receipt of any alternative proposal, or any modification of the material terms and conditions of any alternative proposal. The required notice must include a copy of the alternative proposal and any draft agreements, if in writing, and, if oral, a reasonably detailed summary of the alternative proposal and the identity of the third party making the alternative proposal. Furthermore, the subject company must promptly provide the other party with any non-public information concerning itself and its subsidiaries that was provided to a third party in connection with an alternative proposal that was not previously provided to the other party.

Board Recommendations

Under the merger agreement, (i) the RRI board of directors has agreed to recommend that RRI stockholders vote in favor of the Share Issuance proposal, which is referred to as the RRI board recommendation and (ii) the Mirant board of directors has agreed to recommend that Mirant stockholders vote in favor of the Merger proposal, which is referred to as the Mirant board recommendation. Subject to the provisions described below, the merger agreement provides that neither the RRI board of directors nor the Mirant board of directors will:

- withhold, withdraw or modify (or publicly propose to do any of the foregoing) the RRI board recommendation or the Mirant board recommendation, as applicable, in a manner adverse to the other party; or
- recommend, adopt or approve (or propose publicly to do any of the foregoing) any alternative proposal.

Each of the foregoing actions is referred to as a recommendation change.

(In millions)

Decrease in volume of output from nuclear generating assets due to the deconsolidation of CENG

$(159)

Decrease due to higher planned outages at our fossil plants

(61)

All other

14

Total decrease in Generation revenues

$(206)

Fuel and Purchased Energy Expenses

Our Generation fuel and purchased energy expenses increased $104.7 million in the first quarter of 2010 compared to 2009, primarily due to the following:

	2010 vs. 2009	
	(In millions)	
Increase in purchased energy costs due to power purchase agreement with CENG compared with nuclear fuel costs in 2009	**$**	**160**
Decrease due to higher planned outages at our fossil plants		**(40)**
All other		**(15)**
Total increase in Generation fuel and purchased energy expenses	**$**	**105**

Operating Expenses

Our Generation business operating expenses decreased $187.0 million for the quarter ended March 31, 2010 as compared to the same period for 2009 due to lower labor and benefit costs of $146.4 million and lower non-labor operating expenses of $40.6 million, the majority of which results from the absence of costs in 2010 due to the deconsolidation of CENG in 2009.

Merger Termination and Strategic Alternatives Costs

We discuss costs related to the terminated merger with MidAmerican Energy Holdings Company, the conversion of our Series A Preferred Stock, our transaction with EDF and our pursuit of other strategic alternatives in *Note 2* of our 2009 Annual Report on Form 10-K.

Depreciation, Depletion and Amortization Expense

Our Generation business incurred lower depreciation, depletion and amortization expenses of $17.0 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to a decrease of $26.9 million in depreciation on the nuclear generating facilities resulting from the deconsolidation of CENG in 2009, partially offset by an increase of $9.9 million in depreciation on our other generating facilities primarily related to environmental additions at our Brandon Shores coal-fired generating plant that went into service in the fourth quarter of 2009.

Accretion of Asset Retirement Obligations

Our Generation business incurred lower accretion of asset retirement obligations of $17.5 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily as a result of the deconsolidation of CENG. The majority of our asset retirement obligations in

2009 related to the nuclear generating facilities owned by CENG.

Taxes Other Than Income Taxes

Taxes other than income taxes decreased $12.8 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to a reduction in property taxes as a result of the deconsolidation of CENG, which included the removal of five nuclear generating facilities from our total assets.

Equity Investment Losses

During the quarter ended March 31, 2010 our equity investment losses increased $20.7 million compared to the same period of 2009 primarily due to $19.2 million in losses on our investment in CENG, which included amortization of our basis difference in CENG of $42.6 million, and $6.1 million in losses on our investment

Table of Contents

in UNE, partially offset by $4.6 million in earnings on investments in power projects.

NewEnergy Business

Background

We define our NewEnergy business in the *Notes to Consolidated Financial Statements* on page 14.

Our NewEnergy business focuses on delivery of physical, customer-oriented energy products and services to energy producers and consumers, manages the risk and optimizes the value of our owned generation assets and NewEnergy activities, and uses our portfolio management and trading capabilities both to manage risk and to deploy risk capital. Our NewEnergy business actively transacts in energy and energy-related commodities in order to manage our portfolio of energy purchases and sales to customers through structured transactions.

We record NewEnergy revenues and expenses in our financial results in different periods depending upon which portion of our business they affect and based on the associated accounting policies. We discuss our revenue recognition policies in the *Critical Accounting Policies* section and *Note 1* of our 2009 Annual Report on Form 10-K.

As part of managing our total portfolio risk, we use economic value at risk. We view economic value at risk as the most comprehensive measure of our exposure to changing commodity prices. This metric measures the risk in our total portfolio, encompassing all aspects of our NewEnergy business. We also use daily value at risk and stop loss limits and liquidity guidelines to restrict the level of risk in our portfolio. We discuss the impact of our economic value at risk and value at risk in more detail in the *Mark-to-Market* and *Risk Management* sections.

Results

	Quarter Ended March 31,	
	2010	**2009**
	(In millions)	
Revenues	**$ 2,350.9**	$ 3,014.8
Fuel and purchased energy expenses	**(1,979.4)**	(2,960.8)
Gross margin	**371.5**	54.0
Operating expenses	**(168.5)**	(188.6)
Merger and strategic alternatives costs		(15.9)
Impairment losses and other costs		(28.6)
Workforce reduction costs		(10.8)
Depreciation, depletion, and amortization	**(21.7)**	(20.2)
Accretion of asset retirement obligations	**(0.1)**	
Taxes other than income taxes	**(12.9)**	(11.2)
Gain (loss) on divestitures	**2.0**	(334.5)
Income (Loss) from Operations	**$ 170.3**	$ (555.8)
Net Income (Loss)	**$ 104.1**	$ (246.3)
Net Income (Loss) attributable to common stock	**$ 107.6**	$ (246.8)
Other Items Included in Operations (after-tax):		
Deferred income tax expense relating to federal subsidies for providing post-employment prescription drug benefits	**$ (0.1)**	$
International commodities operation and gas trading operation[1]		(184.2)
Impairment losses and other costs		(11.1)
Merger termination and strategic alternatives costs		(15.9)
Workforce reduction costs		(4.2)

Credit facility amendment fees		**(1.0)**		(1.5)
Total Other Items	**$**	**(1.1)**	$	(216.9)

Above amounts include intercompany transactions eliminated in our Consolidated Financial Statements. The Information by Operating Segment section within the Notes to Consolidated Financial Statements on page 15 provides a reconciliation of operating results by segment to our Consolidated Financial Statements.

1 These amounts include the loss on sale of the international commodities operation, the reclassification of losses on previously designated cash-flow hedges from Accumulated Other Comprehensive Loss because the forecasted transactions are probable of not occurring, and earnings that are no longer part of our core business. The impairment losses and other costs and workforce reduction costs line items also include amounts related to the operations we are divesting.

43

Table of Contents

Revenues

Our NewEnergy revenues decreased $663.9 million in the first quarter of 2010 compared to 2009, primarily due to the following:

	2010 vs. 2009	
	(In millions)	
Realization of lower volumes on wholesale load	$	(503)
Decrease in volume and contract prices related to our domestic coal operation		(115)
Realization of lower volumes primarily due to the absence of revenues at our gas trading operation, which we divested in 2009		(73)
Change in wholesale mark-to-market revenues due to more favorable changes in power and gas prices		33
All other		(6)
Total decrease in NewEnergy revenues	$	(664)

Fuel and Purchased Energy Expenses

Our NewEnergy fuel and purchased energy expenses decreased $981.4 million in the first quarter of 2010 compared to 2009, primarily due to the following:

	2010 vs. 2009	
	(In millions)	
Realization of lower volumes on wholesale power purchases	$	(538)
Decrease due to the absence of costs at our international coal and freight operation, which we divested in 2009		(129)
Decrease in volume and contract prices related to our domestic coal operation		(116)
Decrease in wholesale mark-to-market expenses due to the absence of losses on international coal purchase contracts, which we divested in 2009		(106)
Realization of lower volumes primarily due to the absence of costs at our gas trading operations, which we divested in 2009		(74)
All other		(18)
Total decrease in NewEnergy fuel and purchased energy expenses	$	(981)

Mark-to-Market

Mark-to-market results include net gains and losses from origination, risk management and trading activities for which we use the mark-to-market method of accounting. We discuss these activities and the mark-to-market method of accounting in more detail in the *Critical Accounting Policies* section of our 2009 Annual Report on Form 10-K.

The nature of our operations and the use of mark-to-market accounting for certain activities create fluctuations in mark-to-market earnings. We cannot predict these fluctuations, but the impact on our earnings could be material. We discuss our market risk in more detail in the *Risk Management* section beginning on page 57. The primary factors that cause fluctuations in our mark-to-market results are:

- changes in the level and volatility of forward commodity prices and interest rates,
- counterparty creditworthiness,
- the number and size of our open derivative positions, and
- the number, size, and profitability of new transactions, including termination or restructuring of existing contracts.

During 2009, we focused our activities on reducing capital requirements, reducing long-term economic risk, and reducing short- and interim-term liquidity requirements. These actions may impact the future results of the NewEnergy business, particularly the size of and potential for changes in fair value of activities subject to mark-to-market accounting.

The primary components of mark-to-market results are origination gains and gains and losses from risk management and trading activities.

Origination gains arise primarily from contracts that our NewEnergy business structures to meet the risk management needs of our customers or relate to our trading activities. Transactions that result in origination gains may be unique and provide the potential for individually significant revenues and gains from a single transaction. We did not record any origination gains during the quarters ended March 31, 2010 and 2009.

Risk management and trading mark-to-market represents both realized and unrealized gains and losses from changes in the value of our portfolio, including the effects of changes in valuation adjustments. In addition to our fundamental risk management and trading activities, we also use non-trading derivative contracts subject to mark-to-market accounting to manage our exposure to changes in market prices, while in general the underlying physical transactions related to these activities are accounted for on an accrual basis.

Table of Contents

We discuss the changes in mark-to-market results below. We show the relationship between our mark-to-market results and the change in our net mark-to-market energy asset later in this section.

Mark-to-market results were as follows:

	Quarter Ended March 31, 2010		Quarter Ended March 31, 2009	
	(In millions)			
Unrealized mark-to-market results				
Origination gains	**$**		$	
Risk management and trading mark-to-market				
Unrealized changes in fair value		**(36.2)**		(194.5)
Changes in valuation techniques				
Reclassification of settled contracts to realized		**(190.1)**		(316.7)
Total risk management and trading mark-to-market		**(226.3)**		(511.2)
Total unrealized mark-to-market*		**(226.3)**		(511.2)
Realized mark-to-market		**190.1**		316.7
Total mark-to-market results**	**$**	**(36.2)**	$	(194.5)

** Total unrealized mark-to-market is the sum of origination gains and total risk management and trading mark-to-market.*

*** Includes gains (losses) on hedge ineffectiveness for fair value hedges recorded in gross margin.*

Total mark-to-market results increased $158.3 million during the quarter ended March 31, 2010 compared to the same period of 2009 due to unrealized changes in fair value primarily due to:

$172 million of higher results on open positions primarily due to the absence of losses in our power and transmission risk management activities in the PJM, Northeast, and New York regions as a result of a more favorable price environment and our activities to reduce risk and improve liquidity, and

$7 million of higher results in our domestic coal portfolio due to the absence of losses that resulted from a less favorable price environment in the first quarter of 2009.

These increases were partially offset by the following:

$16 million of lower results due to the absence of our international coal and freight operations as a result of its divestiture in March 2009, and

$5 million of lower gains due to the absence of our wholesale natural gas risk management and trading operation primarily as a result of the divestiture of our natural gas trading operation in April 2009.

Derivative Assets and Liabilities

Derivative assets and liabilities, excluding $341.4 million of exchange-traded derivatives classified as accounts receivable, consisted of the following:

March 31, 2010	December 31, 2009

	(In millions)			
Current Assets	**$**	**686.0**	$	639.1
Noncurrent Assets		**731.4**		633.9
Total Assets		**1,417.4**		1,273.0
Current Liabilities		**906.7**		632.6
Noncurrent Liabilities		**812.9**		674.1
Total Liabilities		**1,719.6**		1,306.7
Net Derivative Position	**$**	**(302.2)**	$	(33.7)
Composition of net derivative position:				
Hedges	**$**	**(993.9)**	$	(591.0)
Mark-to-market		**604.8**		524.3
Net cash collateral included in derivative balances		**86.9**		33.0
Net Derivative Position	**$**	**(302.2)**	$	(33.7)

Derivative balances above include noncurrent assets related to our Generation business of $44.4 million and $35.8 million for the periods ended March 31, 2010 and December 31, 2009, respectively. Derivative balances related to our Generation business consist of interest rate contracts accounted for as fair value hedges. We discuss our derivative assets and liabilities in further detail in the Notes to Consolidated Financial Statements.

As discussed in the *Critical Accounting Policies* section of our 2009 Annual Report on Form 10-K, our "Derivative assets and liabilities" include contracts accounted for as hedges and those accounted for on a mark-to-market basis. These amounts are presented in our Consolidated Balance Sheets after the impact of legally binding master netting agreements. Due to the impacts of commodity prices, the number of open positions, master netting arrangements, and offsetting risk positions on the presentation of our derivative assets and liabilities in our Consolidated Balance Sheets, we believe an evaluation of the net position is the most relevant measure, and is discussed in more detail below.

The increase in our net derivative liability subject to hedge accounting since December 31, 2009 of $402.9 million was due primarily to $516 million of increases on our out-of-the-money cash-flow hedge positions primarily related to decreases in power and natural gas prices during the first quarter of 2010, partially offset

Table of Contents

by $113 million of realization of out-of-the-money cash-flow hedges of wholesale and retail load obligations.

The following are the primary sources of the change in our net derivative asset subject to mark-to-market accounting during the quarter ended March 31, 2010:

	(In millions)	
Fair value beginning of period		$ 524.3
Changes in fair value recorded in earnings		
Origination gains	$	
Unrealized changes in fair value	(36.2)	
Changes in valuation techniques		
Reclassification of settled contracts to realized	(190.1)	
Total changes in fair value		(226.3)
Changes in value of exchange-listed futures and options		172.1
Net change in premiums on options		103.0
Contracts acquired		
Dedesignated contracts and other changes in fair value		31.7
Fair value at end of period		$ 604.8

Changes in our net derivative asset that affected earnings were as follows:

Origination gains represent the initial unrealized fair value at the time these contracts are executed to the extent permitted by applicable accounting rules.

Unrealized changes in fair value represent unrealized changes in commodity prices, the volatility of options on commodities, the time value of options, and other valuation adjustments.

Changes in valuation techniques represent improvements in estimation techniques, including modeling and other statistical enhancements used to value our portfolio to more accurately reflect the economic value of our contracts.

Reclassification of settled contracts to realized represents the portion of previously unrealized amounts settled during the period and recorded as realized revenues.

The net derivative asset also changed due to the following items recorded in accounts other than in our Consolidated Statements of Income (Loss):

Changes in value of exchange-listed futures and options are adjustments to remove unrealized revenue from exchange-traded contracts that are included in risk management revenues. The fair value of these contracts is recorded in "Accounts receivable" rather than "Derivative assets" in our Consolidated Balance Sheets because these amounts are settled through our margin account with a third-party broker.

Net changes in premiums on options reflects the accounting for premiums on options purchased as an increase in the net derivative asset and premiums on options sold as a decrease in the net derivative asset.

Contracts acquired represents the initial fair value of acquired derivative contracts recorded in "Derivative assets and liabilities" in our Consolidated Balance Sheets.

Dedesignated contracts and other changes in fair value represent transfers of derivative contracts from cash flow hedges to mark-to-market treatment and those derivative contracts that did not meet the qualifications of cash flow hedge accounting.

The settlement terms of the portion of our net derivative asset subject to mark-to-market accounting and sources of fair value based on the fair value hierarchy are as follows as of March 31, 2010:

	Settlement Term							
	2010	2011	2012	2013	2014	2015	Thereafter	Fair Value
				(In millions)				
Level 1	$ 4.6	$	$	$	$	$	$	$ 4.6
Level 2	291.5	490.6	154.3	(3.2)	4.8	7.2	1.3	946.5
Level 3	80.4	(213.7)	(215.5)	(18.7)	10.7	9.7	0.8	(346.3)
Total net derivative asset (liability) subject to mark-to-market accounting	$ 376.5	$ 276.9	$ (61.2)	$ (21.9)	$ 15.5	$ 16.9	$ 2.1	$ 604.8

46

Table of Contents

Management uses its best estimates to determine the fair value of commodity and derivative contracts it holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors, and credit exposure. Additionally, because the depth and liquidity of the power markets varies substantially between regions and time periods, the prices used to determine fair value could be affected significantly by the volume of transactions executed. Future market prices and actual quantities will vary from those used in recording mark-to-market energy assets and liabilities, and it is possible that such variations could be material.

We manage our mark-to-market risk on a portfolio basis based upon the delivery period of our contracts and the individual components of the risks within each contract. Accordingly, we manage the energy purchase and sale obligations under our contracts in separate components based upon the commodity (e.g., electricity or gas), the product (e.g., electricity for delivery during peak or off-peak hours), the delivery location (e.g., by region), the risk profile (e.g., forward or option), and the delivery period (e.g., by month and year).

The electricity, fuel, and other energy contracts we hold have varying terms to maturity, ranging from contracts for delivery the next hour to contracts with terms of ten years or more. Because an active, liquid electricity futures market comparable to that for other commodities has not developed, many contracts are direct contracts between market participants and are not exchange-traded or financially settling contracts that can be readily offset in their entirety through an exchange or other market mechanism. Consequently, we and other market participants generally realize the value of these contracts as cash flows become due or payable under the terms of the contracts rather than through selling or liquidating the contracts themselves.

In order to realize the entire value of a long-term contract in a single transaction, we would need to sell or assign the entire contract. If we were to sell or assign any of our long-term contracts in their entirety, we may not realize the entire value reflected in the preceding table. However, based upon the nature of our operations, we expect to realize the value of these contracts, as well as any contracts we may enter into in the future to manage our risk, over time as the contracts and related hedges settle in accordance with their terms. Generally, we do not expect to realize the value of these contracts and related hedges by selling or assigning the contracts themselves in total.

Operating Expenses

Our NewEnergy business operating expenses decreased $20.1 million during the quarter ended March 31, 2010 as compared to the same period of 2009 primarily due to lower labor and benefit costs of $17.9 million and lower non-labor operating expenses of $2.2 million.

Merger Termination and Strategic Alternatives Costs

We discuss costs related to the terminated merger with MidAmerican, the conversion of our Series A Preferred Stock, our transaction with EDF and our pursuit of other strategic alternatives in *Note 2 to Consolidated Financial Statements*.

Depreciation, Depletion and Amortization Expense

Our NewEnergy business incurred higher depreciation, depletion and amortization expenses of $1.5 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to an increase in depletion expenses related to our upstream gas operations.

Taxes Other Than Income Taxes

Taxes other than income taxes increased $1.7 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to $1.3 million of higher production taxes related to our upstream gas producing properties and $0.4 million of higher gross receipts, value-added and other taxes.

Gain (Loss) on Divestitures

During the quarter ended March 31, 2010, we sold a portfolio of contracts in our retail gas division and recognized a $2.0 million gain.

During the quarter ended March 31, 2009, we sold a majority of our international commodities operation, and we recognized a net loss of $334.5 million. We discuss this divestiture in more detail in *Note 2* of our 2009 Annual Report on Form 10-K.

Table of Contents

Regulated Electric Business

Our regulated electric business is discussed in detail in *Item 1. Business Electric Business* section of our 2009 Annual Report on Form 10-K.

Results

	Quarter Ended March 31, 2010	2009
	(In millions)	
Revenues	**$ 751.3**	$ 806.8
Electricity purchased for resale expenses	**(473.6)**	(525.2)
Operations and maintenance expenses	**(113.8)**	(91.1)
Depreciation and amortization	**(56.4)**	(55.5)
Taxes other than income taxes	**(37.2)**	(37.3)
Income from Operations	**$ 70.3**	$ 97.7
Net Income	**$ 27.2**	$ 45.4
Net income attributable to common stock	**$ 24.6**	$ 42.9
Other Items Included in Operations (after-tax):		
Deferred income tax expense relating to federal subsidies for providing post-employment prescription drug benefits	**$ (3.1)**	$

Above amounts include intercompany transactions eliminated in our Consolidated Financial Statements. The Information by Operating Segment section within the Notes to Consolidated Financial Statements on page 15 provides a reconciliation of operating results by segment to our Consolidated Financial Statements.

Net income attributable to common stock from the regulated electric business decreased $18.3 million during the quarter ended March 31, 2010 compared to the same period in 2009, primarily due to a decrease in revenues less electricity purchased for resale expenses of $2.3 million after-tax, increased operations and maintenance expenses of $13.3 million after-tax, and the additional deferred income tax expense of $3.1 million relating to federal subsidies for providing post-employment prescription drug benefits as a result of new legislation in March 2010.

Electric Revenues

The changes in electric revenues during the quarter ended March 31, 2010 compared to the same period of 2009 were caused by:

	Quarter Ended March 31, 2010 vs. 2009
	(In millions)
Distribution volumes	$ (1.1)
Smart Energy Savers Program[SM] surcharges	(1.3)
Standard offer service	(52.4)
Rate stabilization recovery	(1.2)
Total change in electric revenues from electric system sales	(56.0)
Other	0.5
Total change in electric revenues	$ (55.5)

Distribution Volumes

Distribution volumes are the amount of electricity that BGE delivers to customers in its service territory.

The percentage changes in our electric distribution volumes, by type of customer, during the quarter ended March 31, 2010 compared to the same period of 2009 were:

	Quarter Ended March 31, 2009 vs. 2008
Residential	0.6%
Commercial	0.9
Industrial	(1.7)

During the quarter ended March 31, 2010, we distributed less electricity to industrial customers mostly due to decreased usage per customer.

Smart Energy Savers Program[SM] Surcharges

Beginning in 2009, the Maryland PSC approved customer surcharges through which BGE recovers costs associated with certain programs designed to help BGE manage peak demand and encourage customer energy conservation.

Standard Offer Service

BGE provides standard offer service for customers that do not select an alternative supplier. We discuss the provisions of Maryland's Senate Bill 1 related to residential electric rates in *Item 7. Management's Discussion and Analysis Business Environment Regulation Maryland Senate Bills 1*

Table of Contents

and 400 section of our 2009 Annual Report on Form 10-K.

Standard offer service revenues decreased during the quarter ended March 31, 2010 compared to the same period of 2009 mostly due to a decrease in the standard offer service rates and lower standard offer service volumes.

Rate Stabilization Recovery

In late June 2007, BGE began recovering amounts deferred during the first rate deferral period that ended on May 31, 2007. The recovery of the first rate stabilization plan will occur over approximately ten years. In April 2008, BGE began recovering amounts deferred during the second rate deferral period that ended on December 31, 2007. The recovery of the second rate deferral occurred over a 21-month period that began April 1, 2008 and ended on December 31, 2009.

Electricity Purchased for Resale Expenses

Electricity purchased for resale expenses include the cost of electricity purchased for resale to our standard offer service customers. These costs do not include the cost of electricity purchased by delivery service only customers. The following table summarizes our regulated electricity purchased for resale expenses:

	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009
	(In millions)	
Actual costs	**$ 458.1**	$ 509.4
Recovery under rate stabilization plan	**15.5**	15.8
Electricity purchased for resale expenses	**$ 473.6**	$ 525.2

Actual Costs

BGE's actual costs for electricity purchased for resale decreased $51.3 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to lower contract prices to purchase electricity for our customers and lower volumes.

Recovery under Rate Stabilization Plan

In late June 2007, we began recovering previously deferred amounts from customers. We recovered $15.5 million during the quarter ended March 31, 2010 in deferred electricity purchased for resale expenses. These collections secure the payment of principal and interest and other ongoing costs associated with rate stabilization bonds issued by a subsidiary of BGE in June 2007.

Electric Operations and Maintenance Expenses

Regulated electric operations and maintenance expenses increased $22.7 million in the quarter ended March 31, 2010 compared to the same period in 2009 primarily due to $17.3 million in incremental distribution service restoration expenses associated with 2010 storms and the impact of inflation on other costs of $2.9 million.

Regulated Gas Business

Our regulated gas business is discussed in detail in *Item 1. Business Gas Business* section of our 2009 Annual Report on Form 10-K.

Results

	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009

	(In millions)	
Revenues	**$ 318.0**	$ 386.9
Gas purchased for resale expenses	**(194.5)**	(258.1)
Operations and maintenance expenses	**(35.2)**	(35.9)
Depreciation and amortization	**(11.3)**	(11.4)
Taxes other than income taxes	**(10.4)**	(10.4)
Income from operations	**$ 66.6**	$ 71.1
Net Income	**$ 37.2**	$ 39.6
Net Income attributable to common stock	**$ 36.5**	$ 38.8

Above amounts include intercompany transactions eliminated in our Consolidated Financial Statements. The Information by Operating Segment section within the Notes to Consolidated Financial Statements on page 15 provides a reconciliation of operating results by segment to our Consolidated Financial Statements.

Table of Contents

Gas Revenues

The changes in gas revenues during the quarter ended March 31, 2010 compared to the same period of 2009 were caused by:

	Quarter Ended March 31, 2010 vs. 2009	
	(In millions)	
Distribution volumes	$	(2.7)
Conservation surcharge		(0.5)
Gas revenue decoupling		2.7
Gas cost adjustments		(73.9)
Total change in gas revenues from gas system sales		(74.4)
Off-system sales		4.2
Other		1.3
Total change in gas revenues	$	(68.9)

Distribution Volumes

The percentage changes in our distribution volumes, by type of customer, during the quarter ended March 31, 2010 compared to the same period of 2009 were:

	Quarter Ended March 31, 2010 vs. 2009
Residential	(1.5)%
Commercial	(10.3)
Industrial	17.9

During the quarter ended March 31, 2010, we distributed less gas to residential customers compared to the same period of 2009 mostly due to milder weather, partially offset by increased usage per customer and an increased number of customers. We distributed less gas to commercial customers mostly due to decreased usage per customer and milder weather, partially offset by an increased number of customers. We distributed more gas to industrial customers mostly due to increased usage per customer.

Conservation Surcharge

Beginning February 2009, the Maryland PSC approved a customer surcharge through which BGE recovers costs associated with certain programs designed to help BGE encourage customer conservation.

Gas Revenue Decoupling

The Maryland PSC allows us to record a monthly adjustment to our gas distribution revenues to eliminate the effect of abnormal weather and usage patterns per customer on our gas distribution volumes, thereby recovering a specified dollar amount of distribution revenues per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenues at Maryland PSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. We then bill or credit impacted customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Gas Cost Adjustments

We charge our gas customers for the natural gas they purchase from us using gas cost adjustment clauses set by the Maryland PSC as described in *Note 1* of our 2009 Annual Report on Form 10-K. However, under the market-based rates mechanism approved by the Maryland PSC, our actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between our actual cost and the market index is shared equally between shareholders and customers.

Customers who do not purchase gas from BGE are not subject to the gas cost adjustment clauses because we are not selling gas to them. However, these customers are charged base rates to recover the costs BGE incurs to deliver their gas through our distribution system, and the rates charged are included in the gas distribution volume revenues.

Gas cost adjustment revenues decreased $73.9 million during the quarter ended March 31, 2010 compared to the same period of 2009 because we sold less gas at lower rates.

Off-System Sales

Off-system sales are low-margin direct sales of gas to wholesale suppliers of natural gas. Off-system gas sales, which occur after we have satisfied our customers' demand, are not subject to gas cost adjustments. The Maryland PSC approved an arrangement for part of the margin from off-system sales to benefit customers (through reduced costs) and the remainder to be retained by BGE (which benefits shareholders). Changes in off-system sales do not significantly impact earnings.

Revenues from off-system gas sales increased $4.2 million during the quarter ended March 31, 2010 compared to the same period of 2009 primarily due to higher prices, partially offset by lower volumes.

Gas Purchased For Resale Expenses

Gas purchased for resale expenses include the cost of gas purchased for resale to our customers and for off-system sales. These costs do not include the cost of gas purchased by delivery service only customers.

Gas costs decreased $63.6 million during the quarter ended March 31, 2010 compared to the same period of 2009 because we purchased less gas at lower prices.

Other Nonregulated Businesses

Results

	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009
	(In millions)	
Revenues	**$**	$ 2.5
Operating expenses	**15.7**	15.2
Depreciation and amortization	**(13.9)**	(16.4)
Taxes other than income taxes	**(0.9)**	(0.8)
Income from Operations	**$ 0.9**	$ 0.5
Net (Loss) Income	**$ (4.3)**	$ 0.1
Net (Loss) Income attributable to common stock	**$ (4.3)**	$ 0.1
Other Items Included in Operations (after-tax):		
Deferred income tax expense relating to federal subsidies for providing post-employment prescription drug benefits	**$ (4.8)**	$

Above amounts include intercompany transactions eliminated in our Consolidated Financial Statements. The Information by Operating Segment section within the Notes to Consolidated Financial Statements on page 15 provides a reconciliation of operating results by segment to our Consolidated Financial Statements.

Net loss attributable to common stock for the quarter ended March 31, 2010 exceeded net income attributable to common stock for the same period in 2009 by $4.4 million primarily due to $4.8 million in deferred income tax expense recorded as a result of healthcare reform legislation enacted in March 2010 that eliminated the tax exempt status of prescription drug subsidies received by companies under Medicare Part D.

Consolidated Nonoperating Income and Expenses

Other (Expense) Income

Other expenses decreased $34.0 million during the quarter ended March 31, 2010 compared to the same period of 2009 mostly due to the absence in 2010 of other-than-temporary impairment charges related to nuclear decommissioning trust fund assets of $60.5 million recorded in 2009.

Fixed Charges

Fixed charges increased $12.4 million during the quarter ended March 31, 2010 compared to the same period of 2009 due to lower capitalized interest and allowance for borrowed funds used for construction and a higher level of interest expense.

Income Taxes

In the first quarter of 2010, we had income tax expense of $95.6 million and, in the first quarter of 2009, we had income tax benefits of $242.2 million. The $337.8 million change is primarily due to higher income before income taxes in 2010 compared to a loss before income taxes in 2009. Additionally, a higher effective tax rate in 2009 decreased income tax expense because it produced a higher income tax benefit when applied to the loss before income taxes.

BGE's income tax expense decreased $9.6 million during the quarter ended March 31, 2010 compared to the same period of 2009 mostly due to a decrease in income before income taxes.

Table of Contents

Financial Condition

Cash Flows

The following table summarizes our cash flows for the quarter ended March 31, 2010 and 2009.

	2010 Segment Cash Flows Quarter Ended March 31, 2010				Consolidated Cash Flows Quarter Ended March 31,	
	Generation	NewEnergy	Regulated	Eliminations, Holding Company and Other	2010	2009
			(In millions)			
Operating Activities						
Net income (loss)	$ 27.1	$ 104.1	$ 64.4	$ (4.3)	$ 191.3	$ (119.7)
Non-cash merger termination and strategic alternatives costs						37.2
Derivative contracts classified as financing activities[1]		39.1			39.1	296.8
Other non-cash adjustments to net income (loss)	136.2	(97.5)	136.6	26.8	202.1	335.5
Changes in working capital						
Derivative assets and liabilities, excluding collateral	(2.0)	(74.2)	0.3		(75.9)	67.6
Net collateral and margin		(110.0)	0.9		(109.1)	211.6
Accrued taxes	(1,091.5)	374.6	(0.2)	2.4	(714.7)	88.3
Other changes	(82.9)	223.2	(82.6)	(146.5)	(88.8)	304.1
Defined benefit obligations[2]					5.1	(251.5)
Other	15.2	(46.8)	(8.7)	27.8	(12.5)	19.9
Net cash (used in) provided by operating activities	(997.9)	412.5	110.7	(93.8)	(563.4)	989.8
Investing activities						
Investments in property, plant and equipment	(77.7)	(24.5)	(87.2)	(1.5)	(190.9)	(392.1)
Change in cash pool[3]	700.7	(277.8)	314.7	(737.6)		
Contributions to nuclear decommissioning trust funds						(18.7)
Proceeds from sale of investments and other assets		3.9		20.9	24.8	31.4
Contract and portfolio acquisitions		(3.4)			(3.4)	(866.3)
(Increase) decrease in restricted funds		(42.7)	(23.8)	0.4	(66.1)	979.3
Other investments	(0.2)	1.8		(0.1)	1.5	(0.9)
Net cash (used in) provided by investing activities	622.8	(342.7)	203.7	(717.9)	(234.1)	(267.3)
Cash flows from operating activities plus cash flows from investing activities	$ (375.1)	$ 69.8	$ 314.4	$ (811.7)	(797.5)	722.5

Financing Activities[2]		
Net repayment of debt	(625.6)	(803.4)
Proceeds from issuance of common stock	11.0	5.8
Debt issuance costs	(4.0)	(62.7)
Common stock dividends paid	(46.3)	(85.7)
BGE preference stock dividends paid	(3.3)	(3.3)
Proceeds from contract and portfolio acquisitions		863.8
Derivative contracts classified as financing activities[1]	(39.1)	(296.8)
Other	2.6	4.3
Net cash used in financing activities	(704.7)	(378.0)
Net (decrease) increase in cash and cash equivalents	$ (1,502.2)	$ 344.5

Certain prior-period amounts have been reclassified to conform with the current period's presentation.

1 All ongoing cash flows from derivative contracts deemed to contain a financing element at inception must be reclassified from operating activities to financing activities.

2 Items are not allocated to the business segments because they are managed for the company as a whole.

3 As part of the ring-fencing measures required by the Maryland PSC in its 2009 order approving the transaction with EDF, BGE ceased participation in the cash pool on January 7, 2010. We discuss this ring-fencing measure in Notes to Consolidated Financial Statements.

Table of Contents

Cash Flows from Operating Activities

In the first quarter of 2010, cash used in operating activities was $0.6 billion, primarily driven by $0.8 billion in income tax payments, most of which related to the federal taxes associated with the EDF transaction, which closed in the fourth quarter of 2009.

In the first quarter of 2009, the company generated $1.0 billion in cash from operating activities, mostly due to:

- $0.7 billion in working capital including $0.3 billion for materials, supplies, and fuel stocks, $0.2 billion for net collateral and margin, and $0.2 billion for a federal tax refund, and

- $0.3 billion of derivative contracts deemed to contain a financing element at inception that must be classified as financing activities rather than operating activities related to the divestiture of our Houston-based gas trading business.

Partially offsetting these cash inflows was $0.3 billion of contributions to our defined benefit pension plans.

The $1.6 billion decrease in operating cash flows for the first quarter of 2010 compared to the same period of 2009 is primarily due to:

- $1.0 billion higher income taxes paid,

- $0.2 billion of lower operating cash flows from our regulated businesses, primarily due to the residential customer rate credit in the first quarter of 2010 and higher distribution service restoration expenses associated with 2010 storms,

- $0.3 billion lower derivative contract settlements reclassified as financing activities in 2010, and

- $0.3 billion more in net collateral and margin posted in 2010 as compared to 2009 as follows:

	March 31, 2010	March 31, 2009
	(In millions)	
Net collateral and margin held (posted), January 1,	**$ 77.2**	$ (1,445.6)
(Return of) additional collateral held associated with nonderivative contracts	**(10.2)**	26.3
Net (additional) return of collateral posted associated with nonderivative contracts	**(2.1)**	128.2
(Additional) return of initial and variation margin posted on exchange-traded transactions recorded in accounts receivable	**(42.9)**	178.7
Additional fair value net cash collateral posted (netted against derivative assets / liabilities)*	**(53.9)**	(121.6)
Change in net collateral and margin (posted) held	**(109.1)**	211.6
Net collateral and margin posted, March 31,	**$ (31.9)**	$ (1,234.0)

** We discuss our netting of fair value collateral with our derivative assets / liabilities in more detail in Note 13 to Consolidated Financial Statements of our 2009 Annual Report on Form 10-K.*

We discuss all forms of collateral in terms of their impact on our business in the *Collateral* section.

Partially offsetting these decreases in operating cash flows was $0.3 billion of lower contributions to our defined benefit pension plans.

Cash Flows from Investing Activities

Cash used in investing activities for the first quarter of 2010 was $0.2 billion, compared to $0.3 billion used in the first quarter of 2009. The $0.1 billion decrease from the prior year was due to:

$0.9 billion lower outflows associated with contract and portfolio acquisitions as a result of the structure of the divestiture of a majority of our international commodities operation in March 2009, and

$0.2 billion of lower investments in property, plant, and equipment, primarily related to environmental additions at our Brandon Shores coal-fired generating plant that went into service in the fourth quarter of 2009 and the absence of nuclear capital spending in 2010 due to the deconsolidation of CENG in 2009.

These decreases were offset by $1.0 billion of lower restricted funds activity in 2010. In January 2009, our restricted funds decreased by $1.0 billion, primarily due to the release of restricted funds for the repayment of $1 billion of 14% Senior Notes to MidAmerican.

Cash Flows from Financing Activities

Cash used in financing activities was $0.7 billion in the first quarter of 2010, compared to cash used in financing activities of $0.4 billion in the first quarter of 2009. The $0.3 billion increase in cash used in financing activities was primarily due to $0.9 billion of lower proceeds from contract and portfolio acquisitions related to the structure of the divestiture of the majority of our international commodities operation in March 2009.

This increase was partially offset by:

- $0.3 billion lower cash outflows associated with derivative contracts deemed to contain a financing element at inception that must be classified as financing activities rather than operating activities in the first quarter of 2010 compared to the same period in 2009. These contracts primarily related to transactions associated with the divestiture of our Houston-based gas trading operation. During March 2009, we executed transactions at prices that differed from market prices. As a result, for cash flows associated with the out-of-the money derivative transactions executed, we recorded the ongoing cash flows related to these contracts as financing cash flows in March 2009, and

- $0.2 billion lower net debt repayments in the first quarter of 2010 compared to the same period in 2009. In the first quarter of 2009, we repaid $1.0 billion of 14% Senior Notes, offset by $0.2 billion in short term borrowings on our credit facilities. In the first quarter of 2010, we retired $0.5 billion 7.00% Notes due April 1, 2012 pursuant to a cash tender offer and repurchased outstanding tax exempt notes totaling $0.1 billion.

Security Ratings

We discuss our security ratings in our 2009 Annual Report on Form 10-K.

In March 2010, Moody's Investor Service updated BGE's ratings outlook from Stable to Positive.

Available Sources of Funding

In addition to cash generated from operations, we rely upon access to capital for our capital expenditure programs and for the liquidity required to operate and support our commercial businesses. Our liquidity requirements are funded by credit facilities and cash. We fund our short-term working capital needs with existing cash and with our credit facilities, many of which support direct cash borrowings and the issuance of commercial paper. We also use our credit facilities to support the issuance of letters of credit, primarily for our NewEnergy business.

The primary drivers of our use of liquidity have been our capital expenditure requirements and collateral requirements associated with hedging our generating assets and hedging our NewEnergy business in both power and gas. In order to reduce these collateral requirements, we have modified the structure of certain transactions, terminated others, and entered into new contracts that either do not have a collateral requirement or allow the posting of alternative forms of collateral. Significant changes in the prices of commodities, depending on hedging strategies we have employed, could require us to post additional letters of credit, and thereby reduce the overall amount available under our credit facilities or to post additional cash, and thereby reduce our available cash balance. Additional regulation of the derivatives markets, as has been proposed recently, could also require us to post additional cash collateral.

We discuss our, and BGE's, credit facilities in detail beginning on page 16 of the *Notes to the Consolidated Financial Statements*.

Net Available Liquidity

Constellation Energy's and BGE's net available liquidity at March 31, 2010 was $4.7 billion and $0.9 billion, respectively. We discuss net available liquidity in more detail in the *Notes to Consolidated Financial Statements* on page 17.

Collateral

Constellation Energy's collateral requirements generally arise from the needs of its NewEnergy business as a result of its participation in certain organized markets, such as Independent System Operators (ISOs) or financial exchanges, as well as from its margining on over-the-counter (OTC) contracts.

To support wholesale and retail power NewEnergy obligations and our limited trading activities, Constellation Energy posts collateral to ISOs. Forward hedging of our Generation and NewEnergy businesses creates the need to transact with exchanges such as New York Mercantile Exchange and Intercontinental Exchange. We post initial margin based on exchange rules, as well as variation margin related to the change in value of the net open position with the exchange.

In addition to the collateral posted to ISOs and exchanges, we post collateral with certain OTC

Table of Contents

counterparties. These collateral amounts may be fixed or may vary with price levels.

There are certain inherent asymmetries relating to the use of collateral that create liquidity requirements for our Generation and NewEnergy businesses. These asymmetries arise from our actions to be economically hedged, as well as market conditions or conventions for conducting business that result in some transactions being collateralized while others are not, including:

In our NewEnergy business, we generally do not receive collateral under contractual obligations to supply power or gas to our customers but we hedge these transactions through purchases of power and gas that generally require us to post collateral. By entering into a gas supply agreement with the buyer of our gas trading operation, we have reduced our collateral requirements to support our retail gas operation. We also intend to further align our load obligations by buying generation assets in regions where we do not have a significant generation presence and entering into longer-tenor agreements with merchant generators, further reducing our dependence on exchange-traded products, thereby lowering our collateral requirements.

In our Generation operation, we may have to post collateral on our power sale or fuel purchase contracts.

Finally, collateral types may asymmetrically impact our liquidity. For example, in margining with OTC counterparties, we may post letter of credit (LC) collateral for an out-of-the money counterparty. However, we may receive LC collateral when we are in-the-money with a counterparty. Posting LCs reduces our liquidity while the receipt of LC collateral does not increase our liquidity.

Customers of our NewEnergy business rely on the creditworthiness of Constellation Energy. In this regard, we have certain agreements that contain provisions that would require us to post additional collateral upon a credit rating downgrade in the senior unsecured debt of Constellation Energy. Based on contractual provisions at March 31, 2010, we estimate that if Constellation Energy's senior unsecured debt were downgraded to one level below the investment grade threshold we would have the following additional collateral obligations:

Credit Ratings Downgraded to[1]	**Level Below Current Rating**	**Additional Obligations**[2]
	(In billions)	
Below investment grade	1	$ 1.1

1 If there are split ratings among the independent credit-rating agencies, the lowest credit rating is used to determine our incremental collateral obligations.

2 Includes $0.2 billion related to derivative contracts as discussed in Notes to Consolidated Financial Statements beginning on page 31.

Based on market conditions and contractual obligations at the time of a downgrade, we could be required to post additional collateral in an amount that could exceed the obligation amounts specified above, which could be material. We discuss our credit facilities in the *Notes to Consolidated Financial Statements* beginning on page 16.

Capital Resources

Our estimated annual cash requirement amounts for the years 2010 and 2011 are shown in the table below.

We will continue to have cash requirements for:

working capital needs,

payments of interest, distributions, and dividends,

capital expenditures, and

the retirement of debt.

Capital requirements for 2010, 2011, and 2012 include estimates of spending for existing and anticipated projects. We continuously review and modify those estimates. Actual requirements may vary from the estimates included in the table below because of a number of factors including:

- regulation, legislation, and competition,
- BGE load requirements,
- environmental protection standards,
- the type and number of projects selected for construction or acquisition,
- the effect of market conditions on those projects,
- the cost and availability of capital,
- potential capital contributions to CENG and UNE,
- the availability of cash from operations, and
- business decisions to invest in capital projects.

Our estimates are also subject to additional factors. Please see the *Forward Looking Statements* section on page 63 and *Risk Factors* section in our 2009 Annual Report on Form 10-K. We discuss the potential impact of environmental legislation and regulation in more detail in *Business Environment* section beginning on page 38 and

Table of Contents

Item 1. Business Environmental Matters section of our 2009 Annual Report on Form 10-K.

Calendar Year Estimates	**2010**	**2011**
	(In billions)	
Generation and Other Capital Requirements:		
Major Environmental	$ 0.1	$ 0.1
Maintenance	0.1	0.1
Growth	0.1	
Total Generation and Other Capital Requirements	0.3	0.2
NewEnergy Capital Requirements:		
Maintenance	0.1	
Growth	0.1	0.1
Total NewEnergy Capital Requirements	0.2	0.1
Regulated Capital Requirements:		
Electric / Gas Distribution	0.4	0.4
Electric Transmission	0.1	0.1
Smart Energy Savers[SM] Initiatives	0.1	0.2
Total Regulated Capital Requirements	0.6	0.7
Total Capital Requirements	$ 1.1	$ 1.0

Eligible capital projects are shown net of anticipated investment tax credits or grants.

As of the date of this report, we estimate our 2012 capital requirements will be approximately $1.0 billion.

Capital Requirements

Nonregulated Businesses

Our nonregulated businesses' capital requirements consist of its continuing requirements, including expenditures for:

- maintenance and growth to generating plants,
- costs of complying with the Environmental Protection Agency (EPA), Maryland, and Pennsylvania environmental regulations and legislation, and
- enhancements to our information technology infrastructure.

Regulated Electric and Gas

Regulated electric and gas construction expenditures primarily include new business construction needs and improvements to existing facilities, including projects to improve reliability and support demand response and conservation initiatives.

In July 2009, BGE filed with the Maryland PSC a proposal for a comprehensive smart grid initiative. The proposal includes the planned installation of 2 million residential and commercial electric and gas smart meters. We expect the total cost of the program to be approximately $480 million. In October 2009, the United States Department of Energy (DOE) selected BGE as a recipient of $200 million in federal funding for our smart grid initiative. This grant allows BGE to be reimbursed for smart grid expenditures up to $200 million, substantially reducing the total cost of this initiative. In April 2010, BGE and the DOE executed an agreement governing the terms and conditions of the grant. The Maryland PSC held hearings on this proposed program in late 2009 and expects to issue an order in the second quarter of 2010. If BGE's proposal is approved by the Maryland PSC, BGE plans to proceed with this program as soon as practical.

Funding for Capital Requirements

We discuss our funding for capital requirements in our 2009 Annual Report on Form 10-K.

Contractual Payment Obligations and Committed Amounts

We enter into various agreements that result in contractual payment obligations in connection with our business activities. These obligations primarily relate to our financing arrangements (such as long-term debt, preference stock, and operating leases), purchases of capacity and energy to support our nonregulated business activities, and purchases of fuel and transportation to satisfy the fuel requirements of our power generating facilities.

Table of Contents

We detail our contractual payment obligations at March 31, 2010 in the following table:

	Payments				
	2010	2011-2012	2013-2014	There-after	Total
			(In millions)		
Contractual Payment Obligations					
Long-term debt:[1]					
Nonregulated					
Principal	$ 0.2	$ 260.8	$ 20.0	$ 1,799.6	$ 2,080.6
Interest	111.7	241.2	235.7	2,772.5	3,361.1
Total	111.9	502.0	255.7	4,572.1	5,441.7
BGE					
Principal	56.5	254.2	537.0	1,352.4	2,200.1
Interest	114.4	247.2	194.9	1,253.4	1,809.9
Total	170.9	501.4	731.9	2,605.8	4,010.0
BGE preference stock				190.0	190.0
Operating leases[2]					
Operating leases, gross	166.0	393.0	332.5	338.6	1,230.1
Sublease rentals	(43.1)	(102.3)	(56.3)	(114.8)	(316.5)
Operating leases, net	122.9	290.7	276.2	223.8	913.6
Purchase obligations:[3]					
Purchased capacity and energy[4]	201.4	517.1	129.6	328.7	1,176.8
Purchased energy from CENG	402.1	1,329.6	1,941.4		3,673.1
Fuel and transportation	440.8	390.2	95.1	218.7	1,144.8
Other	92.5	56.1	8.6	6.7	163.9
Other noncurrent liabilities:					
Uncertain tax positions liability		191.8	4.6	14.5	210.9
Pension benefits[5]	37.1	217.5	203.7	(47.1)	411.2
Postretirement and postemployment benefits[6]	23.1	72.9	82.8	193.6	372.4
Total contractual payment obligations	$ 1,602.7	$ 4,069.3	$ 3,729.6	$ 8,306.8	$ 17,708.4

1 Amounts in long-term debt reflect the original maturity date. Investors may require us to repay $95.0 million early through remarketing features. Interest on variable rate debt is included based on the forward curve for interest rates.

2 Our operating lease commitments include future payment obligations under certain power purchase agreements as discussed further in Note 11 of our 2009 Annual Report on Form 10-K.

3 Contracts to purchase goods or services that specify all significant terms. Amounts related to certain purchase obligations are based on future purchase expectations, which may differ from actual purchases.

4 Our contractual obligations for purchased capacity and energy are shown on a gross basis for certain transactions, including both the fixed payment portions of tolling contracts and estimated variable payments under unit-contingent power purchase agreements.

5 Amounts related to pension benefits reflect our current 5-year forecast of contributions for our qualified pension plans and participant payments for our nonqualified pension plans. Refer to Note 7 of our 2009 Annual Report on Form 10-K for more detail on our pension plans.

6 Amounts related to postretirement and postemployment benefits are for unfunded plans and reflect present value amounts consistent with the determination of the related liabilities recorded in our Consolidated Balance Sheets.

Off-Balance Sheet Arrangements

We discuss our off-balance sheet arrangements in our 2009 Annual Report on Form 10-K.

At March 31, 2010, Constellation Energy had a total face amount of $9.9 billion in guarantees outstanding, of which $8.8 billion related to our Generation and NewEnergy businesses. These amounts do not represent incremental consolidated Constellation Energy obligations; rather, they primarily represent parental guarantees of certain subsidiary obligations to third parties in order to allow our subsidiaries the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Our estimated net exposure for obligations under commercial transactions covered by these guarantees was $2 billion at March 31, 2010, which represents the total amount the parent company could be required to fund based on March 31, 2010 market prices. For those guarantees related to our derivative liabilities, the fair value of the obligation is recorded in our Consolidated Balance Sheets. We believe it is unlikely that we would be required to perform or incur any losses associated with guarantees of our subsidiaries' obligations.

We discuss our other guarantees in the *Notes to Consolidated Financial Statements* on page 19.

Risk Management

Market Risk

Economic Value at Risk (EVaR)

EVaR measures the potential pre-tax loss in the fair value of the Generation and NewEnergy businesses due to changes in market risk factors. EVaR is a one-day value-at-risk measure calculated at a 95% confidence level assuming a standard normal distribution of prices over the most recent rolling 3-month period. EVaR includes all positions over a forward rolling 60-month time horizon that expose us to market price risk, regardless of accounting treatment and business line.

Positions included in EVaR are comprised of all positions, regardless of accounting treatment, that create market risk including:

- derivative and nonderivative commodity contracts associated with our Generation and NewEnergy businesses,
- physical assets, such as our owned and contractually-controlled generating plants, and
- our share of investments in generating plants.

We include the positions related to physical assets to provide a more complete presentation of our commodity market risk exposures. EVaR includes illiquid products and positions for which there is limited price discovery. Modeling the positions in our Generation and NewEnergy businesses involves a number of assumptions, and includes

Table of Contents

projections of generation, emission rates and costs, customer load growth, load response to weather, and customer response to competitive supply. Changes in our forecast or management estimates will affect the fair value of these positions in a manner not captured by EVaR.

EVaR reflects the risk of loss due to market prices under normal market conditions. An inherent limitation of our value-at-risk measures is the reliance on historical prices. A sudden shift in market conditions can cause the future behavior of market prices to differ materially from the past. We use stress tests and scenario analysis to better understand extreme events as a complement to EVaR. This includes exposure to unlikely but plausible events in abnormal markets, sensitivity to changes in management projections of customer demand or forecasted generation output, and price sensitivity to illiquid points and regional basis spreads.

EVaR is monitored daily and is subject to regional and overall guidelines for the NewEnergy business. We place guidelines on the risk associated with illiquid delivery locations and regional basis within our NewEnergy business. Additionally, we monitor generation plant hedge ratios relative to guidelines specified by management. Stress tests and scenario analysis are conducted regularly and the results, trends, and explanations are reviewed by senior management and risk committees.

The EVaR amounts below represent the potential pre-tax change in the fair values of our Generation and NewEnergy businesses positions over a one-day holding period.

EVaR		**Quarter Ended March 31, 2010**
95% Confidence Level, One-Day Holding Period		
Quarter end	$	45.7
Average		60.3
High		71.6
Low		44.8

Value at Risk (VaR)

VaR measures the potential pre-tax loss in the fair value of the mark-to-market energy contracts due to changes in market risk factors. VaR is calculated assuming a standard normal distribution of prices over the most recent rolling 3-month period. VaR includes all positions subject to mark-to-market accounting, including contracts that hedge the economics of NewEnergy nonderivative power and fuel contracts, which do not receive hedge accounting treatment, and contracts designated for trading. Thus, the positions for which we monitor VaR are included within, and are not incremental, to the positions subject to EVaR.

VaR and EVaR have similar limitations. VaR may include some products and positions for which there is limited price discovery or market depth. The modeling of option positions included in VaR involves a number of assumptions and approximations. An inherent limitation of our VaR measures is the reliance on historical prices. A sudden shift in market conditions can cause the future behavior of market prices to differ materially from that of the past.

The VaR amounts below represent the potential pre-tax loss in the fair value of our Generation and NewEnergy businesses positions subject to mark-to-market accounting, including both trading and non-trading activities, over one and ten-day holding periods.

Total Mark-to-Market VaR		**Quarter Ended March 31, 2010**
		(In millions)
99% Confidence Level, One-Day Holding Period		
Quarter end	$	9.7
Average		7.5
High		12.4
Low		5.1
95% Confidence Level, One-Day Holding Period		
Quarter end		7.4
Average		5.7
High		9.5

Low	3.9
95% Confidence Level, Ten-Day Holding Period	
Quarter end	23.4
Average	18.0
High	30.0
Low	12.4

Wholesale Credit Risk

We measure wholesale credit risk as the replacement cost for open energy commodity and derivative transactions (both mark-to-market and accrual) adjusted for amounts owed to or due from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where we have a legally enforceable right of setoff. We monitor and manage our credit risk through credit policies and procedures, which include an established credit approval process, daily monitoring of counterparty credit limits, the use of credit mitigation measures such as margin, collateral, or prepayment arrangements, and the use of master netting agreements.

Table of Contents

As of March 31, 2010 and December 31, 2009, counterparties in our credit portfolio had the following public credit ratings:

	March 31, 2010	December 31, 2009
Rating		
Investment Grade[1]	**50%**	43%
Non-Investment Grade	**2**	2
Not Rated	**48**	55

1 Includes counterparties with an investment grade rating by at least one of the major credit rating agencies. If split rating exists, the lower rating is used.

Our exposure to "Not Rated" counterparties was $1.4 billion at March 31, 2010 compared to $1.5 billion at December 31, 2009. This decrease was mostly driven by a reduction in our CENG credit concentration exposure, which is not externally rated and a decrease in our portfolio's credit exposure to unrated natural gas customers, international coal customers, and freight customers that do not have public credit ratings as a result of the divestiture of these operations in 2009.

Many of our not rated counterparties are considered investment grade equivalent (including CENG) based on our internal credit ratings. We utilize internal credit ratings to evaluate the creditworthiness of our wholesale customers, including those companies that do not have public credit ratings. Based on internal credit ratings, approximately $1.1 billion or 81% of the exposure to not rated counterparties was rated investment grade equivalent at March 31, 2010 and approximately $1.2 billion or 81% was rated investment grade equivalent at December 31, 2009. The following table provides the breakdown of the credit quality of our wholesale credit portfolio based on our internal credit ratings:

	March 31, 2010	December 31, 2009
Investment Grade Equivalent	**89%**	88%
Non-Investment Grade	**11**	12

Our total exposure, net of collateral, to counterparties across our entire wholesale portfolio is $2.8 billion as of March 31, 2010. The top ten counterparties account for approximately 51% of our total exposure with approximately 4% of that exposure being non-investment grade.

If a counterparty were to default on its contractual obligations and we were to liquidate transactions with that entity, our potential credit loss would include all forward and settlement exposure plus any additional costs related to termination and replacement of the positions. This would include contracts accounted for using the mark-to-market, hedge, and accrual accounting methods, the amount owed or due from settled transactions, less any collateral held from the counterparty. In addition, if a counterparty were to default under an accrual contract that is currently favorable to us, we may recognize a material adverse impact on our results in the future delivery period to the extent that we are required to replace the contract that is in default with another contract at current market prices. To reduce our credit risk with counterparties, we attempt to enter into agreements that allow us to obtain collateral on a contingent basis, seek third-party guarantees of the counterparty's obligation, and enter into netting agreements that allow us to offset receivables and payables with forward exposure across many transactions.

We consider a significant concentration of credit risk to be any single obligor or counterparty whose concentration exceeds 10% of total credit exposure. As of March 31, 2010, two counterparties, CENG and a large power cooperative, comprise exposure concentrations of 14% and 11%, respectively. No counterparties based in a single country other than the United States in aggregate comprise more than 10% of the total exposure of the portfolio.

Due to volatility in the prices of energy commodities and derivatives, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. If such a counterparty were then to fail to perform its obligations under its contract (for example, fail to deliver the power we had contracted for), we could incur a loss that could have a material impact on our financial results.

If a counterparty were to default and we were to liquidate all contracts with that entity, our credit loss would include the loss in value of derivative contracts recorded at fair value, the amount owed for settled transactions, and additional payments, if any, that we would have to make to settle unrealized losses on accrual contracts. In addition, if a counterparty were to default under an accrual contract that is currently favorable to us, we may recognize a material adverse impact in our results in the future delivery period to the extent that we are required to replace the contract that is in default with another contract at current market prices. These potential losses would be limited to the extent that the in-the-money amount exceeded any credit mitigants such as cash, letters of credit, or parental guarantees supporting the counterparty obligation.

We also enter into various wholesale transactions through ISOs. These ISOs are exposed to counterparty credit risks. Any losses relating to counterparty defaults impacting the ISOs are allocated to and borne by all other market participants in the ISO. These ISOs have established credit policies and practices to mitigate the exposure of counterparty credit risks. As a market participant, we continuously assess our exposure to the credit risks of each ISO.

BGE is exposed to wholesale credit risk of its suppliers for electricity and gas to serve its retail customers. BGE may receive performance assurance collateral to mitigate electricity suppliers' credit risks in certain circumstances. Performance assurance collateral is designed to protect BGE's potential exposure over the term of the supply contracts and will fluctuate to reflect changes in market prices. In addition to the collateral provisions, there are supplier "step-up" provisions, where other suppliers can step in if the early termination of a full-requirements service agreement with a supplier should occur, as well as specific mechanisms for BGE to otherwise replace defaulted supplier contracts. All costs incurred by BGE to replace the supply contract are to be recovered from the defaulting supplier or from customers through rates.

Interest Rate Risk, Retail Credit Risk, Foreign Currency Risk, Security Price Risk, and Operational Risk

We discuss our exposure to interest rate risk, retail credit risk, foreign currency risk, security price risk and operational risk in the *Risk Management* section of our 2009 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We discuss the following information related to our market risk:

- hedging activities in the *Notes to Consolidated Financial Statements* beginning on page 23,
- activities of our Generation and NewEnergy businesses in their respective section of *Management's Discussion and Analysis* beginning on page 41,
- evaluation of commodity and credit risk in the *Risk Management* section of *Management's Discussion and Analysis* beginning on page 57, and
- changes to our business environment in the *Business Environment* section of *Management's Discussion and Analysis* beginning on page 38.

Items 4 and 4(T). Controls and Procedures

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Constellation Energy or BGE have been detected. These inherent limitations include errors by personnel in executing controls due to faulty judgment or simple mistakes, which could occur in situations such as when personnel performing controls are new to a job function or when inadequate resources are applied to a process. Additionally, controls can be circumvented by the individual acts of some persons or by collusion of two or more people.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no absolute assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions or personnel, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Evaluation of Disclosure Controls and Procedures

The principal executive officer and principal financial officer of Constellation Energy have each evaluated the effectiveness of the disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the fiscal quarter covered by this quarterly report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, Constellation Energy's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed in the reports that Constellation Energy files and submits under the Exchange Act is recorded, processed, summarized, and reported when required and is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure.

The principal executive officer and principal financial officer of BGE have each evaluated the effectiveness of the disclosure controls and procedures as of the Evaluation Date. Based on such evaluation, such officers have concluded that, as of the Evaluation Date, BGE's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed in the reports that BGE files and submits under the Exchange Act is recorded, processed, summarized, and reported when required and is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2010, there has been no change in either Constellation Energy's or BGE's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, either Constellation Energy's or BGE's internal control over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We discuss our Legal Proceedings in the *Notes to Consolidated Financial Statements* beginning on page 20.

Item 2. Issuer Purchases of Equity Securities

The following table discloses purchases of shares of our common stock made by us or on our behalf for the periods shown below.

Period	Total Number of Shares Purchased[1]	Average Price Paid for Shares	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amounts of Shares that May Yet Be Purchased Under the Plans and Programs (at month end)
January 1 January 31, 2010	37	$ 35.63		
February 1 February 28, 2010	185,400	34.74		
March 1 March 31, 2010	196	36.44		
Total	185,633	$ 34.74		

1 Represents shares surrendered by employees to satisfy tax withholding obligations on vested restricted stock and restricted stock units.

Item 5. Other Information

Forward Looking Statements

We make statements in this report that are considered forward looking statements within the meaning of the Securities Exchange Act of 1934. Sometimes these statements will contain words such as "believes," "anticipates," "expects," "intends," "plans," and other similar words. We also disclose non-historical information that represents management's expectations, which are based on numerous assumptions. These statements and projections are not guarantees of our future performance and are subject to risks, uncertainties, and other important factors that could cause our actual performance or achievements to be materially different from those we project. These risks, uncertainties, and factors include, but are not limited to:

- the timing and extent of changes in commodity prices and volatilities for energy and energy-related products including coal, natural gas, oil, electricity, nuclear fuel, and emission allowances, and the impact of such changes on our liquidity requirements,
- the liquidity and competitiveness of wholesale and retail markets for energy commodities,
- the conditions of the capital markets, interest rates, foreign exchange rates, availability of credit facilities to support business requirements, liquidity, and general economic conditions, as well as Constellation Energy Group's (Constellation Energy) and Baltimore Gas and Electric's (BGE) ability to maintain their current credit ratings,
- the effectiveness of Constellation Energy's and BGE's risk management policies and procedures and the ability and willingness of our counterparties to satisfy their financial and performance commitments,
- losses on the sale or write-down of assets due to impairment events or changes in management intent with regard to either holding or selling certain assets,
- the ability to successfully identify, finance, and complete acquisitions and sales of businesses and assets, including generating facilities and new nuclear generation development projects,
- the effect of weather and general economic and business conditions on energy supply, demand, prices, and customers' and counterparties' ability to perform their obligations or make payments,
- the ability to attract and retain customers in our NewEnergy business and to adequately forecast their energy usage,
- the timing and extent of deregulation of, and competition in, the energy markets, and the rules and regulations adopted in those markets,
- regulatory or legislative developments federally, in Maryland, or in other states that affect energy deregulation, the price of energy, transmission or distribution rates and revenues, demand for energy, or increases in costs, including costs related to safety, or environmental compliance,
- the ability of our regulated and nonregulated businesses to comply with complex and/or changing market rules and regulations,
- the ability of BGE to recover all its costs associated with providing customers service,
- operational factors affecting commercial operations of our generating facilities and BGE's transmission and distribution facilities, including weather-related damages, unscheduled outages or repairs, unanticipated changes in fuel costs or availability, unavailability of coal or gas transportation or electric transmission services, workforce issues, terrorism, liabilities associated with catastrophic events, and other events beyond our control,
- the impact of industry consolidation,
- the impact of increased energy conservation and use of renewable energy,

- the actual outcome of uncertainties associated with assumptions and estimates requiring judgment when managing our business, applying critical accounting policies and preparing financial statements, including factors that are estimated in determining the fair value of energy contracts, such as the ability to obtain market prices and, in the absence of verifiable market prices, the appropriateness of models and model inputs (including, but not limited to, estimated contractual load obligations, unit availability, forward commodity prices, interest rates, correlation and volatility factors),
- changes in accounting principles or practices, and
- cost and other effects of legal and administrative proceedings that may not be covered by insurance, including environmental liabilities.

Given these uncertainties, you should not place undue reliance on these forward looking statements. Please see the other sections of this report and our other periodic reports filed with the Securities and Exchange Commission (SEC) for more information on these factors. These forward looking statements represent our estimates and assumptions only as of the date of this report.

Changes may occur after that date, and neither Constellation Energy nor BGE assumes responsibility to update these forward looking statements.

Table of Contents

Item 6. Exhibits

Exhibit No. 12(a)	Constellation Energy Group, Inc. Computation of Ratio of Earnings to Fixed Charges.
Exhibit No. 12(b)	Baltimore Gas and Electric Company Computation of Ratio of Earnings to Fixed Charges and Computation of Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements.
Exhibit No. 31(a)	Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 31(b)	Certification of Senior Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 31(c)	Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 31(d)	Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 32(a)	Certification of Chairman of the Board, President and Chief Executive Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 32(b)	Certification of Senior Vice President and Chief Financial Officer of Constellation Energy Group, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 32(c)	Certification of President and Chief Executive Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 32(d)	Certification of Senior Vice President and Chief Financial Officer of Baltimore Gas and Electric Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 101.INS	XBRL Instance Document
Exhibit No. 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit No. 101.PRE	XBRL Taxonomy Presentation Linkbase Document
Exhibit No. 101.LAB	XBRL Taxonomy Label Linkbase Document
Exhibit No. 101.CAL	XBRL Taxonomy Calculation Linkbase Document
Exhibit No. 101.DEF	XBRL Taxonomy Definition Linkbase Document

In accordance with Rule 402 of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONSTELLATION ENERGY GROUP, INC.

(Registrant)

Date: May 7, 2010

/s/ JONATHAN W. THAYER

Jonathan W. Thayer,
Senior Vice President of Constellation Energy Group, Inc. and as Principal Financial Officer

BALTIMORE GAS AND ELECTRIC COMPANY

(Registrant)

Date: May 7, 2010

/s/ KEVIN W. HADLOCK

Kevin W. Hadlock,
Senior Vice President of Baltimore Gas and Electric Company and as Principal Financial Officer

65