

LEGACY RESERVES LP  
Form 424B5  
November 18, 2010

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-150111

**PROSPECTUS SUPPLEMENT**

**(To the Prospectus dated April 16, 2008)**

**3,000,000 Units**

**Legacy Reserves LP  
Representing Limited Partner Interests**

We are selling 3,000,000 units representing limited partner interests of Legacy Reserves LP. Our units trade on the NASDAQ Global Select Market under the symbol LGCY. The last reported sales price of our units on the NASDAQ Global Select Market on November 17, 2010 was \$26.46 per unit.

**Investing in our units involves risks. You should carefully consider each of the factors described under Risk Factors beginning on page S-5 of this prospectus supplement and on page 6 of the accompanying prospectus.**

	<b>Per Unit</b>	<b>Total</b>
Initial price to public	\$ 25.36	\$ 76,080,000
Underwriting discounts and commissions	\$ 1.07	\$ 3,210,000
Proceeds, Before Expenses, to Legacy Reserves LP	\$ 24.29	\$ 72,870,000

We have granted the underwriters a 30-day option to purchase up to an additional 450,000 units from us on the same terms and conditions as set forth above if the underwriters sell more than 3,000,000 units in this offering.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the units on or about November 23, 2010.

*Joint Book-Running Managers*

**Wells Fargo Securities**

**Raymond James**

**Citi**

*Senior Co-Manager*  
**RBC Capital Markets**

*Co-Managers*

**Baird**

**Stifel Nicolaus Weisel**

**The date of this prospectus supplement is November 18, 2010.**

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**CURRENT AREAS OF OPERATIONS**

**PROPOSED PERMIAN BASIN ACQUISITION**

**LEGACY OPERATED IN GRAY ï CONCHO OPERATED IN COLOR**

\* **The Permian Basin Acquisition is scheduled to close on December 22, 2010, but may not close on such date or at all.**

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**Important Notice About Information in This  
Prospectus Supplement and the Accompanying Prospectus**

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time, some of which may not apply to this offering of units.

If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. This prospectus supplement and accompanying prospectus are not an offer to sell or a solicitation of an offer to buy our units in any jurisdiction where such offer and any sale would be unlawful. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

The information in this prospectus supplement is not complete. You should review carefully all of the detailed information appearing in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference before making any investment decision.

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**SUMMARY**

*This summary highlights information included or incorporated by reference in this prospectus supplement. It does not contain all of the information that may be important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer herein for a more complete understanding of this offering.*

*Unless the context otherwise requires, references to Legacy Reserves , Legacy , we , our , us , or like terms refer to Legacy Reserves LP and its subsidiaries.*

**Legacy Reserves LP**

**Overview**

We are an independent oil and natural gas limited partnership headquartered in Midland, Texas, and are focused on the acquisition and development of oil and natural gas properties primarily located in the Permian Basin, Mid-Continent and Rocky Mountain regions of the United States. We were formed in October 2005 to own and operate the oil and natural gas properties that we acquired from our Founding Investors and three charitable foundations in connection with the closing of our private equity offering on March 15, 2006. On January 18, 2007, we completed our initial public offering.

Our primary business objective is to generate stable cash flows allowing us to make cash distributions to our unitholders and to support and increase quarterly cash distributions per unit over time through a combination of acquisitions of new properties and development of our existing oil and natural gas properties.

We have grown primarily through two activities: the acquisition of producing oil and natural gas properties and the development of producing properties as opposed to higher risk exploration of unproved properties.

Our oil and natural gas production and reserve data as of December 31, 2009 are as follows:

We had proved reserves of approximately 37.1 million barrels of crude oil equivalent (MMBoe), of which 72% were oil and natural gas liquids and 84% were classified as proved developed producing, 1% were proved developed non-producing, and 15% were proved undeveloped;

Our proved reserves had a standardized measure of \$360.2 million; and

Our proved reserves to production ratio was approximately 12.3 years based on our average daily net production of 8,250 barrels of oil equivalent per day (Boe/d) for the three months ended December 31, 2009.

**2010 Acquisitions**

On February 17, 2010, Legacy purchased certain oil and natural gas properties located in Wyoming from a third party for a net cash purchase price of \$125 million. The purchase price was financed partially by Legacy's January 2010 public offering of units and the remainder with borrowings under Legacy's revolving credit facility. The effective date of this purchase was November 1, 2009. During the nine months ended September 30, 2010, Legacy also completed numerous smaller acquisitions for an aggregate purchase price of \$38.4 million.

**Business Strategy**

The key elements of our business strategy are to:

Make accretive acquisitions of producing properties generally characterized by long-lived reserves with stable production and reserve development potential;

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Add proved reserves and maximize cash flow and production through development projects and operational efficiencies;

Maintain financial flexibility; and

Reduce commodity price risk through oil, NGL and natural gas derivative transactions.

## **Competitive Strengths**

We believe that we are positioned to successfully execute our business strategy because of the following competitive strengths:

Proven acquisition and exploitation track record;

Predictable, long-lived reserve base;

Diversified operations and operational control of over 70% of our current production; and

Experienced management team with a vested interest in our success.

## **Recent Developments**

### ***Acquisition of Oil and Natural Gas Properties in the Permian Basin***

On November 8, 2010, we announced an agreement to purchase Permian Basin oil and natural gas properties from Concho Resources Inc. for \$105 million in cash (Permian Basin Acquisition). The properties to be acquired in the Permian Basin Acquisition produced an estimated 1,419 Boe/d during October 2010, of which 47% is oil, and are expected to add approximately 14% to our existing average daily production. Proved reserves are estimated to be 5.8 MMBoe, 88% of which is considered proved developed producing. Approximately 60% of the proved reserves attributable to these properties are operated, and over 95% of these reserves are near our existing operations in multiple counties throughout the Permian Basin. The closing is anticipated to occur on or about December 22, 2010 and is subject to customary purchase price adjustments. The Permian Basin Acquisition is subject to customary conditions to closing and there can be no assurance that all of the conditions to closing will be satisfied.

Upon completion of this offering and the application of the net proceeds therefrom to fund a portion of the purchase price of the Permian Basin Acquisition, we expect that the remaining portion of the purchase price will be funded with borrowings under our revolving credit facility. Our revolving credit facility limits the amounts we can borrow to a borrowing base amount, determined by the lenders in their sole discretion. As of November 16, 2010, the borrowing base under our revolving credit facility was \$410 million and we had \$329 million of outstanding borrowings. On October 7, 2010, we announced that the lenders under our credit facility had completed their semi-annual redetermination of our borrowing base under our revolving credit facility and maintained our borrowing base at \$410 million.

### ***2011 Capital Budget***

On November 15, 2010, the board of directors of our general partner approved a 2011 development capital budget of \$45.0 million, excluding acquisitions. The 2011 capital budget consists of development drilling and completion expenditures, recompletions, and restimulations of existing wells. We may adjust our capital budget during the year in

response to changes in oil and natural gas prices, cash flow, results of operations and acquisitions.

***Third Quarter Cash Distribution***

On November 12, 2010, we paid a cash distribution attributable to the third quarter of 2010 of \$0.52 per unit to unitholders of record at the close of business on November 1, 2010. This quarterly distribution represents an annualized distribution of \$2.08 per unit and maintains the distribution amount paid with respect to the prior nine quarters.

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**Our Ownership and Organizational Structure**

The chart below depicts our organization and ownership structure as of the date of this prospectus supplement before giving effect to this offering.

Ownership of Legacy Reserves LP	
Public Unitholders	72.20%
Founding Investors, Directors and Management	27.75%
General Partner Interest	0.05%
Total	100.00%

- (a) The Founding Investors include entities controlled by various Brown and McGraw family members, respectively, as well as by Messrs. Horne and Pruett.

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**THE OFFERING**

Units offered by Legacy Reserves LP	3,000,000 units; 3,450,000 units if the underwriters exercise in full their option to purchase additional units.
Units outstanding after this offering	43,162,479 units, or 43,612,479 units if the underwriters exercise in full their option to purchase additional units.
Use of proceeds	We will receive net proceeds from this offering of approximately \$72.6 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We plan to use the net proceeds from the offering and from the underwriters' exercise of their option to purchase additional units, if any, to fund a portion of the purchase price of the Permian Basin Acquisition. Pending the use of the proceeds as described above, we may use some or all of the net proceeds for general partnership purposes, which may include repayment of outstanding borrowings under our revolving credit facility. Please read Use of Proceeds .
Conflicts of interest	As described in Use of Proceeds, affiliates of Wells Fargo Securities, LLC and RBC Capital Markets, LLC are lenders under our revolving credit facility and may receive more than 5% of the proceeds from this offering pursuant to the repayment of borrowings under that facility. Nonetheless, in accordance with the Financial Industry Authority Rule 2720, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the units offered hereby are interests in a direct participation program. Investor suitability with respect to the units will be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.
Cash distributions	We distribute all of our cash on hand at the end of each quarter, after payment of fees and expenses, less reserves (including reserves for capital expenditures) established by our general partner in its discretion. Unlike most publicly traded partnerships, we do not pay incentive distributions to our general partner. In general, we distribute 99.95% of our available cash each quarter to our unitholders and approximately 0.05% of our available cash to our general partner. We refer to this cash as available cash , and we define its meaning in our partnership agreement. We declared a quarterly distribution for our third quarter of 2010 of \$0.52 per unit, or \$2.08 on an annualized basis. We paid this cash distribution on November 12, 2010 to unitholders of record at the close of business on November 1, 2010.
Estimated ratio of taxable income to distribution	We estimate that if you purchase units in this offering and own them through the record date for the distribution with respect to the fourth calendar quarter of 2013, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 30% of the amount of cash distributed to you with respect to that

period. If you continue to own units purchased in this offering after that period, the percentage of federal taxable income allocated to you may be higher. Please read **Material Tax Considerations** in this prospectus supplement for the basis of this estimate.

Exchange listing

Our units are traded on the NASDAQ Global Select Market under the symbol **LGCY** .

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**RISK FACTORS**

*An investment in our units involves risk. You should carefully read the risk factors included under the caption "Risk Factors" beginning on page 5 of the accompanying prospectus, as well as the risk factors included in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, and our Quarterly Reports on Form 10-Q for the quarterly period ended June 30, 2010, together with all of the other information included or incorporated by reference in this prospectus supplement. If any of these risks were to occur, our business, financial condition, results of operations or prospects could be materially adversely affected. In such case, the trading price of our units could decline, and you could lose all or part of your investment.*

***We may not be able to consummate our Permian Basin Acquisition, which could adversely affect our business operations and cash available for distribution.***

The purchase agreement related to the Permian Basin Acquisition contains customary closing conditions. It is possible that one or more closing conditions may not be satisfied or, if not satisfied, that such condition may not be waived by the other party. If we were unable to consummate the Permian Basin Acquisition, we would not realize the expected benefits of the proposed acquisition, including, without limitation, an expected increase in our distributable cash flow. If we are unable to successfully complete the Permian Basin Acquisition, it could have a material adverse effect on our business, financial condition and results of operations.

***Any acquisitions we complete, including the Permian Basin Acquisition, are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to unitholders.***

We may not achieve the expected results of the Permian Basin Acquisition, and any adverse conditions or developments related to the Permian Basin Acquisition may have a negative impact on our operations and financial condition.

Further, even if we complete acquisitions such as the Permian Basin Acquisition, which we expect will increase pro forma distributable cash per unit, actual results may differ from our expectations and the impact of these acquisitions may actually result in a decrease in pro forma distributable cash per unit. Any acquisition involves potential risks, including, among other things:

the validity of our assumptions about reserves, which may be inaccurate and are based on prices that may be materially different from the 12-month average oil and gas index prices used in estimating proved reserves at year end;

the validity of our assumptions about future production, revenues, capital expenditures and operating costs;

an inability to successfully integrate the businesses we acquire;

a decrease in our liquidity by using a portion of our available cash or borrowing capacity under our revolving credit facility to finance acquisitions;

a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;

the assumption of unknown liabilities, losses or costs for which we are not indemnified or for which our indemnity is inadequate;

the diversion of management's attention from other business concerns;

the incurrence of other significant charges, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charges;

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unforeseen difficulties encountered in operating in new geographic areas; and

the loss of key purchasers.

Our decision to acquire a property depends in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses, seismic data and other information, the results of which are often inconclusive and subject to various interpretations.

Also, our reviews of newly acquired properties and properties under agreement to be acquired are inherently incomplete, and initial estimates of acquired reserves are preliminary, because it is generally not feasible to perform an in-depth review of the individual properties involved in each acquisition given time constraints imposed by sellers. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to fully assess their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

***Federal and state legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.***

Congress is currently considering legislation to require the disclosure of chemicals used by the oil and natural gas industry in the hydraulic fracturing process. Hydraulic fracturing is an important and commonly used process in the completion of unconventional natural gas wells in shale formations, as well as tight conventional formations including many of those that Legacy completes and produces. This process involves the injection of water, sand and chemicals under pressure into rock formations to stimulate oil and natural gas production. Sponsors of these bills have asserted that chemicals used in the fracturing process could adversely affect drinking water supplies. The proposed legislation would require the reporting and public disclosure of chemicals used in the fracturing process, which could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. The Chairman of the House Energy and Commerce Committee has initiated an investigation of the potential impacts of hydraulic fracturing and has sought information from certain companies. In addition, the EPA has announced its intention to conduct a comprehensive research study on the potential adverse impacts that the hydraulic fracturing process may have on water quality and public health. Should these efforts result in further regulation at the federal level that could lead to operational delays or increased operating costs and could result in additional regulatory burdens that could make it more difficult to perform hydraulic fracturing and increase our costs of compliance and doing business.

***Climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating costs and reduced demand for the oil, natural gas and NGLs that we produce.***

On December 15, 2009, the EPA officially published its findings that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to human health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth's atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of greenhouse gases under existing provisions of the federal Clean Air Act. In late September 2009, the EPA had proposed two sets of regulations in anticipation of finalizing its findings that would require a reduction in emissions of greenhouse gases from motor vehicles and that could also lead to the imposition of greenhouse gas emission limitations in Clean Air Act permits for certain stationary sources. In addition, on September 22, 2009, the EPA issued a final rule requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States beginning in 2011 for emissions occurring in 2010. On November 8, 2010, the



EPA issued a final rule expanding the reporting requirements applicable to the petroleum and natural gas industry. Covered facilities will be required to

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report emissions for each year beginning January 1, 2011 with reports submitted annually by March 31 of the following year. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of greenhouse gases from, our equipment and operations could require us to incur costs to reduce emissions of greenhouse gases associated with our operations or could adversely affect demand for the oil, natural gas and NGL that we produce.

Also, on June 26, 2009, the U.S. House of Representatives passed the American Clean Energy and Security Act of 2009, or ACESA, which would establish an economy-wide cap-and-trade program to reduce U.S. emissions of greenhouse gases including carbon dioxide and methane. ACESA would require a 17% reduction in greenhouse gas emissions from 2005 levels by 2020 and just over an 80% reduction of such emissions by 2050. Under this legislation, the EPA would issue a capped and steadily declining number of tradable emissions allowances to certain major sources of greenhouse gas emissions so that such sources could continue to emit greenhouse gases into the atmosphere. These allowances would be expected to escalate significantly in cost over time. The net effect of ACESA will be to impose increasing costs on the combustion of carbon-based fuels such as oil, refined petroleum products, and natural gas. The U.S. Senate has begun work on its own legislation for restricting domestic greenhouse gas emissions and the Obama Administration has indicated its support of legislation to reduce greenhouse gas emissions through an emission allowance system. Although it is not possible at this time to predict when the Senate may act on climate change legislation or how any bill passed by the Senate would be reconciled with ACESA, any future federal laws or implementing regulations that may be adopted to address greenhouse gas emissions could require us to incur increased operating costs and could adversely affect demand for the oil, natural gas and NGLs that we produce.

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**USE OF PROCEEDS**

We will receive net proceeds of approximately \$72.6 million from the sale of 3,000,000 units offered by this prospectus supplement, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional units in full, we will receive additional net proceeds of approximately \$10.9 million. We plan to use all of the net proceeds from this offering to fund a portion of the \$105 million purchase price of the Permian Basin Acquisition. In connection with the execution of the purchase agreement for the Permian Basin Acquisition, we paid a deposit of \$10.5 million. Please read **Summary Recent Developments** for a description of the Permian Basin Acquisition. Pending the use of the proceeds as described above, we may use some or all of the net proceeds for general partnership purposes, which may include repayment of outstanding borrowings under our revolving credit facility.

We expect to fund the remaining portion of the purchase price for the Permian Basin Acquisition with borrowings under our revolving credit facility.

As of November 16, 2010, approximately \$329 million of borrowings were outstanding under our revolving credit facility. As of November 16, 2010, interest on borrowings under our revolving credit facility had a weighted average effective interest rate of approximately 3.41%. The revolving credit facility matures on April 1, 2012. The proceeds of borrowings under our revolving credit facility are used primarily to finance acquisitions and for general partnership purposes. The closing of this offering is not contingent upon the closing of the Permian Basin Acquisition. Accordingly, if you decide to purchase our units, you should be willing to do so whether or not we complete the Permian Basin Acquisition. If we do not complete the Permian Basin Acquisition, we will use the net proceeds from this offering to reduce outstanding borrowings under our revolving credit facility and for general partnership purposes.

The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. Affiliates of Wells Fargo Securities, LLC and RBC Capital Markets, LLC are lenders under our revolving credit facility and may receive a portion of the proceeds from this offering through repayment of indebtedness under the revolving credit facility. Please read **Underwriting (Conflicts of Interest) Conflicts of Interest** .

**Table of Contents****CAPITALIZATION**

The following table shows our capitalization as of September 30, 2010 on an actual basis and as adjusted to reflect this offering of units, and the application of the net proceeds as described under Use of Proceeds.

You should read this information in conjunction with Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 1. Financial Statements contained in our Quarterly Report on Form 10-Q for the three months ended September 30, 2010, which we incorporate by reference into this prospectus supplement.

	<b>September 30, 2010</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(In thousands)</b>	
Cash and cash equivalents	\$ 5,120	\$ 5,690
Debt, including current maturities:		
Revolving credit facility(1)	290,000	218,000
Total long-term debt	290,000	218,000
Owners' equity:		
Unitholders	347,428	419,998
General partner interest	75	75
Total owners' equity	\$ 347,503	\$ 420,073
Total capitalization	\$ 637,503	\$ 638,073

(1) Pending the use of the net proceeds to fund a portion of the purchase price for the Permian Basin Acquisition, we may use some or all of the net proceeds for general partnership purposes, which may include repayment of outstanding borrowings under our revolving credit facility.

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Our units are listed on the NASDAQ Global Select Market under the symbol LGCY . The last reported sales price of the units on November 17, 2010 was \$26.46. As of November 12, 2010, we had issued and outstanding 40,162,479 units, which were held by approximately 59 holders of record, including units held by our Founding Investors. The following table presents the high and low sales prices for our units during the periods indicated (as reported on the NASDAQ Global Select Market) and the amount of the quarterly cash distributions we paid on each of our units with respect to such periods:

	<b>Price Ranges</b>		<b>Cash</b>
	<b>High</b>	<b>Low</b>	<b>Distribution</b>
			<b>per Unit</b>
<b>2010</b>			
First Quarter	\$ 23.22	\$ 17.04	\$ 0.52
Second Quarter	\$ 24.75	\$ 17.86	\$ 0.52
Third Quarter	\$ 26.09	\$ 21.25	\$ 0.52
Fourth Quarter (through November 17, 2010)	\$ 27.59	\$ 24.66	
<b>2009</b>			
First Quarter	\$ 13.99	\$ 7.50	\$ 0.52
Second Quarter	\$ 13.58	\$ 8.95	\$ 0.52
Third Quarter	\$ 17.04	\$ 11.73	\$ 0.52
Fourth Quarter	\$ 20.18	\$ 15.13	\$ 0.52
<b>2008</b>			
First Quarter	\$ 22.75	\$ 17.95	\$ 0.49
Second Quarter	\$ 25.17	\$ 19.86	\$ 0.52
Third Quarter	\$ 25.76	\$ 14.00	\$ 0.52
Fourth Quarter	\$ 17.43	\$ 6.50	\$ 0.52

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**MATERIAL TAX CONSIDERATIONS**

The tax consequences to you of an investment in our units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our units, please read **Material Tax Considerations** in the accompanying base prospectus and **Tax Risks for Unitholders** in our Annual Report on Form 10-K for the year ended December 31, 2009. You are urged to consult with your own tax advisor about the federal, state, local and foreign tax consequences particular to your circumstances.

**Partnership Tax Treatment**

The anticipated after-tax economic benefit of an investment in our units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested a ruling from the IRS with respect to our partnership status. In order to be treated as a partnership for federal income tax purposes, at least 90% or more of our gross income must be **qualifying income**. Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, transportation and marketing of natural resources, including natural gas, oil and products thereof. For a more complete description of this qualifying income requirement, please read **Material Tax Considerations Partnership Status** in the accompanying base prospectus.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the limited partners, likely causing a substantial reduction in the value of our units.

**Ratio of Taxable Income to Distributions**

We estimate that if you purchase units in this offering and own them through the record date for the distribution with respect to the fourth calendar quarter of 2013, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 30% of the amount of cash distributed to you with respect to that period. If you continue to own units purchased in this offering after that period, the percentage of federal taxable income allocated to you may be higher. Our estimate is based upon many assumptions regarding our business and operations, including assumptions as to tariffs, capital expenditures, cash flows and anticipated cash distributions. Our estimate assumes our available cash will approximate the amount necessary to continue to distribute the current quarterly distribution throughout the referenced period. This estimate and the assumptions are subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties beyond our control. Further, this estimate is based on current tax law and certain tax reporting positions that we have adopted. Current tax law may change (see **Recent Legislative Developments** below) and the IRS could disagree with our tax reporting positions. Accordingly, we cannot assure you that the estimate will be correct. The actual percentage of taxable income to distributions could be higher or lower, and any differences could be material and could materially affect the value of units. For example, the ratio of taxable income to cash distributions to a purchaser of units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

gross income from operations exceeds the amount required to make the current quarterly distribution on all units, yet we only distribute the current quarterly distribution on all units;

we drill fewer well locations than we anticipate or spend less than we anticipate in connection with our drilling and completion activities contemplated in our capital budget; or

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we make a future offering of units and use the proceeds of such offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of such offering or to acquire property that is not eligible for depletion, depreciation or amortization for federal income tax purposes or that is depletable, depreciable, or amortizable at a rate significantly slower than the rate applicable to our assets at the time of such offering.

## **Tax-Exempt Organizations & Other Investors**

Ownership of units by tax-exempt entities, including employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. investors raises issues unique to such persons. Please read **Material Tax Considerations – Tax-Exempt Organizations and Certain Other Investors** in the accompanying base prospectus.

## **Recent Legislative Developments**

Current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, members of Congress have recently considered and are considering substantive changes to the existing federal income tax laws that could affect certain publicly traded partnerships. As previously and currently proposed, we do not believe any such legislation would affect our tax treatment as a partnership. However, the proposed legislation could be modified in a way that could affect us. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our units.

In February 2009, the Obama administration released its budget proposals for the fiscal year 2010, which included numerous proposed tax changes. In April 2009, the Oil Industry Tax Break Repeal Act of 2009 legislation was introduced to further these objectives, and in February 2010, the Obama administration released similar budget proposals for the fiscal year 2011 (the **Budget Proposal**). Among the changes recommended in the Budget Proposal is the elimination of certain key U.S. federal income tax preferences relating to oil and natural gas exploration and development. Changes in the Budget Proposal include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) the elimination of the deduction for certain domestic production activities, and (iv) an extension of the amortization period for certain geological and geophysical expenditures. Each of these changes is proposed to be effective for taxable years beginning, or in the case of costs described in (ii) and (iv), costs paid or incurred, after December 31, 2010. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our units.

## **Tax Rates**

This section regarding tax rates on page 57 of the accompanying base prospectus is deleted and restated in its entirety as follows:

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than one year) of individuals is 15%. However, absent newenclosed 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 RRI's corporate headquarters, 1000 Main Street, Houston, Texas 77002 at 8:00 a.m., Central Time, on October 25, 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 7:30 a.m., Central Time.

The special meeting of Mirant stockholders will be held at Mirant's corporate headquarters, 1155 Perimeter Center West, Atlanta, Georgia 30338-5416 at 9:00 a.m., Eastern Time, on October 25, 2010. Subject to

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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 8:30 a.m., 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 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 or the 2010 Incentive Plan proposal, which broker non-votes will have no effect on the vote count for such proposal, but will make it more difficult to meet the NYSE requirement that the total votes cast on such 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 October 20, 2010. 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?**

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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 or the 2010 Incentive Plan proposal, it will have no effect on the vote count for such proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast (including abstentions) on such 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.

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;

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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.

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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: 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, which is referred to as Wachtell Lipton, dated as of the closing date, to the effect that for U.S. federal income tax purposes the merger will 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. 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, which is referred to as Skadden, dated as of the closing date, to the effect that for U.S. federal income tax purposes the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Provided that the merger so qualifies, 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.

**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: Why are the RRI stockholders being asked to approve the 2010 Incentive Plan and, if approved, when will that plan become effective?**

A:

The RRI board of directors has unanimously adopted the 2010 Incentive Plan, which will be effective, subject to the approval of the RRI stockholders, as of the date of the completion of the merger. RRI stockholder approval of the 2010 Incentive Plan proposal is not a condition to completion of the merger, but is required for RRI to implement the plan. RRI's board of directors thinks that the 2010 Incentive Plan will provide a consistent vehicle for equity based compensation upon completion of the merger and will be

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important in achieving the benefits arising from ownership of shares of common stock by employees of the combined company and its subsidiaries and non-employee directors of the combined company.

**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, subject to further adjustment for the proposed RRI reverse stock split. The per warrant strike price will not be adjusted.

**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).





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**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 159. 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.

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**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 56.

***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* on page 62. 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 52.

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, 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 per warrant strike price will not be adjusted.

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**Directors and Executive Officers Following 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, 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* on page 52.

*Amendment to the Combined Company's 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 amend Article IV, Section 2 thereof 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 board of directors of the combined company then in office. This amendment will provide time for the designated leadership team to achieve the integration and ensure the stability of the combined company's senior management, while retaining flexibility for the board of directors of the combined company to change the leadership team if it determines to do so.

**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, the 2010 Incentive Plan 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 It*

Reasons for the Merger beginning on pages 30 and 31, 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.

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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 30 and 34, 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 36. 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 45. See also Annex D to this joint proxy statement/prospectus.

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### **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 52.

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

It is a condition to the obligation of Mirant to complete the merger that Mirant receive a written opinion from Wachtell Lipton, counsel to Mirant, dated as of the closing date, to the effect that for U.S. federal income tax purposes 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, counsel to RRI, dated as of the closing date, to the effect that for U.S. federal income tax purposes the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the Registration Statement of which this document is a part, each of Wachtell Lipton and Skadden has delivered an opinion to Mirant and RRI, respectively, to the same effect as the opinions described above and to the effect that 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 64.

### **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.

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### **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* on page 61.

### **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: *Rosenbloom v. Cason, et al.*, No. 2010CV184223, filed April 13, 2010; *The Vladimir Gusinsky Living Trust v. Muller, et al.*, No. 2010CV184331, filed April 15, 2010; *Ng v. Muller, et al.*, No. 2010CV184449, filed April 16, 2010; and *Bayne v. Muller, et al.*, No. 2010CV184648, filed April 21, 2010. 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. In three of the actions, amended complaints have been filed adding allegations that defendants breached their fiduciary duties by failing to disclose certain information in the preliminary joint proxy statement/prospectus of RRI and Mirant, which is a part of the Registration Statement of RRI that was filed with the SEC on May 28, 2010, and amended on July 6, 2010, August 12, 2010 and September 8, 2010. 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. Motions to dismiss the complaints for failure to state a claim have been filed on behalf of all of the defendants.

On August 17, 2010, the Court entered an order, consented to by all parties, consolidating the four cases under the caption *In re Mirant Corporation Shareholder Litigation*, No 2010CV184223, directing that the amended complaint in *Rosenbloom v. Cason, et al.*, No. 2010CV1c824223, serve as the operative complaint, and appointing co-lead counsel. On August 26, 2010, the parties entered into a memorandum of understanding under the terms of which the parties will negotiate in good faith to enter into a stipulation of settlement based on additional disclosures, to be presented to the Court for approval following consummation of the merger.

### **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;

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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 NYPS (or, with regard to the NYPS, 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 Refinancing* beginning on page 61 and *The Merger Agreement Financing* on page 78);

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 69.

## **Refinancing**

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 combination of a new revolving credit facility to replace their current credit facilities, \$1.4 billion of new senior notes and a \$500 million new term loan (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). RRI and Mirant intend to 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. RRI and Mirant have obtained commitments from several financial institutions to provide a \$750 million to \$1.0 billion five-year revolving credit facility, subject to certain customary conditions. The same financial institutions, or affiliates thereof, have agreed to use commercially reasonable efforts to arrange a syndication of a \$500 million term loan. In addition, certain of the participating financial institutions, or affiliates thereof, are anticipated to act as initial purchasers, underwriters or placement agents in connection with the proposed offering of new senior unsecured notes. For further information regarding the contemplated financing, see *The Merger Refinancing* beginning on page 61 and *The Merger Agreement Financing* on page 78.

## **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.

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**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 74);

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 74.

**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* on page 80 and *The Merger Agreement - Effect of Termination; Termination Fees* beginning on page 80.

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**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;

the 2010 Incentive Plan proposal; and

any RRI Adjournment proposal.

The Share Issuance proposal is not conditioned on the approval of any of the Reverse Stock Split proposal, the Name Change proposal or the 2010 Incentive Plan 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 and the 2010 Incentive Plan proposal are each conditioned on 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 and the 2010 Incentive Plan proposal, provided that the total votes cast on such 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 84.

***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 101.

**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 1,229,817 shares of RRI common stock, or representing less than 1% 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 91,156 shares of Mirant common stock, representing less than 1% 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 June 30, 2010 and for the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2010, which is incorporated by reference herein. For more information, see "Where You Can Find More Information" beginning on page 159.

	Years Ended December 31,					Six Months Ended June 30,	
	2009	2008	2007	2006	2005	2010	2009
	(1)(2)(3)	(1)(2)(3)	(1)(2)(3)	(1)(2)(3)	(1)(2)(3)	(1)(3)	(1)(2)
	(4)(17)	(5)(6)(17)	(7)(8)(17)	(9)(10)(17)	(11)(17)	(4)(17)	(3)(17)
	(in millions)						

**Statements  
of  
Operations  
Data:**

Revenues	\$ 1,825	\$ 3,394	\$ 3,203	\$ 3,040	\$ 3,068	\$ 1,005	\$ 856
Operating income (loss)	(413)	201	(10)	(207)	(591)	(322)	(235)
Loss from continuing operations	(479)	(110)	(202)	(374)	(579)	(453)	(209)
Cumulative effect of accounting changes, net of tax				1	1		
Net income (loss)	403	(740)	365	(328)	(331)	(449)	652

	Years Ended December 31,					Six Months Ended June 30,	
	2008	2007	2006	2005		2009	
	(1)(2)(3)	(1)(2)(7)(8)	(1)(2)(9)(10)	(1)(2)(11)	2010	(1)(2)	
	(1)(2)	(5)(6)(7)	(1)(2)(7)(8)	(1)(2)(9)(10)	(1)	(1)(2)	
<b>Diluted Loss per Share:</b>							
Loss from continuing operations	\$ (1.36)	\$ (0.32)	\$ (0.59)	\$ (1.22)	\$ (1.91)	\$ (1.28)	
					\$ (1.28)	\$ (0.60)	

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	Years Ended December 31,					Six Months Ended June 30,	
	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) (in millions)	2005 (1)(2) (12)(13)	2010 (1)(13)	2009 (1)(2)(13)
<b>Statements of Cash Flow Data:</b>							
Cash flows provided by (used in) operating activities	\$ 193	\$ 183	\$ 762	\$ 1,276	\$ (917)	\$ 53	\$ 412
Cash flows provided by (used in) investing activities	154	216	(179)	1,057	306	(39)	235
Cash flows provided by (used in) financing activities	(509)	(45)	(292)	(1,957)	594	(398)	(268)

	December 31,					June 30,	
	2009 (1)(2)(14)	2008 (1)(2)	2007 (1)(2)	2006 (1)(2)	2005 (1)(2)(15)	2010(1)	
(in millions)							
<b>Balance Sheet Data:</b>							
Total assets	\$ 7,461	\$ 10,722	\$ 11,373	\$ 11,827	\$ 13,569	\$ 6,516	
Current portion of long-term debt and short-term borrowings(16)	405	13	52	355	339		
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	3,802	

- (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 six months ended June 30, 2010 and 2009, RRI had net gains on sales of assets and emission and exchange allowances of \$1 million and \$20 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 six months ended June 30, 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.

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- (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 six months ended June 30, 2010 and 2009, RRI had net proceeds from sales of (purchases of) emission and exchange allowances of \$0 and \$14 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 six months ended June 30, 2010 and 2009, RRI had unrealized gains (losses) on energy derivatives of \$61 million and \$(37) million, respectively.



**Table of Contents****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 159 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.

	2009	Years Ended December 31,				Six Months Ended	
		2008	2007	2006	2005	June 30,	2009
		(in millions except per share data)					
<b>Statements of Operations Data:</b>							
Operating revenues	\$ 2,309	\$ 3,188	\$ 2,019	\$ 3,087	\$ 2,620	\$ 1,124	\$ 1,374
Income (loss) from continuing operations	494	1,215	433	1,752	(1,385)	144	543
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)	144	543
Basic EPS per common share from continuing operations	\$ 3.41	\$ 6.53	\$ 1.72	\$ 6.15	N/A	\$ 0.99	\$ 3.74
Diluted EPS per common share from continuing operations	\$ 3.41	\$ 6.11	\$ 1.56	\$ 5.90	N/A	\$ 0.99	\$ 3.74
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 six months ended June 30, 2010, which are incorporated by reference in this joint proxy statement/prospectus.

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	<b>Years Ended December 31,</b>					<b>Six Months</b>	
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>Ended June 30,</b>	<b>2009</b>
	<b>(in millions)</b>						
Unrealized gains (losses) included in operating revenues	\$ (2)	\$ 840	\$ (564)	\$ 757	\$ (92)	\$ 132	\$ 211
Unrealized losses (gains) included in cost of fuel, electricity and other products	(49)	54	(28)	102	(76)	120	(29)
Total	\$ 47	\$ 786	\$ (536)	\$ 655	\$ (16)	\$ 12	\$ 240

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.

	<b>December 31,</b>					<b>June 30,</b>
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2010</b>
	<b>(in millions)</b>					

**Balance Sheet Data:**

Total assets	\$ 9,528	\$ 10,688	\$ 10,538	\$ 12,845	\$ 14,364	\$ 9,846
Current portion of long-term debt	75	46	142	142	3	563
Long-term debt, net of current portion	2,556	2,630	2,953	3,133	2,579	1,999
Liabilities subject to compromise				18	18	
Stockholders' equity	4,315	3,762	5,310	4,443	3,856	4,472
		14				

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At June 30, 2010, Mirant reclassified the principal balance of the Mirant Americas Generation senior notes due in May 2011 from long-term debt to current portion of long-term debt.

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 six months ended June 30, 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.

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**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 six months ended June 30, 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 June 30, 2010 of Mirant has been prepared to give effect to the merger as if the merger was completed on June 30, 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 June 30, 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 20. 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 106.

	<b>Six Months Ended June 30, 2010</b>	<b>Year Ended December 31, 2009</b>
	<b>(in millions except per share data)</b>	
Operating revenues	\$ 2,117	\$ 4,111
Loss from continuing operations	(233)	(42)
Basic and diluted EPS	(0.30)	(0.05)

	<b>June 30, 2010</b>
	<b>(in millions)</b>
Cash and cash equivalents	\$ 2,489
Total Assets	14,490
Current portion of long-term debt	542
Long-term debt, net of current portion	4,026
Total stockholders' equity	6,422

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table shows per share data regarding income (loss) from continuing operations, book value per share and cash dividends for (a) RRI and Mirant on a historical basis, (b) RRI on a pro forma combined basis and (c) Mirant on a pro forma equivalent basis. The pro forma income (loss) 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 June 30, 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 106.

	<b>RRI Energy Pro Forma Combined</b>		<b>Mirant Pro Forma Equivalent(1)</b>	
	<b>Historical</b>		<b>Historical</b>	
<b>As of and for the Year Ended December 31, 2009</b>				
Income (loss) from continuing operations per common share-basic and diluted	\$ (1.36)	\$ (0.05)	\$ 3.41	\$ (0.14)
Book value per share(2)	12.01	N/A(3)	29.77	N/A(3)
Cash dividends				
<b>As of and for the Six Months Ended June 30, 2010</b>				
Income (loss) from continuing operations per common share-basic and diluted	\$ (1.28)	\$ (0.30)	\$ 0.99	\$ (0.85)
Book value per share(2)	10.76	8.30	30.73	23.54
Cash dividends				

- (1) The pro forma equivalent per share amounts were calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 2.835 shares of RRI common stock per share of Mirant common stock.
- (2) Historical book value per share is computed by dividing total stockholders' equity by the number of shares of RRI Energy or Mirant common stock outstanding, as applicable. Pro forma combined book value per share is computed by dividing pro forma total stockholders' equity by the pro forma number of shares of the combined company common stock that would have been outstanding as of June 30, 2010.
- (3) Unaudited pro forma condensed combined consolidated balance sheet is not required for December 31, 2009.

**Table of Contents****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.

	<b>RRI Common Stock</b>		<b>Mirant Common Stock</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2008</b>				
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
<b>2009</b>				
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
<b>2010</b>				
First Quarter	\$ 6.21	\$ 3.57	\$ 17.02	\$ 10.84
Second Quarter	\$ 4.91	\$ 3.50	\$ 13.83	\$ 10.16
Third Quarter (through September 10, 2010)	\$ 4.30	\$ 3.35	\$ 11.97	\$ 9.36

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 September 10, 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 \$3.75 and the closing sale price per share of Mirant common stock was \$10.49, in each case on the NYSE. The table below sets forth the equivalent market value per share of Mirant common stock on April 9, 2010 and September 10, 2010, as determined by multiplying the closing prices of shares of RRI common stock on those dates by the exchange ratio of 2.835. Although the exchange ratio is fixed (subject to adjustment for the proposed RRI reverse stock split), the market prices of RRI common stock and Mirant common stock will fluctuate before the special meetings and before the merger is completed. The market value of the merger consideration ultimately received by Mirant stockholders will depend on the closing price of RRI common stock on the day such stockholders receive their shares of RRI common stock.

	<b>RRI Common Stock</b>	<b>Mirant Common Stock</b>	<b>Equivalent Per Share of Mirant Common Stock</b>
--	---------------------------------	--------------------------------	--



April 9, 2010	\$ 3.95	\$ 10.73	\$ 11.20
September 10, 2010	\$ 3.75	\$ 10.49	\$ 10.63

**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.

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**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, 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 20.

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 159 for a list of the documents incorporated by reference.

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**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** on page 19, 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.

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***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 Solicitations* beginning on page 74.

***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 72.

***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

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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. If a final 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](#) on page 63.

***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. See [The Merger - Regulatory Approvals Required for the Merger](#) on page 61 and [The Merger - Refinancing](#) beginning on page 61.

The special meetings of RRI and Mirant stockholders at which the merger-related proposals will be considered may take place before 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.

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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. See Litigation Relating to the Merger on page 63.

***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 106. 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 expenses totaling approximately \$200 million, which include \$75 million of transaction costs and \$125 million of restructuring or exit costs that may be incurred to achieve the desired cost savings from the merger. In addition to the \$200 million of expenses, we expect debt issuance costs of \$73 million to be incurred and capitalized in connection with the issuance of new debt by the combined companies.

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.

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***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 52.

***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 use appropriate hedging strategies to manage this risk, including opportunistically hedging over multiple year periods to reduce the variability in realized gross margin from its expected generation. 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.

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***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

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 Reports on Form 10-Q for the quarterly periods ended March 31, 2010 and June 30, 2010, which were filed by RRI with the SEC on May 6, 2010 and July 30, 2010, respectively;

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

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Mirant's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2010 and June 30, 2010, which were filed by Mirant with the SEC on May 7, 2010 and August 6, 2010, respectively.

Please see [Where You Can Find More Information](#) beginning on page 159 for how you can obtain information incorporated by reference into this joint proxy statement/prospectus.

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**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 RRI board of directors 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). In June 2008, Mirant was approached by a larger company about a potential business combination in which Mirant stockholders would receive a distribution of cash on hand at Mirant and shares of the acquiring company, which consideration, in the aggregate, represented a premium to the trading value of shares of Mirant common stock. Mirant and the strategic acquiror negotiated with respect to the financial and contractual terms of the combination but had not reached agreement when negotiations were terminated by the other party in August 2008. In connection with all these actions, Mirant retained J.P. Morgan as its financial advisor and 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 and formed a special committee consisting of Messrs. Steven L. Miller, Chairman of the RRI board of directors, and Evan J. Silverstein, Joel V. Staff and William L. Transier, each directors of RRI, to oversee the process and make associated recommendations to the full RRI board of directors. These alternatives included the sale of all or substantially all of RRI, the sale of some or all of RRI's retail electric business or the sale of some or all of RRI's wholesale generation business. The RRI board of directors engaged Goldman Sachs and Morgan Stanley to act as financial advisors in connection with the strategic review. RRI issued a press release announcing the commencement of the strategic review and the formation of the special committee.

From October 2008 to April 2009, Goldman Sachs and Morgan Stanley had contacts with 36 parties regarding their potential interest in engaging in a strategic business combination transaction involving all or a portion of RRI,

including Mirant. In the fall of 2008, 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 in the event that the RRI retail business was sold. There were no further conversations with Mirant or its representatives during this strategic review.



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In connection with its strategic review, in November and December 2008, RRI entered into confidentiality agreements with approximately ten parties, all of which conducted some level of due diligence on all or a part of RRI's business. Throughout November 2008, Goldman Sachs, Morgan Stanley and members of senior management from RRI made presentations to, and conducted preliminary discussions with, several of these parties. During late 2008 and early 2009, RRI's senior management and financial and legal advisors continued discussions with one such party regarding the potential sale of RRI's wholesale business.

In late 2008, RRI commenced negotiations regarding the sale of its Texas retail business to NRG Energy, Inc., or NRG. On February 28, 2009, RRI announced the execution of a definitive agreement providing for the sale of its Texas retail business to a subsidiary of NRG. No agreement was reached with any other party regarding a strategic business combination transaction. In May 2009, RRI closed the sale of its Texas retail business to NRG and announced that it had concluded its formal review of strategic alternatives.

From time to time, Mr. Jacobs has engaged in informal conversations with other CEOs in the merchant energy sector to build and foster long-term relationships and to discuss various industry issues, including, among other things, climate change, industry fundamentals and the commodities markets, as well as consolidation in the industry. During one such meeting on August 27, 2009, Messrs. Jacobs and Muller's conversation evolved into a discussion of exploring a possible combination of RRI and Mirant on an at-market merger of equals basis. During meetings on September 9 and 10, 2009, Mr. Jacobs briefed the RRI board of directors of this conversation.

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, Messrs. Jacobs and Muller, together with other members of their respective senior management teams, met to discuss a work plan to evaluate the potential benefits of a combination, including potential cost savings and financial impact, and to identify possible impediments to a transaction. 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. Similarly, RRI's senior management team informed and periodically updated the RRI board of directors as to its discussions with Mirant's senior executives and its due diligence review of Mirant.

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, including the significant cost synergies, the increased scale and scope of the combined company, and the increased financial flexibility of the combined company. RRI management also outlined for the RRI board of directors the range of issues that would arise in negotiating a transaction, including structuring and governance issues and the methodology for determining an at-market exchange ratio. The RRI board of directors and management agreed that there would need to be balance in the resolution of these issues in order to reach an effective merger of equals transaction, and the RRI board of directors authorized management to continue discussions. See Rationale for the Merger beginning on page 30.

On October 22, 2009, Messrs. Jacobs and Muller met and discussed potential terms of a transaction, including leadership structure, board composition, headquarters location, and an approach to determine an at-market exchange ratio, which would be based on trading prices for a relatively short period of time prior to announcement of a transaction. On October 22, 2009, RRI engaged Goldman Sachs and Morgan Stanley to assist in evaluating the possible transaction.

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On October 28, 2009, Messrs. Jacobs and Muller discussed the progress that had been made in evaluating the potential benefits of a combination, including those outlined above, and agreed to continue to pursue a possible transaction. Messrs. Jacobs and Muller determined that the next step would be for the two of them to meet with Mr. Miller and Mr. A.D. Correll, the lead director of Mirant, to discuss governance matters.

In late October 2009, Mr. Muller was contacted by the chief executive officer of another company in the power generation industry, which is referred to as Party A, who indicated that Party A was interested in acquiring Mirant for a mix of cash and stock at a premium to Mirant's then current market price and, in response to Mr. Muller's request, provided a preliminary, non-binding indication of interest.

On November 4, 2009, the Mirant board of directors met for a regularly scheduled meeting, 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. The Mirant board of directors were also apprised of the contact that had been made by Party A.

On November 18, 2009, the RRI board of directors received an update from Mr. Jacobs, other members of senior management and RRI's legal and financial advisors on the status of the discussions with Mirant. The RRI board of directors and senior management discussed various governance issues, including the location of the headquarters of the combined company, the need for a lead director, board composition, and CEO succession, as well as alternatives for determining an at-market exchange ratio.

On December 2, 2009, Messrs. Jacobs and Miller met with Messrs. Muller and Correll to discuss various issues regarding the proposed transaction, including the governance and executive leadership of the combined company and the location of the combined company's headquarters.

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 and composition of the board of directors of the combined company, the composition of the senior management of the combined company and the methodology for determining an at-market exchange ratio. On December 11, 2009, Mr. Jacobs communicated to Mr. Muller RRI's position on the terms discussed at their previous meeting, including RRI's view that the headquarters of the combined company would be in Houston, Mr. Muller would be CEO of the combined company, the leadership team of the combined company would reflect a balance from each company, and that the exchange ratio would be based upon the average trading prices of the Mirant and RRI shares for ten days prior to announcement of a transaction. Mr. Muller indicated that the Mirant board of directors would consider RRI's position on each of the various terms.

Also in December 2009, following the entering into of a confidentiality agreement the previous month and preliminary mutual due diligence, Party A's chief executive officer informed Mr. Muller that, based on the limited due diligence performed to date, Party A was no longer interested in pursuing an acquisition of Mirant.

On January 4, 2010, Mr. Muller communicated to Mr. Jacobs a proposal regarding the issues that Mr. Jacobs had outlined in the December 11th conversation. The Mirant proposal contemplated that the exchange ratio would be set to achieve a specified percentage ownership of the combined company by each company's respective stockholders, that the combined company would be headquartered in Atlanta, that the combined company's board would consist of ten members, with five directors from each company, that board committee membership and committee leadership positions would be evenly split, that the lead director position would be filled by an RRI director, and that Mr. Muller would be chairman and chief executive officer, and Mr. Jacobs would be president and chief operating officer, of the combined company.

On January 19, 2010, Mr. Jacobs communicated to Mr. Muller a response to the Mirant January 4th proposal. The RRI response contemplated the board size and composition, committee membership and leadership positions and lead director position as proposed by Mirant. The RRI response contemplated that the exchange ratio would be based on the volume weighted average prices of the Mirant and RRI shares over a ten trading-day period ending two days prior to announcement of a transaction, with no premium being applied to such exchange ratio in favor of either Mirant or RRI stockholders, and that the combined company's headquarters would be in Houston.

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On January 26, 2010, Mr. Correll informed Mr. Miller that the reaction of the Mirant board of directors to the January 19th RRI proposal was generally favorable, including with respect to the location of the corporate headquarters and the methodology for determining the exchange ratio.

In late January 2010, Mr. Muller was contacted by and met with the chief executive officer of a smaller company in the power generation industry, which is referred to as Party B. At this meeting, Party B's chief executive officer informed Mr. Muller that Party B was interested in entering into a strategic business combination with Mirant. In late February 2010, following the entering into of a confidentiality agreement the previous month and preliminary mutual due diligence, Mirant's management determined that a strategic business combination with Party B did not present a sufficiently attractive strategic alternative and Mr. Muller advised Party B's chief executive officer that Mirant was not interested in pursuing a business combination with Party B.

On February 1, 2010, following meetings between the senior management teams to further explore potential benefits of the transaction, Messrs. Jacobs and Muller discussed the composition of a senior leadership team, organizational structure and the operating philosophy for the combined company.

On February 3, 2010, Mr. Jacobs and RRI's advisors updated the members of the RRI board of directors regarding the February 1 discussions between Messrs. Jacobs and Muller. The RRI board of directors decided to invite Messrs. Muller and Correll to meet with the RRI board of directors to discuss their operating philosophy and strategic vision for the combined company.

Between February 3, 2010 and March 13, 2010, Messrs. Jacobs and Muller continued to have periodic discussions regarding the composition of a senior leadership team, organizational structure and the operating philosophy for the combined company.

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 of the operating philosophy and strategic vision of the combined company, as well as the challenges facing the industry, including the impact of proposed carbon legislation and environmental regulations, 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. 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

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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 compensation and benefit matters and general timing considerations. 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 20.

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



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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 31 or by the Mirant board of directors described under Mirant Board of Directors Recommendation and Its Reasons for the Merger beginning on page 34 will be realized. See Risk Factors beginning on page 20 and Cautionary Statement Regarding Forward-Looking Statements on page 19.

**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 36 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.

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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 80.

The governance arrangements contained in the merger agreement providing that, after completion of the merger, (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.

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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 Refinancing* beginning on page 61 and *The Merger Agreement Financing* on page 78.

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 56.

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*, beginning on page 20, and the matters described under *Cautionary Statement Regarding Forward-Looking Statements* on page 19.

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.

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**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 30:

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 45.

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 80.

The governance arrangements contained in the merger agreement providing that, after completion of the merger, (i) the board of directors of the combined company will initially consist of ten directors,



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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 Refinancing* beginning on page 61 and *The Merger Agreement Financing* on page 78.

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 52.

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, beginning on page 20, and the matters described under Cautionary Statement Regarding Forward-Looking Statements on page 19.

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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

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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.

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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.**



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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,

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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.

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

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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:

	<b>Range for Selected Companies</b>	<b>RRI</b>	<b>Mirant</b>
<b>Aggregate Value as a multiple of:</b>			
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
<b>Net Debt as a multiple of:</b>			
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
<b>Aggregate Value as a multiple of:</b>			

Total Installed Capacity (\$/kW)	\$/kW 503-596	\$/kW 218	\$/kW 317
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*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

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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:

Company	Management's Estimates	
	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 Estimates	
	EBITDA Multiple Range	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 based on an estimate of unlevered free cash flows. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative discount rate of 9.25%. The range of perpetuity growth rates was estimated by RRI's Financial Advisors utilizing their professional judgment and experience, taking into account the forecasts and market expectations regarding long-term growth of gross domestic product and inflation.

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 based on an estimate of unlevered free cash flows. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative terminal discount rate of 8.0%. The range of perpetuity growth rates was estimated by RRI's Financial Advisors utilizing their professional judgment and experience, taking into account the forecasts and market expectations regarding long-term growth of gross domestic product and inflation. These analyses resulted in the following ranges of implied present values per share of common stock:

Company	Illustrative per Share Value Indications	Implied Exchange Ratio
RRI	\$ 2.65-\$ 3.62	2.591-4.7396
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



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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:

<b>Period</b>	<b>Implied Historical Exchange Ratio</b>	<b>Implied RRI Percentage Ownership</b>
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 enterprise valuation multiple, which is referred to as the implied equity contribution. The following table presents the results of this analysis:

<b>Year</b>	<b>RRI Implied Equity Contribution</b>			
	<b>Open EBITDA</b>		<b>Adjusted EBITDA</b>	
	<b>No Synergies</b>	<b>Synergies</b>	<b>No Synergies</b>	<b>Synergies</b>
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

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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:

<b>Analysis</b>	<b>RRI's Management's Estimates Implied Prices per Share</b>
Illustrative Pro Forma EBITDA Multiple Analysis	\$ 2.34-\$4.34
Midpoint of Illustrative EBITDA Multiple Analysis	\$ 1.32

<b>Analysis</b>	<b>IBES Estimates Implied Prices per Share</b>
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 based on an estimate of unlevered free cash flows. This illustrative terminal value was then discounted to calculate indications of present value using an illustrative discount rate of 8.75%. The range of perpetuity growth rates was estimated by RRI's Financial Advisors utilizing their professional judgment and experience, taking into account the forecasts and market expectations regarding long-term growth of gross domestic product and inflation. 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

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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

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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



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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 companies, referred to as the selected companies, which companies were selected generally because, as is the case with Mirant and RRI, they are U.S.-based merchant generation 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 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 of 7.5x to 8.5x 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:

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

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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, whether or not consummated, which are referred to as the selected transactions. The following transactions were selected generally because, as is the case with the merger, they involve U.S.-based independent power producer companies and utilities

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engaged in both regulated utility operations and unregulated wholesale power generation, have multi-billion dollar transaction values and relate to corporate-level business combinations:

<b>Acquirer</b>	<b>Target</b>
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 of 7.5x to 8.5x 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:

<b>Implied per Share Equity Value Reference Ranges for Mirant Based on:</b>		<b>Mirant Closing Stock Price on April 9, 2010</b>
<b>Mirant Management Estimates</b>	<b>Mirant Street Estimates</b>	
\$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 to Mirant's fiscal year 2014 estimated Open EBITDA, adjusted for non-recurring items, a selected range of terminal value multiples of 7.5x to 8.5x, which range was selected taking into consideration, among other things, Open EBITDA multiples derived for Mirant, RRI and the selected companies referred to above under the caption "Mirant Standalone Financial Analyses - Selected Companies Analysis." 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%, which range was selected taking into consideration, among other things, a weighted average cost of capital calculation. 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:

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

\$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 described above under the heading *Mirant Standalone Financial Analyses - Selected Companies Analysis.* 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 of 7.5x to 8.5x to corresponding data of RRI based both on internal estimates of

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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"):

	<b>Implied per Share Equity Value</b>		<b>RRI Closing Stock Price on April 9, 2010</b>
	<b>Reference Ranges for RRI Based on:</b>		
	<b>RRI Base Case</b>	<b>RRI Street Estimates</b>	
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 described above under the heading "Mirant Standalone Financial Analyses - Selected Transactions Analysis." 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 of 7.5x to 8.5x 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"):

	<b>Implied per Share Equity Value</b>		<b>RRI Closing Stock Price on April 9, 2010</b>
	<b>Reference Ranges for RRI Based on:</b>		
	<b>RRI Base Case</b>	<b>RRI Street Estimates</b>	
	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 to RRI's fiscal year 2014 estimated Open EBITDA, adjusted for non-recurring items, a selected range of terminal value multiples of 7.5x to 8.5x, which range was selected taking into consideration, among other things, Open EBITDA multiples derived for RRI, Mirant and the selected companies referred to above under the caption "Mirant Standalone Financial Analyses - Selected Companies Analysis." 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%, which range was selected taking into consideration, among other things, a weighted average cost of capital calculation. 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:

<b>Implied per Share Equity Value</b>	<b>RRI Closing Stock</b>
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<b>Reference Ranges for RRI Based on:</b>		<b>Price on April 9, 2010</b>
<b>RRI Base Case</b>	<b>RRI Street Estimates</b>	
\$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

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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.

<b>Implied Exchange Ratio Reference Range</b>	<b>Merger Exchange Ratio</b>
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 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.



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***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 and, accordingly, such analyses may not necessarily utilize all companies or transactions that could be deemed comparable to Mirant, RRI or 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.

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**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 52.

*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 52.

*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 amend Article IV, Section 2 thereof 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 board of directors of the combined company then in office. This amendment will provide time for the designated leadership team to achieve the integration and ensure the stability of the combined company's senior management, while retaining flexibility for the board of directors of the combined company to change the leadership team if it determines to do so.

**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.

**Table of Contents***Equity Compensation Awards*

Upon completion of the merger, (i) 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 and (ii) 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 June 30, 2010.

	<b>Outstanding Stock Options That Would Vest (#)</b>	<b>Outstanding Restricted Stock Units That Would Vest (#)</b>
Named Executive Officers		
Edward R. Muller	392,945	338,061
J. William Holden III	60,256	51,928
Julia A. Houston	46,265	40,511
John L. O Neal	58,294	50,286
James P. Garlick	48,494	41,986
Anne M. Cleary	42,162	37,071
Other Officer		
Robert Gaudette	15,113	13,054
Non-Employee Directors, as a group		47,299

*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.

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Based on compensation and benefit levels in effect on June 30, 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 approximately \$1,978,000, \$1,980,000 and \$2,014,000, 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



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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

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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 June 30, 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 approximately \$7,589,000, \$3,079,000 and \$1,765,000, 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 June 30, 2010 and assuming the employment of each executive officer is terminated by Mirant immediately following the merger, each of Messrs. Muller, Holden, O'Neal, Garlick and Gaudette and Messes. Houston and Cleary and the non-employee directors, as a group, will receive approximately \$2,110,000, \$43,000, \$165,000, \$86,000, \$12,000, \$62,000, \$211,000 and \$497,000, 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 \$32.9 million, based on obligations as of June 30.

### *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. Approximately \$4,016,000 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.

**Table of Contents***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 June 30, 2010, (i) 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, (ii) 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 (iii) the number of vested restricted stock units held by non-employee directors, as a group, whose settlement will accelerate.

	<b>Outstanding Stock Options That Would Vest</b>	<b>Outstanding Restricted Stock Units That Would Vest in Full</b>	<b>Outstanding Performance Based Restricted Stock Units That Would Vest Pro Rata*</b>	<b>Vested Restricted Stock Units Held by Non-Employee Directors</b>
Named Executive Officers				
Mark M. Jacobs	502,394	846,853	24,897	
Michael L. Jines	130,578	181,370	6,681	
Rick J. Dobson	212,222	322,008	10,289	
D. Rogers Herndon	105,631	163,736	5,438	
David D. Brast	52,523	82,829	2,686	
Other Executive Officers, as a group	190,882	287,561	9,393	
Non-Employee Directors, as a group				103,397

\* Represents cash-settled restricted stock units granted in 2010, determined at target levels and assuming the merger was completed on June 30, 2010.

*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

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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 June 30, 2010 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 \$2,950,000, \$1,329,000, \$1,099,000 and \$1,185,000 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



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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 June 30 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 \$6,065,000, \$2,408,000 and \$3,369,000 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 \$3,700,000). 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 June 30, 2010, was approximately \$538,000. 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 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, \$185,000 and \$57,850, and other RRI executive officers (Messrs. Freysinger and Livengood and Ms. Taylor) as a group, \$104,240.

*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

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compensation arrangements. The amount of such contribution is expected to be approximately \$11,800,000, based on obligations as of June 30, 2010.

**Supplemental Information Outstanding Equity Compensation Awards***Existing Awards.*

The following information is as of June 30, 2010, and relates to existing RRI and Mirant equity compensation awards, together with notes that summarize treatment of the awards upon completion of the merger. References to the exchange ratio mean the 2.835 exchange ratio applicable under the merger agreement, subject to adjustment for the proposed RRI reverse stock split.

	Stock Options				
	Outstanding Options <sup>(1)</sup>	Weighted Average Exercise Price <sup>(1)</sup>	Weighted Average Remaining Term (in years)	Outstanding Stock-Settled Awards <sup>(2)</sup>	Shares Available for Future Grants <sup>(3)</sup>
<b>RRI</b>	6,577,669	\$ 12.46	3.2	2,046,187	16,315,961
<b>Mirant</b>	4,183,609	\$ 21.28	6.6	1,942,729	9,145,087

- (1) Will vest and remain outstanding subject to the terms and conditions applied prior to the merger. Mirant options and exercise prices will convert at the exchange ratio.
- (2) Stock-settled restricted stock units will vest in full and Mirant units will convert at the exchange ratio. Settlement of the Mirant units will be subject to the holder's valid deferral elections.
- (3) If stockholders approve the 2010 Incentive Plan, the combined company will terminate the existing RRI and Mirant equity compensation plans. See RRI Proposals Item 4. The 2010 Incentive Plan Proposal.

*As Converted Awards.*

The following information is as of June 30, 2010, and reflects the existing RRI equity compensation awards and the existing Mirant equity compensation awards on an as-converted basis assuming the merger is completed (without regard to the proposed RRI reverse stock split).

	Stock Options		Weighted Average Remaining	
	Outstanding Options <sup>(1)</sup>	Weighted Average Exercise Price <sup>(1)</sup>	Term (in years)	Outstanding Stock-Settled Awards <sup>(2)</sup>

<b>RRI</b>	6,577,669	\$ 12.46	3.2
<b>Mirant</b>	11,860,532	\$ 7.51	6.6
<b>Total</b>	18,438,201	\$ 9.27	5.4

(1) See note (1) above.

(2) See note (2) above.

*Outstanding Common Stock.*

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 for the proposed RRI reverse stock split. See *The Merger Agreement – Terms of the Merger* on page 67. Assuming the number of Mirant's shares of common stock outstanding remains unchanged, the Mirant shares will be converted into approximately 412,625,570 shares of RRI common stock based on 145,546,938 Mirant shares outstanding as of the record date. With the inclusion of the 353,432,149 RRI common shares outstanding as of the record date, a total of approximately 766,057,719 common shares would be outstanding upon the conversion of Mirant common shares.

*Other.*

For further discussion of treatment of outstanding equity compensation awards in the merger, see *The Merger Interests of Directors and Executive Officers in the Merger* beginning on page 52 and *The Merger – Treatment of Mirant Stock Options and Other Equity Based Awards* on page 62. On September 10, 2010, the closing sale price of RRI common stock was \$3.75 per share.

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**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. On June 14, 2010, the parties filed notification of the proposed transaction with the Federal Trade Commission and the Department of Justice, which is referred to as the DOJ, under the HSR Act. On July 15, 2010, RRI and Mirant received from the DOJ a request for additional information and material relating to the merger under the HSR Act, which is generally referred to as a Second Request. RRI and Mirant are in the process of responding to the Second Request and continue to cooperate with the DOJ's review of the merger. 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 and a joint petition under Section 70 of the New York Public Service Law with the NYPSC on April 23, 2010. On August 2, 2010, FERC issued an order under Section 203 of the Federal Power Act approving the merger. RRI and Mirant made separate filings voluntarily informing the CPUC of the merger pursuant to CPUC General Order 167 on April 28, 2010.

**Refinancing**

RRI and Mirant are in the process of arranging mutually acceptable debt financing as contemplated under the merger agreement. See *The Merger Agreement Financing* on page 78. RRI and Mirant have entered into agreements pursuant to which financial institutions have committed to provide a \$750 million to \$1.0 billion five-year revolving credit facility, subject to customary conditions to closing, including:

the consummation of the merger;

the receipt of at least \$1.9 billion in gross cash proceeds from the issuance of senior unsecured notes and term loan borrowings; and

the closing of the credit facility on or before December 31, 2010.

The revolving credit facility and term loan facility, and the subsidiary guarantees thereof, will be senior secured obligations of the combined company (proposed to be renamed GenOn Energy, Inc.) and certain of its

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subsidiaries; provided, however, that Mirant Americas Generation's subsidiaries (other than Mirant Mid-Atlantic and Mirant Energy Trading and their subsidiaries) will guarantee the revolving credit facility and term loan only to the extent permitted under the indenture for the senior notes of Mirant Americas Generation.

The participating financial institutions, or affiliates thereof, have also agreed to use commercially reasonable efforts to arrange a syndication of a \$500 million term loan. In addition, certain of the participating financial institutions, or affiliates thereof, are anticipated to act as initial purchasers, underwriters or placement agents in connection with the proposed offering of senior unsecured notes.

We anticipate closing the proposed notes offering into escrow. Upon consummation of the merger, such notes will become senior unsecured obligations of the combined company (GenOn Energy, Inc.).

## **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.



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**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: *Rosenbloom v. Cason, et al.*, No. 2010CV184223, filed April 13, 2010; *The Vladimir Gusinsky Living Trust v. Muller, et al.*, No. 2010CV184331, filed April 15, 2010; *Ng v. Muller, et al.*, No. 2010CV184449, filed April 16, 2010; and *Bayne v. Muller, et al.*, No. 2010CV184648, filed April 21, 2010. 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. In three of the actions, amended complaints have been filed adding allegations that defendants breached their fiduciary duties by failing to disclose certain information in the preliminary joint proxy statement/prospectus of RRI and Mirant, which is a part of the Registration Statement of RRI that was filed with the SEC on May 28, 2010, and amended on July 6, 2010 and August 12, 2010. 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. Motions to dismiss the complaints for failure to state a claim have been filed on behalf of all of the defendants.

On August 17, 2010, the Court entered an order, consented to by all parties, consolidating the four cases under the caption *In re Mirant Corporation Shareholder Litigation*, No. 2010CV184223, directing that the amended complaint in *Rosenbloom v. Cason, et al.*, No. 2010CV1c824223, serve as the operative complaint, and appointing co-lead counsel. On August 26, 2010, the parties entered into a memorandum of understanding under the terms of which the parties will negotiate in good faith to enter into a stipulation of settlement based on additional disclosures, to be presented to the Court for approval following consummation of the merger.

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**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 arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, and 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**

It is a condition to the obligation of Mirant to complete the merger that Mirant receive a written opinion from Wachtell Lipton, 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, 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. Neither RRI nor Mirant currently intends to waive this opinion condition to its obligation to effect the merger. If either RRI or Mirant does waive this opinion condition after the Registration Statement is declared effective by the Commission, and if the U.S. federal income tax consequences of the merger to Mirant stockholders have materially changed, RRI and Mirant will recirculate the joint proxy statement/prospectus and resolicit the stockholder votes of RRI and Mirant. In addition, in connection with the filing of the registration statement of which this document is a part, each of Wachtell Lipton and Skadden has delivered an opinion to Mirant and RRI, respectively, to the same effect as the opinions described above and

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to the effect that 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 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.

Accordingly, and on the basis of the foregoing opinions, as a result of the merger qualifying 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'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.

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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.**

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**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

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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

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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;

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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;

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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.

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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

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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

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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.

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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.

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Notwithstanding these restrictions, before RRI or Mirant, as the case may be, obtains its stockholder approval, the RRI board of directors or the Mirant board of directors, as the case may be, may make a recommendation change and terminate the merger agreement if:

following the receipt of an alternative proposal that did not result from a breach of the non-solicitation provisions of the merger agreement and has not been withdrawn:

the subject company's board of directors determines in good faith, after consultation with its financial advisors that the alternative proposal constitutes a superior proposal (as defined below);

the subject company's board of directors, following consultation with its outside legal counsel, determines that the failure to make a recommendation change or terminate the merger agreement would be reasonably likely to be inconsistent with the exercise of its fiduciary duties under applicable law;

the subject company provides the other party with written notice that its board of directors intends to make a recommendation change at least five business days prior to taking such action; and

at the end of the five business day notice period, the subject company's board of directors again makes a determination in good faith after consultation with its outside legal counsel and financial advisors (taking into account any adjustment or modification of the terms of the merger agreement proposed by the other party) that the alternative proposal continues to constitute a superior proposal and that the recommendation change is required to comply with the fiduciary duties of the subject company's board of directors;

or

in response to a material development or change in circumstances occurring or arising after the date of the merger agreement that was neither known to the board of directors of RRI or Mirant, as the case may be, nor reasonably foreseeable at the date of the merger agreement (and which change or development does not relate to an alternative proposal):

the board of directors of RRI or Mirant, as the case may be, following consultation with its outside legal counsel, determines that the failure to make a recommendation change would be reasonably likely to be inconsistent with the exercise of its fiduciary duties under applicable law;

RRI or Mirant, as the case may be, provides the other party with written notice that its board of directors is considering making a recommendation change (and, in reasonable detail, the reasons for such change) at least five business days prior to taking such action; and

during such five business day period, RRI or Mirant, as the case may be, has considered and, at the reasonable request of the other party, engaged in discussions regarding, any adjustments to the merger agreement that have been proposed in writing by the other party.

A superior proposal means a written alternative proposal (with references to 20% being replaced by references to 50%) made by any third party on terms that the subject company's board of directors determines in good faith, after consultation with its outside legal counsel and financial advisor, is more favorable to its stockholders than the merger taking into account such factors (including timing, likelihood of consummation, legal, financial and regulatory, and the person making such proposal) deemed relevant by the subject company's board of directors.

Notwithstanding the restrictions described above, the merger agreement does not prohibit RRI or Mirant from (i) taking and disclosing to its respective stockholders a position required by Rule 14e-2 under the Exchange Act or (ii) complying with Rule 14d-9 under the Exchange Act.

**Reasonable Best Efforts to Obtain Required Stockholder Approval**

Each of RRI and Mirant has agreed to, as promptly as practicable after the date of the merger agreement, take all action necessary to duly give notice of, convene and hold a meeting of its stockholders to consider, in



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the case of RRI, the Share Issuance proposal, and, in the case of Mirant, the Merger proposal. Unless a recommendation change occurs in compliance with the terms of the merger agreement, each of RRI and Mirant will use reasonable best efforts to take all actions necessary or advisable to obtain the required stockholder approval.

### **Agreement to Take Further Action and to Use Reasonable Best Efforts**

RRI and Mirant are required under the terms of the merger agreement to use their reasonable best efforts to promptly take all necessary or advisable actions under applicable laws to complete the merger and the other transactions contemplated by the merger agreement, including obtaining necessary consents and approvals from governmental entities and third parties, defending against lawsuits challenging the merger agreement or the transactions contemplated by the merger agreement and executing and delivering any additional instruments necessary to complete the merger, subject to certain exceptions.

The merger agreement provides that RRI and Mirant will promptly make their respective filings and thereafter make any other required submissions under the HSR Act, and use their respective reasonable best efforts to file an approval application with the FERC, an application for approval, or a determination that no approval is required, with the NYPSC, a notice to the CPUC and any other filings, determined to be required as promptly as practicable after the date of the merger agreement.

### **Employee Benefits Matters**

The merger agreement provides that, following completion of the merger, RRI will honor all RRI benefit plans and Mirant benefits plans and any other compensation arrangements and agreements in accordance with their terms as in effect immediately prior to the consummation of the merger and will assume specified employment agreements with certain Mirant employees. See *The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Mirant in the Merger Employment Agreements* beginning on page 54 for a description of the terms of the employment agreements to be assumed by RRI.

Following completion of the merger, RRI benefit plans and Mirant benefit plans will remain in effect and employees of the combined company who, prior to the effective time of the merger, were covered by such plans will continue to be covered until such time as RRI otherwise determines, subject to applicable laws and the terms of such plans. The merger agreement provides that it is the intention of RRI and Mirant, to the extent permitted by applicable laws, to (i) develop new benefit plans as soon as reasonably practicable after the consummation of the merger, which, among other things (A) treat similarly situated employees on a substantially equivalent basis (taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities) and (B) do not discriminate between legacy RRI employees and legacy Mirant employees and (ii) provide to similarly situated employees of the combined company base salaries and wage rates and cash bonus opportunities on a substantially equivalent basis and in a manner that does not discriminate between legacy RRI employees and legacy Mirant employees.

With respect to any benefit plans in which any employees of the combined company first becomes eligible to participate on or after the consummation the merger, RRI has agreed to: (i) waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees and their eligible dependents (except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous RRI benefit plan or Mirant benefit plan, as the case may be), (ii) provide each employee of the combined company and their eligible dependents with credit for any co-payments and deductibles paid prior to completion of the merger under an RRI benefit plan or Mirant benefit plan (to the same extent that such credit was given under the analogous benefit plan prior to completion of the merger) in satisfying any applicable deductible or out-of-pocket requirements and (iii) recognize all service of the employees of the combined company with RRI and Mirant, and their respective affiliates, for all purposes (including purposes of eligibility to participate, vesting credit,

entitlement to benefits, and, except with respect to defined benefit pension plans, benefit accrual) in any new benefit plan of the combined company in which

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such employees may be eligible to participate after completion of the merger, except that such service recognition will not apply to the extent it would result in duplication of benefits.

## **Financing**

RRI and Mirant have each agreed to use reasonable best efforts to promptly arrange and obtain debt financing (i)(A) in an amount necessary to complete the refinancing transactions contemplated under the merger agreement and (B) on terms substantially consistent with or not substantially less favorable to the parties, in each party's good faith commercial judgment, than the terms that have been previously agreed to between RRI and Mirant, or (ii) if the financing described in clause (i) is not available or the parties agree to pursue other debt financing, in such amounts and on such terms and conditions as are acceptable to both RRI and Mirant, in each party's sole discretion (such financing is referred to as acceptable financing). The merger agreement does not require either RRI or Mirant to arrange or obtain debt financing that is not acceptable financing.

In furtherance of the foregoing, if acceptable financing is available, RRI and Mirant have each agreed to use their respective reasonable best efforts to (i) negotiate and enter into definitive agreements with respect to such acceptable financing, and to offer customary fees, discounts and other incentives to potential financing sources, (ii) satisfy on a timely basis all conditions applicable to such acceptable financing in such definitive agreements, and (iii) use reasonable best efforts to complete the acceptable financing at or prior to completion of the merger.

With respect to any acceptable financing proposed to be entered into, RRI and Mirant will each, and will cause their respective subsidiaries to, use reasonable best efforts to (i) participate in a reasonable number of meetings, presentations, road shows, due diligence sessions and sessions with rating agencies, (ii) assist in the preparation of (A) any offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents required in connection with such acceptable financing (and to provide any financial and other information customarily included in any such document) and (B) materials for rating agency presentations, (iii) obtain customary accountants' comfort letters including negative assurance comfort and consents of accountants for use of their reports in any materials relating to such acceptable financing, legal opinions, appraisals, surveys, title insurance and other customary documentation, (iv) execute and deliver any pledge and security documents, other definitive financing documents, or other certificates or documents, as may be reasonably necessary to facilitate such acceptable financing, and (v) take all corporate actions reasonably necessary or customary to permit the consummation of such acceptable financing.

Furthermore, the merger agreement provides that (i) RRI will take certain specified actions with respect to (A) its credit and guaranty agreement, dated as of June 12, 2007, (B) its 6.75% senior secured notes due 2014 and (C) all of the outstanding PEDFA bonds and its guarantees thereof, and (ii) Mirant will take certain specified actions with respect to (1) Mirant North America, LLC's credit agreement, dated as of January 3, 2006 and (2) all of the issued and outstanding notes under Mirant North America, LLC's indenture, dated as of December 23, 2005.

## **Other Covenants and Agreements**

The merger agreement contains additional agreements relating to, among other matters:

### ***Access to Information; Confidentiality***

Until completion of the merger, each of RRI and Mirant will afford the other party and its representatives reasonable access on certain conditions to all of its and its subsidiaries' respective properties, books, contracts, commitments, personnel and records. Each of RRI and Mirant will keep confidential any nonpublic information in accordance with the terms of the confidentiality agreement between RRI and Mirant.



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### ***State Takeover Laws***

In the event that any state takeover law becomes applicable to the merger agreement or any of the transactions contemplated thereby, each of RRI and Mirant will grant such approvals and take such actions as are reasonably necessary so that the transactions contemplated by the merger agreement are completed as promptly as practicable on the terms contemplated by the merger agreement and otherwise act to eliminate or minimize the effects of such law on the transactions contemplated by the merger agreement.

### ***Indemnification and Insurance***

All rights to indemnification, advancement of expenses and exculpation now existing in favor of the current or former directors, officers or employees of Mirant and its subsidiaries shall survive the merger and continue in full force and effect for a period of six years after completion of the merger. RRI and the surviving company will indemnify Mirant's current and former directors, officers and employees against all costs, expenses and other payments arising out of or relating to any action or omission occurring before or after completion of the merger, and, for a period of six years from completion of the merger, maintain Mirant's existing directors' and officers' liability insurance and fiduciary liability insurance with annual premiums not in excess of 300%, or a single up-front payment not in excess of 600%, of the last annual premium paid by Mirant.

### ***Certain Tax Matters***

After completion of the merger, any real estate transfer tax will be borne by the surviving company and expressly shall not be a liability of the Mirant stockholders. Each of RRI and Mirant will not, and will not permit any of its respective subsidiaries to, take any action, or fail to take any action, that would reasonably be expected to jeopardize the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code. Furthermore, each of RRI and Mirant will (i) keep the other party reasonably apprised of the status of any material tax matters and (ii) not settle or compromise any material tax liability or refund without first using reasonable good faith efforts to consult in good faith with the other party if such settlement or compromise could have an adverse effect that, individually or in the aggregate, is material to the party proposing to settle or compromise the tax liability or refund.

### ***Section 16 Matters***

Each of RRI and Mirant has agreed to take, prior to completion of the merger, all steps necessary to exempt, under Rule 16b-3 promulgated under the Exchange Act, any dispositions of Mirant common stock or acquisitions of RRI common stock by Mirant officers or directors pursuant to the merger.

### ***Public Announcements***

Subject to certain exceptions, RRI and Mirant have agreed to use reasonable best efforts to consult with each other before issuing, and provide each other with the reasonable opportunity to review and comment upon, any press release or any public announcement primarily relating to the merger agreement or the transactions contemplated thereby.

### ***Listing***

RRI has agreed to use reasonable best efforts to cause the RRI common stock issued or reserved for issuance in connection with the merger to be authorized for listing on the NYSE prior to completion of the merger.

### ***Expenses***

Each of RRI and Mirant has agreed to pay its own fees and expenses incurred in connection with the merger and the merger agreement, except that each company has agreed to pay 50% of the costs and expenses incurred in connection with (i) the filing of pre-merger notification and report forms under the HSR Act,

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(ii) obtaining acceptable financing and (iii) the printing, filing and mailing of this joint proxy statement/prospectus.

***Control of Operations***

Mirant and RRI agree that, without limiting either Mirant's or RRI's rights or obligations under the merger agreement, nothing in the merger agreement shall give either party the right to control or direct the other party's operations and, prior to completion of the merger, each party will exercise, consistent with the conditions of the merger agreement, complete control and supervision over its operations.

**Termination of the Merger Agreement**

The merger agreement may be terminated 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 both RRI and Mirant; or

by either RRI or Mirant:

if the merger has not been completed on or prior to December 31, 2010, which date is referred to as the end date; provided, however, each of RRI or Mirant has the right, in its discretion, to extend the end date to March 31, 2011 if the only conditions to completion of the merger that have not been satisfied (other than those conditions that by their nature are to be satisfied at the closing) at the time of such extension are those regarding the receipt of all required regulatory approvals described above under Conditions to Completion of the Merger;

if 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 such injunction;

if RRI stockholders do not approve the Share Issuance proposal at an RRI stockholder meeting (or at any adjournment or postponement thereof) at which the RRI stockholders vote on such proposal;

if Mirant stockholders do not approve the Merger proposal at a Mirant stockholder meeting (or at any adjournment or postponement thereof) at which the Mirant stockholders vote on such proposal;

upon a breach by the other party of any covenant or agreement, or if any representations or warranties fail to be true and correct, on the part of the other party such that the conditions to the other party's obligation to complete the merger would not then be satisfied and such breach is not cured within the earlier of 30 days after written notice of such breach is received by the other party or is incapable of being cured by the end date; provided that the party seeking termination is not then in material breach of any representation, warranty, covenant or agreement contained in the merger agreement;

in the event that the other party's board of directors effects a recommendation change; or

prior to obtaining the requisite approval of its stockholders, in order to enter into a definitive agreement with respect to a superior proposal; provided that the party seeking termination has complied with its obligations described under Board Recommendations and pays the non-terminating party the alternative proposal termination fee as described below under Effect of Termination; Termination Fees.

**Effect of Termination; Termination Fees**

If the merger agreement is validly terminated, there shall be no liability on the part of any party except for liability arising out of an intentional breach of the merger agreement. The provisions of the merger agreement relating to the effects of termination, fees and expenses, termination payments, governing law,



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amendments and waivers, interpretation, jurisdiction, waiver of jury trial and specific performance, as well as the confidentiality agreement entered into between RRI and Mirant, will continue in effect notwithstanding termination of the merger agreement. Upon termination of the merger agreement, a party may become obligated to pay to the other party a termination fee.

The merger agreement contains a reciprocal termination fee of approximately \$58 million, which is referred to as the alternative proposal termination fee, payable under the circumstances described below:

by the terminating party to the other party if the merger agreement is terminated by the terminating party in order to enter into a definitive agreement with respect to a superior proposal, which fee shall be paid upon termination of the merger agreement;

to the terminating party by the other party if the merger agreement is terminated by the terminating party following a change of recommendation by the other party's board of directors in light of a superior proposal, which fee shall be paid within two business days of the termination of the merger agreement; or

by RRI to Mirant or Mirant to RRI, as applicable, in a situation that satisfies each of the following conditions (with such termination fee payable by the party that entered into or completed the alternative proposal described below upon the consummation of a transaction resulting from such alternative proposal):

RRI or Mirant or their respective stockholders receive an alternative proposal prior to such party's stockholder meeting for the purpose of obtaining the required stockholder approval;

thereafter, the merger agreement is terminated as a result of the party receiving the alternative proposal failing to receive the requisite stockholder approval at a duly convened meeting of its stockholders; and

within six months following termination of the merger agreement, the party receiving the alternative proposal enters into a definitive agreement to complete (which shall be completed regardless of whether outside of such 6 month period), or has completed, an alternative transaction with respect to at least 50% of such party's stock or assets.

In addition, the merger agreement contains a reciprocal termination fee of approximately \$37 million, which is referred to as the recommendation change termination fee, payable to the terminating party by the other party if the merger agreement is terminated by the terminating party following a recommendation change by the other party that does not relate to an alternative proposal.

In no event will a party be required to pay (i) the alternative proposal termination fee or the recommendation change termination fee on more than one occasion or (ii) both the alternative proposal termination fee and the recommendation change termination fee.

## **Specific Enforcement**

In addition to any other remedy that may be available to it, including monetary damages, each of RRI and Mirant is entitled to an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement. In addition, if (i) financing is available that is acceptable financing and (ii) all of the conditions to the merger (other than receipt of the proceeds of acceptable financing) have been satisfied or waived, each party that is in compliance with its obligations under the merger agreement shall be entitled to an injunction, specific performance and other equitable relief to cause the borrowing of the relevant proceeds of the acceptable financing and/or the taking of all other actions necessary to effect such borrowing.

**Alternative Structures**

Each of RRI and Mirant will reasonably cooperate in the consideration and implementation of alternative structures to effect the business combination contemplated by the merger agreement as long as any such

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alternative structure does not (i) impose any material delay on, or condition to, completion of the merger; (ii) cause any closing condition not to be capable of being fulfilled (unless duly waived by the party entitled to the benefits thereof) or (iii) adversely affect any of the parties hereto or either the RRI stockholders or Mirant stockholders.

**Amendment and Waiver**

*Amendment.* The merger agreement may be amended by the parties at any time before or after RRI or Mirant obtains its stockholder approval. However, after Mirant stockholder approval, there may not be, without further approval of Mirant stockholders, any amendment of the merger agreement that changes the amount or form of the consideration to be delivered to the holders of Mirant common stock, or any other amendment for which applicable laws otherwise expressly require further stockholder approval.

*Waiver.* At any time prior to completion of the merger, the parties, by action taken or authorized by their respective boards of directors may (i) extend the time for the performance of any of the obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered pursuant to the merger agreement, (iii) waive compliance by the other party with any of the covenants and agreements contained the merger agreement or (iv) waive the satisfaction of any conditions contained in the merger agreement.

**Governing Law**

The merger agreement is governed by and will be construed in accordance with the laws of the State of Delaware.

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**INFORMATION ABOUT THE COMPANIES**

**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 generation capacity. RRI is a well-capitalized, wholesale generator with more than 14,000 megawatts of power generating assets. RRI's power generating facilities are located in the Northeast and Midwest (East Coal and East Gas segments), California (West segment) and the Southeast (Other segment) regions of the country and include a combination of base-load, intermediate and peaking units. These facilities use coal, natural gas and oil in generating energy.

RRI sells energy, ancillary and other energy services in the spot market and on an hour-ahead or day-ahead basis as well as in forward markets for various time periods. RRI sells its facilities' capacity in forward markets. RRI's products and services may be provided individually or in combination to investor-owned utilities, municipalities, cooperatives and other companies that serve end-users or purchase power at wholesale for resale. RRI obtains transmission services from various regional transmission operators, independent system operators, utilities and municipalities. A significant portion of RRI's revenues comes from energy sold in the spot market and forward sales of capacity. Most of these energy sales occur in RRI's East Coal segment, primarily in the PJM market. RRI's capacity sales primarily occur through the PJM market's reliability pricing model (RPM) auctions, but also in MISO, Cal ISO and other markets where RRI enters into agreements with counterparties.

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.

Mirant's customers are principally independent system operators, regional transmission organizations and investor-owned utilities. The generating portfolio is diversified across fuel types, power markets and dispatch types and serves customers located near major metropolitan load centers. Mirant bids the energy from its generating facilities into the day-ahead energy market and sells ancillary services through the markets operated by independent system operators and regional transmission organizations. Mirant also sells capacity either bilaterally or through auction processes in each independent system operator and regional transmission organization in which it participates. Mirant works with the independent system operators and regional transmission organizations in real time to ensure that its generating facilities are dispatched economically to meet the reliability needs of the market.

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**

Merger Sub, a wholly owned subsidiary of RRI, is a Delaware corporation formed on April 9, 2010 for the purpose of effecting the merger. In 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. 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.

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**RRI SPECIAL MEETING**

**Date, Time and Place**

The special meeting of RRI stockholders will be held at RRI's corporate headquarters, 1000 Main Street, Houston, Texas 77002 at 8:00 a.m., Central Time, on October 25, 2010. On or about [ ], 2010, RRI commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its stockholders entitled to vote at the RRI special meeting.

**Purpose of the RRI Special Meeting**

At the RRI special meeting, RRI stockholders will be asked to:

consider and vote upon the proposal to approve the issuance of RRI common stock, par value \$0.001 per share, in the merger (the Share Issuance proposal) (Item 1 on the Proxy Card);

consider and vote upon the proposal to amend RRI's restated certificate of incorporation that would effect a reverse stock split, 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) (Item 2 on the Proxy Card);

consider and vote upon the proposal to amend 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) (Item 3 on the Proxy Card);

consider and vote upon the proposal to approve the GenOn Energy, Inc. 2010 Omnibus Incentive Plan (the 2010 Incentive Plan proposal) (Item 4 on the Proxy Card); and

consider and vote upon the proposal to approve any motion to adjourn the RRI special meeting to another time or place, if necessary, to solicit additional proxies ( RRI Adjournment proposal) (Item 5 on the Proxy Card).

**The Share Issuance proposal is not conditioned on the approval of any of the Reverse Stock Split proposal, the Name Change proposal or the 2010 Incentive Plan proposal, and only approval of the Share Issuance proposal is required to complete the merger. The Reverse Stock Split proposal is conditioned on the approval of the Share Issuance proposal and subject to the discretion of the RRI board of directors. The Name Change proposal and the 2010 Incentive Plan proposal are each conditioned on completion of the merger.**

**Recommendations of the RRI Board of Directors**

The RRI board of directors has unanimously determined that the merger is advisable and in the best interests of RRI and its stockholders and unanimously recommends that RRI stockholders vote:

*FOR* the Share Issuance proposal;

*FOR* the Reverse Stock Split proposal;

*FOR* the Name Change proposal;

*FOR* the 2010 Incentive Plan proposal; and

*FOR* the RRI Adjournment proposal.

See The Merger RRI Board of Directors Recommendation and Its Reasons for the Merger beginning on page 31.

**Table of Contents****RRI Record Date; Stock Entitled to Vote**

The close of business on September 13, 2010, which is referred to as the RRI record date, has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the RRI special meeting or any adjournments or postponements of the RRI special meeting.

As of the RRI record date the following shares were outstanding and entitled to vote:

<b>Designation</b>	<b>Shares Outstanding</b>	<b>Votes per Share</b>
RRI common stock	353,432,149	1

A complete list of stockholders entitled to vote at the RRI special meeting will be available for examination by any RRI stockholder at RRI's headquarters, 1000 Main Street, Houston, Texas 77002 for purposes pertaining to the RRI special meeting, during normal business hours for a period of ten days before the RRI special meeting, and at the time and place of the RRI special meeting.

**Quorum**

In order to carry on the business of the meeting, RRI must have a quorum. A quorum requires representation, in person or by proxy, at the RRI special meeting of the holders of a majority of the shares of RRI common stock outstanding as of the RRI record date and entitled to vote. Abstentions, if any, will be treated as present for the purposes of determining the presence or absence of a quorum at the RRI special meeting.

As of the RRI record date, there were 353,432,149 shares of RRI common stock outstanding and entitled to vote at the RRI special meeting. Accordingly, the representation, in person or by proxy, of holders of 176,716,075 shares of RRI common stock will be required in order to establish a quorum.

**Required Vote*****Required Vote to Approve the Share Issuance proposal (Item 1 on the Proxy Card)***

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.

***Required Vote to Adopt the Reverse Stock Split proposal (Item 2 on the Proxy Card)***

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

***Required Vote to Adopt the Name Change proposal (Item 3 on the Proxy Card)***

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



***Required Vote to Approve the 2010 Incentive Plan proposal (Item 4 on the Proxy Card)***

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 2010 Incentive Plan proposal, provided that the total votes cast on the proposal (including abstentions) must represent a majority of the shares of RRI common stock outstanding.

***Required Vote to Approve the RRI Adjournment proposal (Item 5 on the Proxy Card)***

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.

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### **Treatment of Abstentions; Failure to Vote**

For purposes of the RRI special meeting, an abstention occurs when an RRI stockholder attends the RRI special meeting, either in person or by proxy, but abstains from voting.

For the Share Issuance proposal or the 2010 Incentive Plan proposal, if an RRI stockholder present in person at the RRI special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** such proposal. If an RRI stockholder is not present in person at the RRI special meeting and does not respond by proxy, it will have no effect on the vote count for the Share Issuance proposal or the 2010 Incentive Plan proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast on such proposal (including abstentions) represent a majority of the shares of RRI common stock outstanding as of the RRI record date.

For the Reverse Stock Split proposal or the Name Change proposal, an abstention or failure to vote will have the same effect as a vote cast **AGAINST** such proposal.

For the RRI Adjournment proposal, if an RRI stockholder present in person at the RRI special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** this proposal. If an RRI stockholder is not present in person at the RRI special meeting and does not respond by proxy, it will have no effect on the vote count for the RRI Adjournment proposal.

### **Voting of Proxies; Incomplete Proxies**

Giving a proxy means that an RRI stockholder authorizes the persons named in the enclosed proxy card to vote its shares at the RRI special meeting in the manner it directs. An RRI stockholder may vote by proxy or in person at the meeting. To vote by proxy, an RRI stockholder may use one of the following methods if it is a registered holder (that is, it holds its stock in its own name):

*Telephone voting*, by dialing the toll-free number and following the instructions on the proxy card;

*Via the Internet*, by going to the web address shown on your proxy card and following the instructions on the proxy card; or

*Mail*, by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

RRI requests that RRI stockholders vote by telephone, over the Internet or by completing and signing the accompanying proxy and returning it to RRI as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of RRI stock represented by it will be voted at the RRI special meeting in accordance with the instructions contained on the proxy card.

If any proxy is returned without indication as to how to vote, the shares of RRI common stock represented by the proxy will be voted as recommended by the RRI board of directors. Unless an RRI stockholder 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.

If an RRI stockholder's shares are held in street name by a broker, bank or other nominee, the stockholder should check the voting form used by that firm to determine whether it may vote by telephone or the Internet.

**Every RRI stockholder's vote is important. Accordingly, each RRI stockholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not the RRI stockholder plans to attend the RRI special meeting in person.**

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### **Shares Held in Street Name**

If you are an RRI stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to RRI or by voting in person at the RRI special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of RRI common stock on behalf of their customers may not give a proxy to RRI to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, 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 or the 2010 Incentive Plan proposal, which broker non-votes will have no effect on the vote count for such proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast on such proposal (including abstentions) represent a majority of the shares of RRI common stock outstanding as of the RRI 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 will have the same effect as a vote cast **AGAINST** those proposals; 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.

### **Voting of Shares Held in RRI Benefit Plans**

If you hold your shares indirectly in the RRI benefit plans, you have the right to direct the RRI trustee how to vote your shares as described in the voting materials sent to you by the RRI trustee.

### **Revocability of Proxies and Changes to an RRI Stockholder's Vote**

An RRI stockholder has the power to change its vote at any time before its shares are voted at the RRI special meeting by:

notifying RRI's Corporate Secretary, Michael L. Jines, in writing at RRI Energy, Inc., 1000 Main Street, Houston, Texas 77002 that you are revoking your proxy;

executing and delivering a later dated proxy card or submitting a later dated vote by telephone or on the Internet;

voting in person at the RRI special meeting; or

if you hold shares of RRI common stock in RRI benefit plans, contacting the RRI trustee.

If you are an RRI stockholder of record, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received prior to the start of the RRI special meeting, although you may also revoke your proxy by attending the RRI special meeting and voting in person. **However, if an RRI stockholder has shares held through a brokerage firm, bank or other custodian, you may revoke your instructions only by informing**

**the custodian in accordance with any procedures it has established.**

**Solicitation of Proxies**

The solicitation of proxies from RRI stockholders is made on behalf of the RRI board of directors. RRI and Mirant will generally share equally the cost and expenses of printing and mailing this joint proxy statement/prospectus and all fees paid to the SEC. RRI will pay the costs of soliciting and obtaining proxies from RRI stockholders, including the cost of reimbursing brokers, banks and other financial institutions for forwarding proxy materials to their customers. Proxies may be solicited, without extra compensation, by RRI

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officers and employees by mail, telephone, fax, personal interviews or other methods of communication. RRI has engaged the firm of Innisfree M&A Incorporated to assist RRI in the distribution and solicitation of proxies for an estimated fee of \$50,000 plus out-of-pocket expenses for its services. Mirant will pay the costs of soliciting and obtaining its proxies and all other expenses related to the Mirant special meeting.

**Voting by RRI Directors**

On the RRI record date, directors of RRI and their affiliates owned and were entitled to vote less than 1% of the total voting power of the shares of RRI common stock outstanding on that date. It is currently expected that RRI's directors will vote their shares of RRI common stock in favor of each of the proposals to be considered at the RRI special meeting, although none of them has entered into any agreements obligating them to do so.

**Attending the RRI Special Meeting**

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 7:30 a.m., Central Time.

If your shares of RRI common stock are held in street name through a bank, broker or other holder of record and you wish to attend the RRI special meeting, you need to bring a copy of a bank or brokerage statement to the RRI special meeting reflecting your stock ownership as of the RRI record date. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

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**RRI PROPOSALS**

**Item 1. *The Share Issuance Proposal***

(Item 1 on Proxy Card)

It is a condition to completion of the merger that RRI issue shares of RRI common stock in the merger. When the merger becomes effective, each share of Mirant common stock outstanding immediately before the merger will be converted into the right to receive 2.835 shares of RRI common stock. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing. The exchange ratio will only be adjusted to reflect the proposed reverse stock split of RRI common stock if the proposed reverse stock split is approved by the stockholders of RRI and implemented by the RRI board of directors prior to completion of the merger.

Under the NYSE Listed Company Manual, a company listed on the NYSE is required to obtain stockholder approval prior to the issuance of common stock, or of securities convertible into or exercisable for common stock, in any transaction or series of related transactions if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. If the merger is completed, it is currently estimated that RRI will issue or reserve for issuance approximately 527,602,833 million shares of RRI common stock in connection with the merger, including shares of RRI common stock issuable pursuant to outstanding Mirant stock options and warrants. On an as-converted basis, the aggregate number of shares of RRI common stock to be issued in the merger will exceed 20% of the shares of RRI common stock outstanding before such issuance and for this reason RRI must obtain the approval of RRI stockholders for the issuance of shares of RRI common stock to Mirant stockholders in connection with the merger.

RRI is asking its stockholders to approve the Share Issuance proposal. The issuance of these securities to Mirant stockholders is necessary to effect the merger and the approval of the Share Issuance proposal is required for completion of the merger.

**The RRI board of directors recommends a vote **FOR** the Share Issuance proposal (Item 1).**

**Item 2. *The Reverse Stock Split Proposal***

(Item 2 on Proxy Card)

RRI is proposing that the RRI stockholders approve amendments to RRI's restated certificate of incorporation that would effect a reverse stock split, pursuant to which 3, 3.5, 4, 4.5 or 5 issued and outstanding shares of RRI common stock, as determined by, and in the sole discretion of, 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 RRI board of directors has declared the proposed amendments to RRI's restated certificate of incorporation to be advisable and has unanimously approved the proposed amendments and recommended that they be presented to RRI stockholders for approval.

***Overview***

By approving the Reverse Stock Split proposal, the RRI stockholders approve, subject to approval of the Share Issuance proposal, amendments to RRI's restated certificate of incorporation, pursuant to which (i) 3, 3.5, 4, 4.5 or 5

issued and outstanding shares of RRI common stock, as determined by, and in the sole discretion of, the RRI board of directors, would be combined and reclassified into one share of RRI common stock and (ii) the total number of authorized shares of RRI common stock and RRI preferred stock would be proportionately reduced. The RRI board of directors may also elect not to undertake any reverse stock split and therefore abandon the proposed amendments. The text of the proposed form of certificate of amendment to RRI's restated certificate of incorporation is attached hereto as Annex F.

If RRI stockholders approve the Reverse Stock Split proposal, the RRI board of directors will have the sole discretion, but not the obligation, at any time on or before 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) and



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pursuant to Section 242(c) of the DGCL to elect, as it determines to be in the best interests of RRI and its stockholders, whether to effect the proposed reverse stock split, and if so, the number of shares, based on the five alternatives set forth above, that will be combined and reclassified into one share of RRI common stock.

If the RRI stockholders approve the Reverse Stock Split proposal, the subsequent decision by the RRI board of directors to effect the proposed reverse stock split (within the limits set forth in this proposal) and the RRI board of directors' determination of the reverse stock split ratio will be based on a number of factors, including market conditions, existing and expected trading prices for RRI common stock, anticipated benefit to the liquidity of RRI common stock and the applicable listing requirements of the NYSE, among other things. The RRI board of directors thinks that the discretion to select a specific reverse stock split ratio from among the five alternatives will provide the RRI board of directors with flexibility to consider these factors, as appropriate, and, therefore, is in the best interests of RRI and its stockholders.

If the RRI stockholders approve the Share Issuance and Reverse Stock Split proposals and the RRI board of directors decides to implement the proposed reverse stock split, then, except for adjustments that may result from the treatment of fractional shares as described below, each RRI stockholder will hold the same percentage of outstanding RRI common stock immediately following the proposed RRI reverse stock split as such RRI stockholder held immediately prior to the proposed RRI reverse stock split. The par value of the common stock would remain unchanged at \$0.001 per share.

**If the Reverse Stock Split proposal is approved by the RRI stockholders, the RRI board of directors may elect to effect the proposed reverse stock split only if the RRI stockholders have approved the Share Issuance proposal.**

### ***Reasons for the Reverse Stock Split***

The RRI board of directors approved the Reverse Stock Split proposal for a number of reasons. In the recent past, the RRI common stock price has traded relatively lower than that of the companies it views as its peer group. On September 10, 2010, the last trading day before the mailing of this joint proxy statement/prospectus, RRI common stock closed at \$3.75 per share. The RRI board of directors thinks that implementing a reverse stock split could return RRI's market price per share to a level that is more similar to that of other companies RRI views as its peer group. A higher stock price may also increase RRI's ability to attract and retain employees.

There are risks associated with the proposed RRI reverse stock split. The history of stock split combinations for companies in similar 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

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 outstanding. The liquidity of RRI common stock could be adversely affected by the reduced number of shares of RRI common stock that would be outstanding after the proposed RRI reverse stock split.

### ***Principal Effects of the Reverse Stock Split***

If the Reverse Stock Split proposal is approved by RRI stockholders and the proposed reverse stock split is implemented by the RRI board of directors, each RRI stockholder will own a reduced number of shares of RRI common stock. The proposed reverse stock split, however, and the corresponding proportionate reduction in the total number of authorized shares of RRI common stock and RRI preferred stock, will be effected simultaneously for all outstanding shares of RRI common stock. The proposed reverse stock split will affect all RRI stockholders uniformly and will not affect any RRI stockholder's percentage ownership interests in RRI, except to the extent that the proposed reverse stock split results in any RRI stockholders owning a fractional share. Therefore, voting rights and other rights and preferences of the holders of RRI common stock

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will not be affected by the proposed reverse stock split (other than as a result of the payment of cash in lieu of fractional shares). Shares of RRI common stock issued pursuant to the proposed reverse stock split will remain fully paid and nonassessable.

As of the effective time of the proposed reverse stock split, RRI will adjust and proportionately decrease the number of shares of RRI common stock reserved for issuance upon exercise of, and adjust and proportionately increase the exercise price of, all options and warrants and other rights to acquire RRI common stock. In addition, as of the effective time of the proposed reverse stock split, RRI will adjust and proportionately decrease the total number of shares of RRI common stock that may be the subject of the future grants under RRI's stock option plans. The proposed reverse stock split will not affect the rights of RRI stockholders under the RRI rights agreement.

### ***Fractional Shares***

No fractional shares of RRI common stock will be issued in connection with the proposed reverse stock split. Each stockholder who would otherwise be entitled to receive a fractional share of RRI common stock as a result of the combination shall, with respect to such fractional share, be entitled to receive cash in lieu of such fractional share in an amount equal to the net cash proceeds attributable to the sale of such fractional share following the aggregation and sale by RRI's transfer agent of all fractional shares of RRI common stock otherwise issuable, on the basis of prevailing market prices at such time.

### ***Effect on Registered Book-Entry Stockholders***

Registered RRI stockholders may hold some or all of their shares of RRI common stock electronically in book-entry form. These RRI stockholders will not have share certificates evidencing their ownership of RRI common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If you hold registered shares in a book-entry form, you do not need to take any action to receive your post-reverse stock split shares.

If you are entitled to post-reverse stock split shares, a transaction statement will automatically be sent to your address of record indicating the number of shares you hold.

### ***Effect on Registered Certificated Shares***

Some registered RRI stockholders hold all their shares of RRI common stock in certificate form or a combination of certificate and book-entry form. If any of your shares of RRI common stock are held in certificate form, you will receive a transmittal letter from RRI's transfer agent as soon as practicable after the effective date of the proposed reverse stock split. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-reverse stock split shares to the transfer agent. Upon receipt of your share certificate, you will be issued the appropriate number of shares of RRI common stock electronically in book-entry form and provided with a statement reflecting the number of shares registered in your account. No new shares of RRI common stock in book-entry form will be issued to you until you surrender your outstanding certificate(s), together with the properly completed and executed letter of transmittal, to the transfer agent. At any time after receipt of your statement reflecting the number of shares registered in your book-entry account, you may request a share certificate representing your ownership interest.

### ***Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates***

If RRI stockholders approve the Reverse Stock Split proposal, and if the RRI board of directors still thinks that a reverse stock split is in the best interests of RRI and its stockholders, the RRI board of directors will determine the ratio of the reverse stock split to be implemented from among the alternatives discussed above. RRI expects to file the certificate of amendment with the Secretary of State of the State of Delaware on or about the date on which the merger is completed. The RRI board of directors may delay effecting the proposed reverse stock split without resoliciting stockholder approval. Beginning on the effective date of the proposed reverse stock split, each certificate representing pre-split shares of RRI common stock will be deemed for all corporate purposes to evidence ownership of post-split shares.

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As soon as practicable after the effective date of the proposed reverse stock split, RRI stockholders will be notified that the reverse stock split has been effected. RRI expects that RRI's transfer agent will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre-split shares will be asked to surrender to the exchange agent certificates representing pre-split shares in exchange for shares representing post-split shares in accordance with the procedures to be set forth in a letter of transmittal to be sent by RRI. No shares will be issued to an RRI stockholder until such stockholder has surrendered such stockholder's outstanding certificate(s) together with the properly completed and executed letter of transmittal to the exchange agent. Any pre-split shares submitted for transfer, whether pursuant to a sale or other disposition, or otherwise, will automatically be exchanged for post-split shares. **RRI STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNLESS AND UNTIL REQUESTED TO DO SO.** For RRI stockholders who hold registered shares in book-entry form, at the effective time, the transfer agent will update your ownership amounts on RRI's books and a transaction statement will automatically be sent to your address of record indicating the number of shares you hold. No action need be taken by such stockholders to receive post-reverse stock split shares.

### ***Accounting Matters***

The proposed reverse stock split will not affect the total common stockholders' equity on RRI's balance sheet. However, because the par value of RRI common stock will remain unchanged on the effective date of the split, the components that make up the total common stockholders' equity on RRI's balance sheet will change by offsetting amounts. Depending on the size of the reverse stock split the RRI board of directors decides to implement, the stated capital component will be reduced and the additional paid-in capital component will be increased with the amount by which the stated capital is reduced. The per share earnings or losses and net book value of RRI will be increased because there will be fewer shares of RRI common stock outstanding. Prior periods' per share amounts will be restated to reflect the reverse stock split.

### ***No Appraisal Rights***

Under the DGCL, RRI stockholders are not entitled to appraisal rights with respect to the proposed reverse stock split.

### ***Material U.S. Federal Income Tax Consequences of the Reverse Stock Split***

RRI intends for the proposed reverse stock split to qualify as a recapitalization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes. Assuming the proposed reverse stock split qualifies as a recapitalization, as RRI anticipates, RRI stockholders whose shares of RRI common stock are exchanged in the proposed reverse stock split 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 (which fractional share will be treated as received and then exchanged for such cash).

**The discussion of material U.S. federal income tax consequences of the proposed reverse stock split is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the proposed reverse stock split. 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 proposed reverse stock split and does not address the tax consequences of any transaction other than the proposed reverse stock split.**

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 RRI board of directors recommends a vote FOR the Reverse Stock Split proposal (Item 2).**

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**Item 3. *The Name Change Proposal***

(Item 3 on Proxy Card)

RRI is proposing to change the corporate name of RRI from RRI Energy, Inc. to GenOn Energy, Inc. upon completion of the merger. To effect this change, RRI would amend its restated certificate of incorporation. RRI is seeking the approval of its stockholders to change RRI's name to GenOn Energy, Inc. upon completion of the merger. RRI and its board of directors think this name best represents what the combined company will strive to achieve, namely, generation operations that are always on, always moving forward and always working to perform to the best of their ability. If the Name Change proposal is not approved, the RRI board of directors has the ability, and may independently determine, to change the corporate name of RRI to GenOn Energy, Inc. without stockholder approval pursuant to alternative means permitted by Delaware law.

The Name Change proposal is conditioned on approval of the Share Issuance proposal and on completion of the merger.

**The RRI board of directors recommends a vote FOR the Name Change proposal (Item 3).**

**Item 4. *The 2010 Incentive Plan Proposal***

RRI is proposing that RRI stockholders approve RRI's adoption of the GenOn Energy, Inc. 2010 Omnibus Incentive Plan, which will be, subject to the approval of RRI's stockholders, effective as of the date of the completion of the merger. Stockholder approval of the 2010 Incentive Plan is not a condition to completion of the merger.

If stockholders approve the 2010 Incentive Plan, the combined company will terminate the RRI Energy, Inc. 2002 Stock Plan, the RRI Energy, Inc. 2002 Long-Term Incentive Plan, the Long-Term Incentive Plan of RRI Energy, Inc., the RRI Energy, Inc. Transition Stock Plan and the Mirant Corporation 2005 Omnibus Incentive Compensation Plan (the existing plans), which represent all our existing plans available for granting equity incentive compensation awards. Outstanding awards under the existing plans will remain subject to the terms and conditions of the existing plans. Subject to stockholder approval of the 2010 Incentive Plan, 48 million shares of the combined company common stock will be reserved under the 2010 Incentive Plan and available for new grants. Under the terms of the 2010 Incentive Plan, all awards other than stock options and stock appreciation rights will count as 1.5 shares of common stock against the Maximum Share Limit (the 48 million shares reserved as defined in the 2010 Incentive Plan). Accordingly, the 48 million shares reserved represent approximately 32 million of full value shares. Stock options and stock appreciation rights will count as 1.0 shares of common stock against the Maximum Share Limit.

***Reasons for the 2010 Incentive Plan Proposal***

RRI's board of directors believes that ownership of shares of common stock by employees and non-employee directors of the combined company will encourage the sense of proprietorship and create additional incentives for employees and directors to use their best efforts to contribute to the achievement of the combined company's long-term success. RRI's board of directors also thinks that common stock awards will help the combined company attract and retain highly qualified employees and directors. Approval of the 2010 Incentive Plan also will allow the combined company to make awards which do not fail to be deductible by reason of Section 162(m) of the Code.

RRI's board of directors thinks the 2010 Incentive Plan will benefit the combined company by providing a better vehicle for future equity-based incentive compensation rather than utilizing the two companies' legacy plans for the following reasons:

RRI's 2002 Long-Term Incentive Plan expires in 2012;

RRI has 1.6 million full value shares available under its existing plans;

the existing Mirant plan would only be available for awards to former Mirant employees; and



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the plan provisions, including provisions on share limitations, are inconsistent between the existing plans.

The RRI board of directors also considered the effect of the 2010 Incentive Plan on Mirant stockholders. It noted that the available shares and full value shares would represent approximately 6% and 4%, respectively, of the combined company's outstanding common stock upon completion of the merger. Under Mirant's existing plans, shares available as well as available full value shares represent approximately 6% of Mirant's outstanding common stock as of June 30, 2010.

For information relating to the number of outstanding RRI and Mirant equity-based awards and the number of awards that will remain outstanding upon completion of the merger, see *Interests of Directors and Executive Officers in the Merger* Supplemental Information *Outstanding Equity Compensation Awards* on page 60.

***Summary of the 2010 Incentive Plan***

The following description of the material features of the 2010 Incentive Plan is only a summary. For a complete copy of the 2010 Incentive Plan, please see Annex G to this joint proxy statement/prospectus.

*In General.* The 2010 Incentive Plan is administered by the compensation committee of the combined company's board of directors, except that the full board of directors administers awards for the combined company's directors. The 2010 Incentive Plan provides for various types of awards to be granted to participants. Under the 2010 Incentive Plan, options to purchase shares of common stock and stock appreciation rights, or SARs, may be granted, but the per share exercise price cannot be less than the fair market value per share of the common stock on the date of grant. Options and SARs must have fixed terms no longer than ten years. Repricing of options and SARs is prohibited under the 2010 Incentive Plan without approval of the stockholders of the combined company; options and SARs may not be cancelled in exchange for cash or other awards. In addition, the 2010 Incentive Plan permits grants of restricted stock, unrestricted stock and restricted stock units on such terms as the compensation committee or board or directors may determine. Any stock award to employees which is (i) not performance-based generally must be restricted for at least three years and (ii) performance-based generally must have a performance period of at least one year; except that earlier vesting of such stock awards may occur in the events of death, disability or change in control. Vesting of such stock awards may occur incrementally over the three-year restricted period or one-year performance period, as applicable. However, 5% of the total number of shares of common stock available for issuance under the 2010 Incentive Plan will not be subject to the minimum restricted period or performance period, as applicable, that is described above. The 2010 Incentive Plan also provides for performance unit awards and cash awards.

*Shares Reserved.* The 2010 Incentive Plan currently provides that the number of shares of common stock of the combined company as to which awards may be granted is 48 million shares, which is referred to as the maximum share limit, all of which may be issued as incentive stock options under Code Section 422. Each full value stock award (including restricted stock awards and restricted stock unit awards) that is granted will count as 1.5 shares of common stock under the 2010 Incentive Plan, and each option or SAR will count as 1.0 share of common stock under the 2010 Incentive Plan. Awards settled in cash will not reduce the maximum share limit under the 2010 Incentive Plan.

If an award expires or is terminated, cancelled or forfeited, the shares of common stock associated with the expired, terminated, cancelled or forfeited award will again be available for awards under the 2010 Incentive Plan, and the maximum share limit will be increased by the same amount as such shares were counted against the maximum share limit (for example, increased by 1.5 shares of common stock, if a stock award, and 1.0 share of common stock, if an option or SAR). However, the following shares of common stock will not become available again for issuance under the 2010 Incentive Plan:

Shares of common stock that are tendered by a participant or withheld as full or partial payment of minimum withholding taxes or as payment for the exercise price of an award; and

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Shares of common stock reserved for issuance upon grant of an SAR, to the extent the number of reserved shares of common stock exceeds the number of shares of common stock actually issued upon exercise or settlement of such SAR.

*Award Limits.* Under the 2010 Incentive Plan, no employee may be granted, in any calendar year period: options or SARs that are exercisable for more than 7,500,000 shares of common stock; stock awards covering more than 7,500,000 shares of common stock; or cash awards, restricted stock unit awards or performance unit awards that may be settled solely in cash having a value greater than \$30,000,000.

*Adjustments.* The 2010 Incentive Plan provides for appropriate adjustments in the number of shares of common stock subject to awards and available for future awards, the exercise price of outstanding awards, as well as the maximum award limits under the 2010 Incentive Plan, in the event of changes in the outstanding common stock by reason of a merger, stock split or certain other events.

*Eligibility.* Employees, directors, consultants and prospective employees, directors and consultants selected by the compensation committee or, in the case of directors, the full board of directors, are eligible to participate in the 2010 Incentive Plan.

*Award Agreements.* Each award granted under the 2010 Incentive Plan will be evidenced by a notice or agreement that contains such additional terms and conditions not inconsistent with the 2010 Incentive Plan as may be determined by the compensation committee in its sole discretion. Such terms and conditions may include, among other things, the date of grant, the number of shares covered by the award or the cash amount of the award, the purchase or exercise price per share, the treatment upon a termination of employment of a participant, the means of payment for the shares, the purchase or exercise period and the terms and conditions of purchase or exercise, if applicable. No awards will provide any right to continued employment. The compensation committee may include provisions in stock awards for the payment or crediting of dividends or dividend equivalents upon vesting of the award. No dividends or dividend equivalents will be paid on unvested stock awards, including awards with performance goals attached.

*Stock Options.* The compensation committee determines, in connection with each option granted to employees, the exercise price, whether that price is payable in cash (and whether that may include proceeds of a sale assisted by a third party) or shares of common stock or both, the terms and conditions of exercise, the expiration date, whether the option will qualify as an incentive stock option under Code Section 422 or a nonqualified stock option, restrictions on transfer of the option, and other provisions not inconsistent with the 2010 Incentive Plan. The term of an option will not exceed ten years from the date of grant. Options may not include provisions that reload the option upon exercise.

*Stock Appreciation Rights.* Every SAR entitles the participant, on exercise of the SAR, to receive in cash or shares of common stock a value equal to the excess of the fair market value of a specified number of shares of common stock at the time of exercise, over the exercise price established by the compensation committee or board of directors, as applicable. An SAR may be granted in tandem with an option, and a holder of a tandem SAR may elect to exercise either the option or the SAR, but not both. The compensation committee will determine the terms, conditions and limitations applicable to any SARs, including the term of any SARs, which may not be longer than ten years, and the date or dates upon which they become vested and exercisable. SARs may not include provisions that reload the SAR upon exercise.

*Restricted Stock.* Any restricted stock award granted to an employee which is (i) not performance-based generally must be restricted for at least three years or (ii) performance-based generally must have a performance period of at least one year; earlier vesting of a restricted stock award is limited to events of death, disability or change in control. Vesting of a restricted stock award may occur incrementally over the three-year restricted period or one-year

performance period, as applicable. However, 5% of the total number of shares of common stock available for issuance under the 2010 Incentive Plan will not be subject to the minimum restricted period or performance period, as applicable, which is referred to as the 5% Exclusion.

*Restricted Stock Units.* The terms, conditions and limitations applicable to a restricted stock unit award, including any restriction period and the right to dividend equivalents, will be determined by the compensation committee. The compensation committee may settle restricted stock unit awards in the form of cash or in

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shares of common stock (or in a combination thereof) equal to the value of the vested restricted stock unit award. The minimum restricted period and performance period restrictions described above for restricted stock awards also apply to restricted stock unit awards (subject to the 5% Exclusion).

*Performance Units.* Each performance unit has an initial value that is established by the compensation committee on the date of grant. After the applicable performance period has ended, the value of the performance unit is determined as a function of the extent to which the corresponding performance goals were achieved. The compensation committee may settle earned performance units in the form of cash or in shares of common stock (or in a combination thereof) equal to the value of the earned performance units as soon as practicable after the end of the performance period and following the compensation committee's determination of actual performance against the performance measures and related goals established by the compensation committee. Subject to the 5% Exclusion, the performance period must be for at least one year, unless earlier vesting occurs due to death, disability or change in control.

*Performance Awards.* Any award available under the 2010 Incentive Plan may be structured as a performance award. Performance awards not intended to qualify as qualified performance-based compensation under Code Section 162(m) will be based on achievement of such goals and will be subject to such terms, conditions and restrictions as the compensation committee will determine.

Performance awards granted under the 2010 Incentive Plan that are intended to qualify as qualified performance-based compensation under Code Section 162(m) will be paid, vested or otherwise deliverable solely on account of the attainment of one or more pre-established, objective performance goals established by the compensation committee. One or more of such goals may apply to the employee, one or more business units, divisions or sectors of the combined company, or the combined company as a whole, and if so desired by the compensation committee, by comparison with a peer group of companies. Performance awards may be based on any one or more of the following measures:

revenue and income measures (which include various revenue, gross margin, income from operations, net income, net sales, earnings per share, earnings before interest and taxes, or EBIT, earnings before interest, taxes, depreciation and amortization, or EBITDA, and economic value added, or EVA, measures);

expense measures (which include various costs of goods sold, selling, finding and development costs, operating and maintenance expenses, general and administrative expenses and overhead costs measures);

operating measures (which include various productivity, total costs, operating income, funds from operations, cash from operations, after-tax operating income, market share, margin, sales volumes, availability, commercial capacity factor and total margin capture factor measures);

cash flow measures (which include various net cash flow from operating activities and working capital, adjusted cash flow and free cash flow measures);

liquidity measures (which include various earnings before or after the effect of certain items such as interest, taxes, depreciation and amortization measures);

leverage measures (which include various debt-to-equity ratio, gross debt and net debt measures);

market measures (which include various market share, stock price, growth measure, total shareholder return and market capitalization measures);

return measures (which include various return on equity, return on assets and return on invested capital measures);

corporate value measures (which include various compliance, safety, environmental and personnel measures); and

other measures such as those relating to acquisitions, dispositions or customer satisfaction.

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The performance measures described above are included in the 2010 Incentive Plan to enable the compensation committee to make stock awards or cash awards that qualify as qualified performance-based compensation under Code Section 162(m). The compensation committee can satisfy such requirements by, among other things, including provisions in awards that will make them payable solely on account of the attainment of one or more pre-established, objective performance goals based on performance measures that have been approved by the combined company's stockholders. Although the compensation committee does not have to include such provisions in awards, the inclusion of such provisions and compliance with certain other requirements of Code Section 162(m) would enable the combined company to take a tax deduction for the related compensation that the combined company might not otherwise be able to take.

The compensation committee may provide in any particular performance award agreement that any evaluation of performance may include or exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (iv) any reorganization and restructuring programs, (v) extraordinary nonrecurring items as described in the FASB Accounting Standards Codification 225-20 Extraordinary and Unusual Items and/or in management's discussion and analysis of financial condition and results of operations appearing in the annual report to stockholders for the applicable year, (vi) acquisitions or divestitures, (vii) foreign exchange gains and losses, (viii) unrealized gains and losses on energy derivatives, (ix) settlement of hedging activities, and (x) gains and losses from asset sales and emission and exchange allowance sales. Awards that are intended to qualify as qualified performance-based awards may not be adjusted upward. The compensation committee may retain the discretion to adjust any performance awards downward, either on a formula or discretionary basis or any combination, as the compensation committee determines.

*Director Awards.* The board of directors may grant directors of the combined company awards in accordance with the same terms governing all other awards under the 2010 Incentive Plan other than incentive stock options. The board of directors will administer director awards.

*Assignability and Transfer.* Unless otherwise determined by the compensation committee and expressly provided for in an award agreement, no award or any other benefit under this 2010 Incentive Plan will be assignable or otherwise transferable except by will or the laws of descent and distribution or pursuant to a domestic relations order issued by a court of competent jurisdiction in a form acceptable to the compensation committee. The compensation committee may prescribe other restrictions on transfer.

*Duration; Plan Amendments.* The 2010 Incentive Plan has a term of ten years from its effective date. The board of directors may at any time amend, modify, suspend or terminate the 2010 Incentive Plan (and the compensation committee may amend or modify an award agreement) but in doing so cannot adversely affect any outstanding award without the participant's written consent or make any amendment without stockholder approval, to the extent such stockholder approval is otherwise required by applicable legal requirements.

*Unfunded Plan.* The 2010 Incentive Plan is unfunded. Although the combined company may establish bookkeeping accounts with respect to participants who are entitled to cash, common stock or rights thereto under the 2010 Incentive Plan, the combined company will use any such accounts merely as a bookkeeping convenience. The combined company is not required to segregate any assets that may at any time be represented by cash, common stock or rights thereto, nor will the 2010 Incentive Plan be construed as providing for such segregation, nor shall the combined company, its board of directors or its compensation committee be deemed to be a trustee of any cash, common stock or rights thereto to be granted under the 2010 Incentive Plan. Any liability or obligation of the combined company to any participant with respect to an award of cash, common stock or rights thereto under the 2010 Incentive Plan will be based solely on any contractual obligations that the 2010 Incentive Plan and any award agreement create, and no such

liability or obligation of the combined company will be deemed to be secured by any pledge or other encumbrance on any property of the combined company. None of the combined company, its board of directors or its compensation committee will be required to give any security or bond for the performance of any obligation that the 2010 Incentive Plan creates.



**Table of Contents*****Material Federal Income Tax Consequences of Awards Under the 2010 Incentive Plan***

The following summary is based on current interpretations of existing federal income tax laws. The discussion below is not purported to be complete, and it does not discuss the tax consequences arising in the context of the participant's death or the income tax laws of any local, state or foreign country in which a participant's income or gain may be taxable.

*Stock Options.* Some of the options issuable under the 2010 Incentive Plan may constitute incentive stock options, while other options granted under the 2010 Incentive Plan may be nonqualified stock options. The Code provides for special tax treatment of stock options qualifying as incentive stock options, which may be more favorable to employees than the tax treatment accorded nonqualified stock options. On grant of either form of option, the optionee will not recognize income for tax purposes and the combined company will not receive any deduction. Generally, on the exercise of an incentive stock option, the optionee will recognize no income for U.S. federal income tax purposes. However, the difference between the exercise price of the incentive stock option and the fair market value of the shares at the time of exercise is an adjustment in computing alternative minimum taxable income that may require payment of an alternative minimum tax. On the sale of shares of common stock acquired by exercise of an incentive stock option (assuming that the sale does not occur within two years of the date of grant of the option or within one year of the date of exercise), any gain will be taxed to the optionee as long-term capital gain. In contrast, on the exercise of a nonqualified option, the optionee generally recognizes taxable income (subject to withholding) in an amount equal to the difference between the fair market value of the shares of common stock acquired on the date of exercise and the exercise price. On any sale of those shares by the optionee, any difference between the sale price and the fair market value of the shares on the date of exercise of the nonqualified option will be treated generally as capital gain or loss. No deduction is available to the combined company on the exercise of an incentive stock option (although a deduction may be available if the employee sells the shares acquired on exercise before the applicable holding period expires); however, on exercise of a nonqualified stock option, the combined company generally is entitled to a deduction in an amount equal to the income recognized by the employee. Except in the case of the death or disability of an optionee, an optionee has three months after termination of employment in which to exercise an incentive stock option and retain favorable tax treatment on exercise. An incentive stock option exercised more than three months after an optionee's termination of employment other than on death or disability of an optionee cannot qualify for the tax treatment accorded incentive stock options. Any such option would be treated as a nonqualified stock option for tax purposes.

*Stock Appreciation Rights.* The amount of any cash or the fair market value of any shares of common stock received by the holder on the exercise of SARs in excess of the exercise price will be subject to ordinary income tax in the year of receipt, and the combined company will be entitled to a deduction for that amount.

*Restricted Stock.* Generally, a grant of shares of common stock under the 2010 Incentive Plan subject to vesting and transfer restrictions will not result in taxable income to the participant for federal income tax purposes or a tax deduction to the combined company at the time of grant. The value of the shares will generally be taxable to the participant as compensation income in the year in which the restrictions on the shares lapse. Such value will be the fair market value of the shares as to which the restrictions lapse on the date those restrictions lapse. Any participant, however, may elect pursuant to Code Section 83(b) to treat the fair market value of the restricted shares on the date of grant as compensation income in the year of grant, provided the compensation committee permits the election and the participant makes the election pursuant to Code Section 83(b) within 30 days after the date of grant. In any case, the combined company will receive a deduction for federal income tax purposes equal to the amount of compensation included in the participant's income in the year in which that amount is so included.

*Restricted Stock Units.* A grant of a right to receive shares of common stock or cash in lieu of the shares will result in taxable income for federal income tax purposes to the participant at the time the award is settled in an amount equal to

the fair market value of the shares or the amount of cash awarded. The combined company will be entitled to a corresponding deduction at such times for the amount included in the participant's income.

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*Performance Units.* The amount of any cash or the fair market value of any shares of common stock received by the holder on the settlement of performance units under the 2010 Incentive Plan will be subject to ordinary income tax in the year of receipt, and the combined company will be entitled to a deduction for that amount in the year in which that amount is included.

*Cash Awards.* Cash awards under the 2010 Incentive Plan are taxable income to the participant for federal income tax purposes at the time of payment. The participant will have compensation income equal to the amount of cash paid, and the combined company will have a corresponding deduction for federal income tax purposes.

*Basis; Gain.* A participant's tax basis in vested shares of common stock purchased under the 2010 Incentive Plan is equal to the sum of the price paid for the shares, if any, and the amount of ordinary income recognized by the participant on the transfer of vested shares. The participant's holding period for the shares begins on the transfer to the participant of vested shares. If a participant sells shares, any difference between the amount realized in the sale and the participant's tax basis in the shares is taxed as long-term or short-term capital gain or loss (provided the shares are held as a capital asset on the date of sale), depending on the participant's holding period for the shares.

*Certain Tax Code Limitations on Deductibility.* In order for the combined company to deduct the amounts described above, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. The ability to obtain a deduction for awards under the 2010 Incentive Plan could also be limited by Code Section 280G, which provides that certain excess parachute payments made in connection with a change in control of an employer are not deductible. The ability to obtain a deduction for amounts paid under the 2010 Incentive Plan could also be affected by Code Section 162(m), which limits the deductibility, for U.S. federal income tax purposes, of compensation paid to certain employees to \$1 million during any taxable year. However, certain exceptions apply to this limitation in the case of qualified performance-based compensation. It is intended that the approval of the 2010 Incentive Plan by the stockholders of the combined company will satisfy the stockholder approval requirement for the qualified performance-based exception and the combined company will be able to comply with the requirements of the Code and Treasury Regulation Section 1.162-27 as they relate to the grant and payment of certain qualified performance-based awards (including Options and SARs) under the Incentive Plan so as to be eligible for the qualified performance-based exception. In certain cases, the combined company may determine it is in its interests to not satisfy the requirements for the qualified performance-based exception.

*Code Section 409A.* Code Section 409A generally provides that deferred compensation subject to Code Section 409A that does not meet the requirements for an exemption from Code Section 409A must satisfy specific requirements, both in operation and in form, regarding: (i) the timing of payment; (ii) the election of deferrals; and (iii) restrictions on the acceleration of payment. Failure to comply with Code Section 409A may result in the early taxation (plus interest) to the participant of deferred compensation and the imposition of a 20% penalty on the participant of the deferred amounts included in the participant's income.

### ***Benefits Granted Under the 2010 Incentive Plan***

No benefits or awards have been granted, awarded or received under the 2010 Incentive Plan. The number and type of awards that will be granted under the 2010 Incentive Plan, or that would have been granted under the 2010 Incentive Plan in the last fiscal year, are not determinable at this time as the compensation committee or the full board of directors, as applicable, will make these determinations in its sole discretion following the completion of the merger.

The 2010 Incentive Plan proposal is conditioned on the completion of the merger.

**The RRI board of directors recommends a vote FOR the 2010 Incentive Plan proposal (Item 4).**



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**Item 5. *RRI Adjournment Proposal***

(Item 5 on Proxy Card)

The RRI special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the Share Issuance, Reverse Stock Split or Name Change proposals.

If, at the RRI special meeting, the number of shares of RRI common stock present or represented and voting in favor of the Share Issuance proposal is insufficient to approve the Share Issuance proposal, RRI intends to move to adjourn the RRI special meeting in order to enable the RRI board of directors to solicit additional proxies for approval of the Share Issuance proposal. If, at the RRI special meeting, the Share Issuance proposal is approved by the RRI stockholders, but the number of shares of RRI common stock present or represented and voting in favor of the Reverse Stock Split proposal and/or the Name Change proposal is insufficient to approve the corresponding proposal, RRI may elect to move to adjourn the RRI special meeting solely in order to enable the RRI board of directors to solicit additional proxies for approval of the Reverse Stock Split proposal and/or the Name Change proposal.

In the RRI Adjournment proposal, RRI is asking its stockholders to authorize the holder of any proxy solicited by the RRI board of directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the RRI special meeting to another time and place for the purpose of soliciting additional proxies. If the RRI stockholders approve the RRI Adjournment proposal, RRI could adjourn the RRI special meeting and any adjourned session of the RRI special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from RRI stockholders who have previously voted.

**The RRI board of directors recommends a vote **FOR** the RRI Adjournment proposal (Item 5).**

**Other Matters to Come Before the Meeting**

No other matters are intended to be brought before the meeting by RRI, and RRI does not know of any matters to be brought before the meeting by others. If, however, any other matters properly come before the meeting, the persons named in the proxy will vote the shares represented thereby in accordance with the judgment of management on any such matter.

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**MIRANT SPECIAL MEETING**

**Date, Time and Place**

The special meeting of Mirant stockholders will be held on October 25, 2010, at 9:00 a.m., Eastern Time, at Mirant's corporate headquarters, 1155 Perimeter Center West, Atlanta, Georgia 30338-5416. On or about [ ], 2010, Mirant commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its stockholders entitled to vote at the Mirant special meeting.

**Purpose of the Mirant Special Meeting**

At the Mirant special meeting, Mirant stockholders will be asked to:

consider and vote upon the proposal to adopt the merger agreement (the Merger proposal) (Item 1 on proxy card); and

consider and vote upon the proposal to approve any motion to adjourn the Mirant special meeting to another time or place, if necessary, to solicit additional proxies (the Mirant Adjournment proposal) (Item 2 on proxy card).

**Recommendation of the Mirant Board of Directors**

The Mirant board of directors has unanimously determined that the merger is advisable and in the best interests of Mirant and its stockholders and unanimously recommends that Mirant stockholders vote **FOR** the Merger proposal and **FOR** the Mirant Adjournment proposal, if necessary. See The Merger Mirant Board of Directors Recommendation and Its Reasons for the Merger beginning on page 34.

**Mirant Record Date; Stock Entitled to Vote**

Only Mirant stockholders of record at the close of business on September 13, 2010, which is referred to as the Mirant record date, will be entitled to notice of, and to vote at, the Mirant special meeting or any adjournments or postponements thereof.

As of the Mirant record date, there were 144,141,815 shares of Mirant common stock outstanding and entitled to vote at the Mirant special meeting. Each share of Mirant common stock outstanding on the Mirant record date entitles the holder thereof to one vote on each proposal to be considered at the Mirant special meeting, in person or by proxy through the Internet or by telephone or by a properly executed and delivered proxy with respect to the Mirant special meeting.

On the Mirant record date, directors and executive officers of Mirant and their affiliates owned and were entitled to vote 91,156 shares of Mirant common stock, representing less than 1% of the shares of Mirant common stock outstanding on that date. Mirant currently expects that Mirant's directors and executive officers will vote their shares in favor of the Merger proposal, although none of them has entered into any agreements obligating them to do so.

A complete list of stockholders entitled to vote at the Mirant special meeting will be available for examination by any Mirant stockholder at Mirant's headquarters, 1155 Perimeter Center West, Atlanta, Georgia 30338, for purposes pertaining to the Mirant special meeting, during normal business hours for a period of ten days before the Mirant

special meeting and at the Mirant special meeting.

**Quorum**

In order to carry on the business of the Mirant special meeting, Mirant must have a quorum present. A quorum requires the representation, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the Mirant special meeting. Abstentions, if any, are included in the calculation of the number of shares considered to be present at the Mirant special meeting.

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As of the Mirant record date, there were 144,141,815 shares of Mirant common stock outstanding and entitled to vote at the Mirant special meeting. Accordingly, the representation, in person or by proxy, of holders of 72,070,908 shares of Mirant common stock will be required in order to establish a quorum.

### **Required Vote**

#### ***Required Vote to Approve the Merger Proposal (Item 1 on the Proxy Card)***

Approval of the Merger proposal requires the affirmative vote of holders of a majority of the outstanding shares of Mirant common stock entitled to vote on the proposal.

#### ***Required Vote to Approve the Mirant Adjournment Proposal (Item 2 on the Proxy Card)***

Approval of the Mirant Adjournment proposal requires 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.

### **Treatment of Abstentions; Failure to Vote**

For purposes of the Mirant special meeting, an abstention occurs when an Mirant stockholder attends the Mirant special meeting, either in person or by proxy, but abstains from voting.

For the Merger proposal, an abstention or a failure to vote will have the same effect as a vote cast **AGAINST** such proposal.

For the Mirant Adjournment proposal, if a Mirant stockholder present in person at the Mirant special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** the Mirant Adjournment proposal. A failure to vote will have no effect in the outcome of the vote for the Mirant Adjournment proposal.

### **Voting of Proxies; Incomplete Proxies**

Giving a proxy means that a Mirant stockholder authorizes the persons named in the enclosed proxy card to vote its shares at the Mirant special meeting in the manner it directs. A Mirant stockholder may vote by proxy or in person at the Mirant special meeting. If you hold your shares of Mirant common stock in your name as a stockholder of record, to submit a proxy, you, as a Mirant stockholder, may use one of the following methods:

*Telephone voting*, by dialing the toll-free number specified on the proxy card and following the instructions on the proxy card;

*Via the Internet*, by accessing the website specified on the proxy card and following the instructions on the proxy card; or

*Mail*, by completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

If any proxy is returned without indication as to how to vote, the Mirant common stock represented by the proxy will be voted as recommended by the Mirant board of directors. Unless a Mirant stockholder 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 Mirant special meeting.



**Every Mirant stockholder's vote is important. Accordingly, each Mirant stockholder should sign, date and return the enclosed proxy card, or submit a proxy via the Internet or by telephone, whether or not it plans to attend the Mirant special meeting in person.**

**Shares Held in Street Name; Broker Non-Votes**

Under the listing requirements of the NYSE, brokers who hold shares of Mirant common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on

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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, such as approval of the Merger proposal, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. It is expected that brokers, banks and other nominees will not have discretionary authority to vote on either proposal. Therefore, if your broker, bank or other nominee holds your Mirant common stock in street name, your broker, bank or other nominee will vote your shares of Mirant common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

## **Revocability of Proxies and Changes to a Mirant Stockholder's Vote**

A Mirant stockholder has the power to change its vote at any time before its shares of Mirant common stock are voted at the Mirant special meeting by:

notifying Mirant's Corporate Secretary in writing at 1155 Perimeter Center West, Atlanta, Georgia 30338 that you are revoking your proxy;

executing and delivering a later-dated proxy card or submitting a later-dated proxy by telephone or on the Internet; or

voting in person at the Mirant special meeting.

If you are a Mirant stockholder of record, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received prior to the start of the Mirant special meeting, although you may also revoke your proxy by attending the Mirant special meeting and voting in person. **However, if your shares are held in street name by a broker, bank or other nominee, you may revoke your instructions only by informing the broker, bank or other nominee in accordance with any procedures it has established.**

## **Solicitation of Proxies**

The solicitation of proxies from Mirant stockholders is made on behalf of the Mirant board of directors. RRI and Mirant will generally share equally the cost and expenses of printing and mailing this joint proxy/prospectus and all fees paid to the SEC. Mirant will pay the costs of soliciting and obtaining proxies from Mirant stockholders, including the cost of reimbursing brokers, banks and other financial institutions for forwarding proxy materials to their customers. Proxies may be solicited, without extra compensation, by Mirant officers and employees by mail, telephone, fax, personal interviews or other methods of communication. Mirant has engaged the firm of D.F. King & Co., Inc. to assist it in the distribution and solicitation of proxies from Mirant stockholders and has agreed to pay them up to \$50,000, as well as out-of-pocket expenses for its services. RRI will pay the costs of soliciting and obtaining proxies from RRI stockholders and all other expenses related to the RRI special meeting.

## **Delivery of Proxy Materials to Households Where Two or More Mirant Stockholders Reside**

As permitted by the Exchange Act, only one copy of this joint proxy statement/prospectus is being delivered to Mirant stockholders residing at the same address, unless Mirant stockholders have notified Mirant of their desire to receive multiple copies of this joint proxy statement/prospectus. This is known as householding.

Mirant will promptly deliver, upon oral or written request, a separate copy of this joint proxy statement/prospectus to any Mirant stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to Mirant Corporation, 1155 Perimeter Center West, Atlanta, Georgia 30338-5146, Attention: Shareholder Services and General Inquires, or by phone at (678) 579-7777.

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**Voting by Mirant Directors and Executive Officers**

On the Mirant record date, directors and executive officers of Mirant and their affiliates owned and were entitled to vote 91,156 shares of Mirant common stock, representing less than 1% of the total voting power of the shares of Mirant common stock outstanding on that date. It is currently expected that Mirant's directors and executive officers will vote their shares of Mirant common stock in favor of each of the proposals to be considered at the Mirant special meeting, although none of them have entered into any agreements obligating them to do so.

**Attending the Mirant Special Meeting**

Subject to space availability, all Mirant stockholders as of the Mirant record date, or their duly appointed proxies, may attend the Mirant special meeting. Since seating is limited, admission to the Mirant special meeting will be on a first-come, first-served basis. Registration and seating will begin at 8:30 a.m., Eastern Time.

If you hold your shares of Mirant common stock in your name as a stockholder of record and you wish to attend the Mirant special meeting, please bring your proxy and evidence of your stock ownership, such as your most recent account statement, to the Mirant special meeting. You should also bring valid picture identification.

If your shares of Mirant common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the Mirant special meeting, you need to bring a copy of a bank or brokerage statement to the Mirant special meeting reflecting your stock ownership as of the Mirant record date. You should also bring valid picture identification.

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**MIRANT PROPOSALS**

**Item 1. *The Merger Proposal***

(Item 1 on Proxy Card)

As discussed throughout this joint proxy statement/prospectus, Mirant is asking its stockholders to approve the Merger proposal. Holders of Mirant common stock should read carefully this joint proxy statement/prospectus in its entirety, including the annexes, for more detailed information concerning the merger agreement and the merger. In particular, holders of Mirant common stock are directed to the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus.

**The Mirant board of directors recommends a vote FOR the Merger proposal.**

**Item 2. *The Mirant Adjournment Proposal***

(Item 2 on Proxy Card)

The Mirant special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Mirant special meeting to approve the Merger proposal.

If, at the Mirant special meeting, the number of shares of Mirant common stock present or represented and voting in favor of the merger is insufficient to approve the Merger proposal, Mirant intends to move to adjourn the Mirant special meeting in order to enable the Mirant board of directors to solicit additional proxies for approval of the merger. In that event, Mirant will ask its stockholders to vote only upon the Mirant Adjournment proposal, and not the Merger proposal.

In this proposal, Mirant is asking its stockholders to authorize the holder of any proxy solicited by the Mirant board of directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the Mirant special meeting to another time and place for the purpose of soliciting additional proxies. If the Mirant stockholders approve the Mirant Adjournment proposal, Mirant could adjourn the Mirant special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Mirant stockholders who have previously voted.

**The Mirant board of directors recommends a vote FOR the Mirant Adjournment proposal.**

**Other Matters to Come Before the Meeting**

No other matters are intended to be brought before the special meeting by Mirant, and Mirant does not know of any matters to be brought before the meeting by others. If, however, any other matters properly come before the Mirant special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with the judgment of management on any such matter.

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**UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS**

The Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet (pro forma balance sheet) combines the historical consolidated balance sheets of Mirant and RRI, giving effect to the merger as if it had been completed on June 30, 2010 and the Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations (pro forma statements of operations) for the six months ended June 30, 2010 and for the year ended December 31, 2009 giving effect to the merger as if it had occurred on January 1, 2009. The historical consolidated financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the merger, (ii) factually supportable and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. Intercompany transactions have not been eliminated as the preliminary estimates are not material to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (pro forma financial statements).

These pro forma financial statements should be read in conjunction with the historical audited consolidated financial information and accompanying notes of Mirant and RRI for the year ended December 31, 2009 and the historical unaudited condensed consolidated financial information and accompanying notes of Mirant and RRI for the six months ended June 30, 2010, which have been incorporated by reference into this joint proxy statement/prospectus. The pro forma financial statements are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed at the dates indicated.

Although RRI will be issuing shares of RRI common stock to Mirant stockholders to effect the merger, the merger will be accounted for as a reverse acquisition under the acquisition method of accounting. Under the acquisition method of accounting, Mirant will be treated as the accounting acquirer and RRI will be treated as the acquired company for financial reporting purposes. Upon completion of the merger, Mirant stockholders will have a majority of the voting interest in the combined company. The purchase price will be allocated to RRI's assets and liabilities based upon their estimated fair values as of the date of completion of the merger. The allocation is dependent upon certain valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive allocation. Additionally, a final determination of the fair value of RRI's assets and liabilities, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets of RRI that exist as of the date of completion of the merger. Accordingly, the pro forma purchase price adjustments are preliminary, subject to future adjustments and have been made solely for the purpose of providing the pro forma financial information presented below. There can be no assurance that the final determination will not result in material changes.

RRI expects to incur significant costs to integrate RRI's and Mirant's businesses. The pro forma financial statements do not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities.

Table of Contents**MIRANT CORPORATION AND RRI ENERGY, INC.****PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Six Months Ended June 30, 2010**

	<b>Mirant</b>	<b>RRI Energy (a)</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Refinancing Adjustments</b>	<b>Pro Forma Combined</b>
		<b>(in millions, except per share data)</b>			
		<b>(Unaudited)</b>			
Operating revenues	\$ 1,124	\$ 1,005	\$ (12)(b)	\$	\$ 2,117(d)
Cost of fuel, electricity and other products	479	532	(16)(c)		995(d)
<b>Gross Margin (excluding depreciation and amortization)</b>	645	473	4		1,122
<b>Operating Expenses:</b>					
Operations and maintenance	298	400	(10)(e)		688
Depreciation and amortization	104	131	(36)(f)		199
Western states litigation and similar settlements		17			17
Impairment losses		248			248
Gains on sales of assets, net	(3)	(1)			(4)
Total operating expenses	399	795	(46)		1,148
<b>Operating Income (Loss)</b>	246	(322)	50		(26)
<b>Other (Income) Expense, net:</b>					
Interest expense	99	83	3(g)	22	207
Other, net	2	(3)			(1)
Total other expense, net	101	80	3	22	206
<b>Income (Loss) From Continuing Operations Before Income Taxes</b>	145	(402)	47	(22)	(232)
Provision for income taxes	1	51	(51)(h)		1
<b>Income (Loss) From Continuing Operations</b>	\$ 144	\$ (453)	\$ 98	\$ (22)	\$ (233)
<b>Basic EPS:</b>					
Basic EPS from continuing operations	\$ 0.99	\$ (1.28)			\$ (0.30)

**Diluted EPS:**

Diluted EPS from continuing operations	\$ 0.99	\$ (1.28)		\$ (0.30)
Weighted average shares outstanding	145	353	275(i)	773
Effect of dilutive securities	1		(1)(i)	
Weighted average shares outstanding assuming dilution	146	353	274(i)	773

The accompanying notes are an integral part of these unaudited pro forma condensed combined consolidated financial statements.



Table of Contents**MIRANT CORPORATION AND RRI ENERGY, INC.****PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS**

For the Year Ended December 31, 2009

	<b>Mirant</b>	<b>RRI Energy (a) (in millions, except per share data) (Unaudited)</b>	<b>Pro Forma Adjustments (Unaudited)</b>	<b>Pro Forma Refinancing Adjustments</b>	<b>Pro Forma Combined</b>
Operating revenues	\$ 2,309	\$ 1,825	\$ (23)(b)	\$	\$ 4,111(d)
Cost of fuel, electricity and other products	710	1,129	(18)(c)		1,821(d)
<b>Gross Margin (excluding depreciation and amortization)</b>	1,599	696	(5)		2,290
<b>Operating Expenses:</b>					
Operations and maintenance	610	651	(27)(e)		1,234
Depreciation and amortization	149	269	(88)(f)		330
Impairment losses	221	211			432
Gains on sales of assets and emissions and exchange allowances, net	(22)	(22)			(44)
Total operating expenses	958	1,109	(115)		1,952
<b>Operating Income (Loss)</b>	641	(413)	110		338
<b>Other (Income) Expense, net:</b>					
Interest expense	138	186	5(g)	42	371
Interest income	(3)	(2)			(5)
Other, net		7			7
Total other expense, net	135	191	5	42	373
<b>Income (Loss) From Continuing Operations Before Income Taxes</b>	506	(604)	105	(42)	(35)
Provision (benefit) for income taxes	12	(125)	120(h)		7
<b>Income (Loss) From Continuing Operations</b>	\$ 494	\$ (479)	\$ (15)	\$ (42)	\$ (42)
<b>Basic EPS:</b>					
Basic EPS from continuing operations	\$ 3.41	\$ (1.36)			\$ (0.05)

**Diluted EPS:**

Diluted EPS from continuing operations	\$ 3.41	\$ (1.36)		\$ (0.05)
Weighted average shares outstanding	145	351	272(i)	768
Effect of dilutive securities			(i)	
Weighted average shares outstanding assuming dilution	145	351	272(i)	768

The accompanying notes are an integral part of these unaudited pro forma condensed combined consolidated financial statements.

Table of Contents**MIRANT CORPORATION AND RRI ENERGY, INC.****PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEETS**

At June 30, 2010

	<b>Mirant</b>	<b>RRI Energy (a)</b>	<b>Pro Forma Adjustments (in millions) (Unaudited)</b>	<b>Pro Forma Refinancing Adjustments</b>	<b>Pro Forma Combined</b>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,849	\$ 563	\$	\$ 77	\$ 2,489
Funds on deposit	197	152		(123)	226
Receivables, net	258	156			414
Derivative assets	1,687	130			1,817
Inventories	310	278	9(j)		597
Prepaid expenses and other current assets	124	93	(57)(k)(l)		160
Current assets of discontinued operations		56			56
<b>Total current assets</b>	<b>4,425</b>	<b>1,428</b>	<b>(48)</b>	<b>(46)</b>	<b>5,759</b>
<b>Property, Plant and Equipment, net</b>	<b>3,643</b>	<b>4,281</b>	<b>(1,053)(m)</b>		<b>6,871</b>
<b>Noncurrent Assets:</b>					
Intangible assets, net	166	294	(260)(n)		200
Derivative assets	751	45			796
Deferred income taxes	398	23	(195)(o)		226
Prepaid rent	358	268	(268)(k)		358
Other	105	173	(56)(p)	54	276
Long-term assets of discontinued operations		4			4
<b>Total noncurrent assets</b>	<b>1,778</b>	<b>807</b>	<b>(779)</b>	<b>54</b>	<b>1,860</b>
<b>Total Assets</b>	<b>\$ 9,846</b>	<b>\$ 6,516</b>	<b>\$ (1,880)</b>	<b>\$ 8</b>	<b>14,490</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
<b>Current Liabilities:</b>					
Current portion of long-term debt	\$ 563	\$	\$	\$ (21)	\$ 542
Accounts payable and accrued liabilities	546	120	75(q)		741
Derivative liabilities	1,440	92			1,532

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Deferred income taxes	398		(193)(o)		205
Other	5	184	(28)(r)		161
Current liabilities of discontinued operations		24			24
Total current liabilities	2,952	420	(146)	(21)	3,205
<b>Noncurrent Liabilities:</b>					
Long-term debt, net of current portion	1,999	1,950	(38)(s)	115	4,026
Derivative liabilities	284	39			323
Pension and postretirement obligations	70	110			180
Other	69	175	76(t)		320
Long-term liabilities of discontinued operations		14			14
Total noncurrent liabilities	2,422	2,288	38	115	4,863
<b>Temporary Equity Stock-Based Compensation</b>					
		6	(6)(u)		
<b>Commitments and Contingencies</b>					
<b>Stockholders Equity:</b>					
Preferred stock					
Common stock, par value \$0.001 per share	3		(2)(u)		1
Treasury stock, at cost	(5,336)		5,336(u)		
Additional paid-in capital	11,437	6,268	(10,249)(u)		7,456
Accumulated deficit	(1,584)	(2,421)	3,104(u)	(86)	(987)
Accumulated other comprehensive loss	(48)	(45)	45(u)		(48)
Total stockholders equity	4,472	3,802	(1,766)	(86)	6,422
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 9,846</b>	<b>\$ 6,516</b>	<b>\$ (1,880)</b>	<b>\$ 8</b>	<b>\$ 14,490</b>

The accompanying notes are an integral part of these unaudited pro forma condensed combined consolidated financial statements.

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**MIRANT CORPORATION AND RRI ENERGY, INC.**

**Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements**

**1. Overview of Transaction**

On April 11, 2010, Mirant entered into an agreement and plan of merger with RRI and Merger Sub. Upon the terms and subject to the conditions set forth in the merger agreement, which has been unanimously approved by each of the boards of directors of Mirant and RRI, Merger Sub will merge with and into Mirant, with Mirant continuing as the surviving corporation and a wholly owned subsidiary of RRI. The merger is intended to qualify as a tax-free reorganization under the Code so that none of RRI, Merger Sub, Mirant nor any of the Mirant stockholders generally will recognize any gain or loss in the transaction, except that Mirant stockholders will recognize a gain with respect to cash received in lieu of fractional shares of RRI common stock. Pursuant to the merger agreement, upon the closing of the merger, each issued and outstanding share of Mirant common stock, including grants of restricted common stock, automatically will be converted into the right to receive 2.835 shares of common stock of RRI (the exchange ratio). Additionally, upon the closing of the merger, RRI will be renamed GenOn Energy. Mirant stock options and other equity awards generally will convert upon completion of the merger into stock options and equity awards with respect to RRI common stock, after giving effect to the exchange ratio. The amount attributable to RRI time-based restricted stock relating to shares vested as of the combination date and included in the purchase consideration is \$8 million. The amount of post-combination compensation cost expected to be recognized immediately in our post-combination financial statements is \$32 million from the accelerated vesting of Mirant stock options and restricted stock units as a result of the change in control triggered by the merger. As a result of the merger, Mirant stockholders will own approximately 54% of the equity of the combined company and RRI stockholders will own approximately 46%.

Completion of the merger is contingent upon, among other things, (a) approvals by stockholders of both companies, (b) effectiveness of a registration statement on Form S-4 and approval of the NYSE listing for the RRI common stock to be issued in the merger, (c) expiration or termination of the applicable HSR Act waiting period, (d) required regulatory approvals from FERC and the NYPSC (or, with regard to the NYPSC, a determination that such approval is not required), (e) the filing of notice with the CPUC and (f) mutually acceptable debt financing in an amount sufficient to fund the refinancing transactions contemplated by the merger agreement.

**2. Basis of Pro Forma Presentation**

The pro forma statements of operations for the six months ended June 30, 2010, and the year ended December 31, 2009, give effect to the merger as if it were completed on January 1, 2009. The pro forma balance sheet as of June 30, 2010 gives effect to the merger as if it were completed on June 30, 2010.

Although RRI will be issuing shares of RRI common stock to Mirant stockholders to effect the merger, the merger will be accounted for as a reverse acquisition under the acquisition method of accounting. Under the acquisition method of accounting, Mirant will be treated as the accounting acquirer and RRI will be treated as the acquired company for financial reporting purposes. Upon completion of the merger, Mirant stockholders will have a majority of the voting interest in the combined company. The pro forma financial statements have been derived from the historical consolidated financial statements of Mirant and RRI that are incorporated by reference into this joint proxy statement/prospectus. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in connection with the pro forma financial statements.

The merger is reflected in the pro forma financial statements as being accounted for based on the accounting guidance for business combinations. Under the acquisition method, the total estimated purchase price is calculated as described in Note 3 to the pro forma financial statements. In accordance with accounting guidance for business combinations,

the assets acquired and the liabilities assumed have been measured at fair value. The fair value measurements utilize estimates based on key assumptions of the merger, including prior acquisition experience, benchmarking of similar acquisitions and historical and current market data. The pro

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

forma adjustments included herein are likely to be revised as additional information becomes available and as additional analyses are performed. The final purchase price allocation will be determined after the merger is completed and the final amounts recorded for the merger may differ materially from the information presented in these pro forma financial statements.

Estimated transaction costs of \$75 million have been excluded from the pro forma statements of operations as these costs reflect non-recurring charges directly related to the merger and if not incurred prior to the merger are expected to be incurred in the period which includes the merger. However, the anticipated transaction costs are reflected in the pro forma balance sheet as an accrual to accounts payable and accrued liabilities and an increase to accumulated deficit.

The pro forma financial statements do not reflect any cost savings from operating efficiencies or synergies that could result from the merger. Additionally, the pro forma financial statements do not reflect potential restructuring or exit costs of \$125 million that may be incurred to achieve the desired cost savings from the merger.

For the purpose of measuring the estimated fair value of the assets acquired and liabilities assumed, as reflected in the pro forma financial statements, Mirant and RRI have applied the accounting guidance for fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**3. Preliminary Purchase Price**

As noted above, the transaction is being accounted for as a reverse acquisition with Mirant as the accounting acquirer. Therefore, the purchase price was computed based on shares of Mirant common stock that would have been issued to RRI's stockholders on the acquisition date to give RRI an equivalent ownership interest in Mirant as it has in the combined company (46%). The purchase price was calculated as follows:

Number of shares of Mirant common stock that would have been issued to RRI stockholders (in millions)	125
Closing price of Mirant common stock on September 3, 2010	\$ 10.49
Total purchase price (in millions)	\$ 1,315

The actual purchase price will fluctuate with the market price of Mirant common stock until the merger is completed. An increase or decrease of 15% in the Mirant common stock price would increase or decrease the consideration transferred by approximately \$200 million, which would be reflected as an increase or decrease to the purchase price. The increase or decrease in the Mirant common stock price of 15% or more can occur based upon the history of Mirant's common stock price.

**4. Pro Forma Adjustments**

The pro forma adjustments included in the pro forma financial statements are as follows:

***Adjustments to Pro Forma Financial Statements***

(a) *Mirant and RRI historical presentation* Based on the amounts reported in the consolidated statements of operations for the six months ended June 30, 2010, and the year ended December 31, 2009, and the consolidated balance sheet as of June 30, 2010, certain financial line items included in RRI's historical presentation have been reclassified to corresponding line items included in Mirant's historical presentation. These reclassifications have no effect on the historical operating income (loss), net income (loss), total assets, total liabilities or stockholders' equity reported by Mirant or RRI.



**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

Additionally, based on Mirant's and RRI's review of RRI's summary of significant accounting policies disclosed in RRI's financial statements and preliminary discussions between the management of Mirant and RRI, the nature and amount of any adjustments to the historical financial statements of RRI to conform its accounting policies to those of Mirant are not expected to be material. Upon completion of the merger, further review of Mirant's and RRI's accounting policies and consolidated financial statements may result in revisions to policies and classifications.

The preliminary allocation of the purchase price to the fair values of assets acquired and liabilities assumed includes pro forma adjustments for the fair value of property, plant and equipment, out-of-market energy contracts and leases, emissions allowances, other intangible assets, long-term debt and deferred income taxes. The preliminary allocation of the purchase price is as follows (in millions):

Current assets	\$ 1,380
Property, plant and equipment	3,228
Other noncurrent assets	221
Current liabilities	(392)
Long-term debt	(1,912)
Noncurrent liabilities	(414)
Estimated fair value of net assets acquired	\$ 2,111
Purchase price	1,315
Estimated gain on bargain purchase	\$ 796

As the fair value of the net assets acquired exceeds the purchase price, the merger is being accounted for as a bargain purchase in accordance with the accounting guidance for business combinations. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and perform re-measurements to verify that the assets acquired and liabilities assumed have been properly valued. The estimated gain has been excluded from the pro forma statements of operations as it is non-recurring in nature. The estimated gain on the bargain purchase is primarily a result of differences between the long-term fundamental value of the generating facilities and the effect of the near-term view of the equity markets on the price of Mirant common stock, specifically as a result of the following:

current dark spreads that have decreased significantly as a result of natural gas prices that are lower compared to historical levels and increased coal prices that are affected by international demand;

uncertainty related to the nature and timing of environmental regulation, including carbon legislation; and

current lower demand for electricity as compared to long-term declining reserve margins in certain markets in which RRI owns generating facilities.

The valuation of the long-lived assets includes a weighting of two scenarios related to compliance with potential regulation of nitrogen oxide and sulfur dioxide emissions – one scenario based on a cap-and-trade program and another scenario based on the required installation of pollution control equipment. These scenarios include differing

assumptions related to the costs of compliance, which affect the valuation of the long-lived assets.

A 10% change in the undiscounted cash flows of RRI s plants would affect the estimated gain on bargain purchase by approximately \$400 million. Furthermore, a 1% change in the discount rates used in valuing RRI s plants would affect the estimated gain on bargain purchase by approximately \$300 million.

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(b) *Operating revenues* Represents the amortization of fair value adjustments related to RRI's long-term tolling contracts.

(c) *Cost of fuel, electricity and other products* Represents adjustments related to the following for RRI:

	<b>For the Six Months Ended June 30, 2010</b>		<b>For the Year Ended December 31, 2009</b>	
	(in millions)			
Amortization of fair value adjustment for long-term tolling, long-term natural gas transportation and storage contracts	\$	(17)	\$	(34)
Additional fuel expense related to fair value adjustment of fuel inventories		5		6
Amortization of fair value adjustment for coal supply contracts		(4)		10
Total	\$	(16)	\$	(18)

(d) *Unrealized gains (losses) on energy derivatives* Pro forma combined operating revenues and cost of fuel, electricity and other products include the following unrealized gains (losses) on energy derivatives:

	<b>For the Six Months Ended June 30, 2010</b>		<b>For the Year Ended December 31, 2009</b>	
	<b>Operating Revenues</b>	<b>Cost of Fuel, Electricity and Other Products</b>	<b>Operating Revenues</b>	<b>Cost of Fuel, Electricity and Other Products</b>
	(in millions)			
Mirant	\$ 132	\$ (120)	\$ (2)	\$ 49
RRI	49	12	(44)	66
Pro forma combined	\$ 181	\$ (108)	\$ (46)	\$ 115

(e) *Operations and maintenance* Represents adjustments related to the following for RRI:

<b>For the Six Months Ended</b>	<b>For the Year Ended</b>
-------------------------------------	---------------------------

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
	<b>(in millions)</b>	
REMA lease(1)	\$ (9)	\$ (17)
Pension and post-retirement benefit amounts previously recognized in accumulated other comprehensive loss	(1)	(9)
Other, net		(1)
<b>Total</b>	<b>\$ (10)</b>	<b>\$ (27)</b>

(1) Adjustment to decrease lease expense.

(f) *Depreciation and amortization* Represents the net depreciation expense resulting from the fair value adjustments of RRI's property, plant and equipment. The estimate is preliminary, subject to change and could vary materially from the actual adjustment at the time the merger is completed. For each \$100 million change in the fair value adjustment to property, plant and equipment, Mirant and RRI combined would expect an annual change in depreciation expense of approximately \$5 million. The estimated useful lives of the

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

property, plant and equipment acquired range from 5 to 27 years. The adjustments to depreciation and amortization include:

	<b>For the Six Months Ended June 30, 2010</b>		<b>For the Year Ended December 31, 2009</b>	
	(in millions)			
Net decrease to depreciation expense as a result of fair value adjustments of property, plant and equipment	\$	(27)	\$	(71)
Net decrease to amortization expense as a result of fair value adjustments of emission allowances		(8)		(15)
Other, net		(1)		(2)
Total	\$	(36)	\$	(88)

(g) *Interest expense* Represents an increase in interest expense as a result of the fair value adjustments of RRI's debt. The final fair value determination of the debt will be based on prevailing market interest rates at the completion of the merger and the necessary adjustment will be amortized as a reduction (in the case of a premium to book value) or an increase (in the case of a discount to book value) to interest expense over the remaining life of the individual debt issues.

We estimate that the amortization of the fair value adjustment to long-term debt over the next five years will be as follows (in millions):

2010	\$ 5
2011	6
2012	6
2013	7
2014	6

See Note 5 for a discussion of the pro forma refinancing adjustments.

(h) *Income taxes* After considering the limitations expected to be imposed on Mirant's and RRI's existing income tax net operating loss (NOL) carryforwards immediately following the merger, a zero percent rate has been applied to the pro forma adjustments. Additionally, a pro forma adjustment has been made to RRI's historical federal and state deferred tax expense (benefit) to reflect a deferred income tax rate of zero and excludes the effects of any alternative minimum tax that might result for the combined entity.

(i) *Shares outstanding* The pro forma weighted average number of basic shares outstanding is calculated by adding RRI's weighted average number of basic shares of common stock outstanding for the six months ended June 30, 2010 and the year ended December 31, 2009, the number of shares of RRI common stock expected to be issued as a result

of the merger and shares expected to be issued as a result of equity compensation vesting of Mirant and RRI. Mirant's outstanding Series A Warrants and Series B Warrants and remaining options outstanding under equity compensation plans will be assumed by the combined company upon consummation of the merger.

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

	<b>For the Six Months Ended June 30, 2010</b>	<b>For the Year Ended December 31, 2009</b>
	(in millions)	
Basic and Diluted(1):		
RRI weighted average number of basic shares outstanding	355	352
Equivalent Mirant common shares after exchange	418	416

(1) As a result of a loss from continuing operations for the combined company on the pro forma statements of operations, diluted loss per share is calculated the same as basic loss per share.

The following table includes the number of securities that could potentially dilute basic earnings per share in the future that were not included in the computation because to do so would have been anti-dilutive:

	<b>Mirant</b>		<b>RRI</b>	
	<b>For the Six Months Ended June 30, 2010</b>	<b>For the Year Ended December 31, 2009</b>	<b>For the Six Months Ended June 30, 2010</b>	<b>For the Year Ended December 31, 2009</b>
	(shares in millions)			
Series A Warrants	27	27		
Series B Warrants	7	7		
Stock options	4	4	7	5
Total	38	38	7	5

**Adjustments to Pro Forma Condensed Combined Consolidated Balance Sheet**

(j) *Inventories* Represents the adjustments to fair value RRI's fuel inventories.

(k) *Prepaid rent* Represents adjustments to remove the prepaid assets associated with the operating leases of RRI. Includes adjustments of \$60 million in prepaid expenses and other current assets and \$268 million in prepaid rent related to the REMA lease.

(l) *Other current assets* Represents an adjustment of \$3 million to reflect the fair value of RRI's coal supply contracts based on the current market prices of future coal deliveries.

(m) *Property, Plant and Equipment* Represents the adjustment to reflect RRI's property, plant and equipment at their estimated fair values. The estimated fair values were determined based on the income approach, and in particular, discounted cash flows analysis, as it was determined to be the most appropriate methodology to estimate the fair value of the generation facilities. The market approach was considered, but based on the lack of recent comparable transactions, this approach was not given any weighting. The estimate is preliminary, subject to change and could vary materially from the actual adjustment at the time the merger is completed. For each \$100 million change in the fair value adjustment to property, plant and equipment, Mirant and RRI combined would expect an annual change in depreciation expense of approximately \$5 million. The estimated useful lives of the property, plant and equipment acquired range from 5 to 27 years.



**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

(n) *Intangible assets, net* Represents adjustments related to the following for RRI:

	<b>At June 30, 2010</b>
	<b>(in millions)</b>
Emission allowances at fair value	\$ (227)
Water rights and power generation site permits write-off(1)	(39)
Out of market value related to long-term storage contracts	6
Total	\$ (260)

(1) Water rights and power generation site permits are reflected in the fair value of RRI's property, plant and equipment.

(o) *Deferred income taxes* Upon completion of the merger, both Mirant and RRI will be members of the combined company federal income tax consolidated group. Mirant and RRI currently expect to experience ownership changes as defined in Section 382 of the Code as a result of the merger. Assuming such an ownership change occurs, the combined company will be required to redetermine the maximum amount of the combined company's post-merger taxable income (the annual limitation) that may be offset by the pre-merger NOL carryforwards that had been generated by the pre-merger entity which experienced the change. Assuming that the merger takes place at or near the share price of both pre-merger entities as included in this document, Mirant and RRI expect that the annual limitation will significantly diminish the ability of Mirant and RRI to utilize pre-merger NOL carryforwards to offset the combined company's post-merger taxable income. Accordingly, adjustments have been made to reduce deferred taxes and related valuation allowance attributable to NOL carryforwards of both Mirant and RRI to reflect the expected write down of pre-merger NOL carryforwards that would statutorily expire unused as a result of the annual limitation caused by the expected ownership changes in the pre-merger entities. Similarly, the redetermined annual limitations of the pre-merger entities (modified in accordance with the applicable terms of Section 382 of the Code) will apply in all of the combined company's future taxable years and could result in the recognition of additional current tax expense in those future periods. After considering the annual limitations that will be imposed on Mirant's and RRI's existing pre-merger NOL carryforwards immediately following the merger as well as the income tax effects of the pro forma adjustments, the combined entity expects to have a full valuation allowance against its net deferred tax assets which has also been reflected in the adjustments.

(p) *Other long-term assets* Represents adjustments related to the following for RRI:

	<b>June 30, 2010</b>
	<b>(in millions)</b>
Unamortized debt issuance costs write-off	\$ (39)
Deferred lease costs write-off	(17)
Coal supply contracts at fair value	1

Other, net	(1)
Total	\$ (56)

(q) *Accounts payable and accrued liabilities* Represents the accrual for estimated transaction costs of \$75 million.

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

(r) *Other current liabilities* Represents adjustments related to the following for RRI:

	<b>June 30, 2010</b> <b>(in millions)</b>
Kern River Gas Transmission Company settlement	\$ (39)
Accrual for RRI time-based cash units(1)	7
Coal supply contracts at fair value	4
	<b>\$ (28)</b>

(1) RRI's time-based cash units will vest and settle in cash upon completion of the merger.

(s) *Debt* Represents the fair value adjustments of RRI's fixed rate debt based on market prices and quotes from an investment bank at June 30, 2010. See Note 5 for a discussion of the pro forma refinancing adjustments.

(t) *Other non-current liabilities* Represents adjustments related to the following for RRI:

	<b>June 30, 2010</b> <b>(in millions)</b>
Long-term tolling and long-term natural gas transportation contracts at fair value	\$ 88
Deferred income taxes(1)	(10)
Other, net	(2)
Total	<b>\$ 76</b>

(1) Refer to an explanation for adjustment (o) for further detail.

(u) *Equity* Represents adjustments to common stock and additional paid-in capital to reflect the value of consideration transferred by Mirant to complete the merger. The adjustment to common stock is based on the par value of RRI common stock of \$0.001 per share. The additional paid-in capital also includes \$32 million from the accelerated vesting of Mirant stock options and restricted stock units as a result of the change in control triggered by the merger and \$5 million for the fair value adjustment related to the RRI time-based stock options. In addition, the pro forma balance sheet excludes the outstanding treasury stock of Mirant as it will be retired according to the terms of the merger agreement. The pro forma equity also includes adjustments to accumulated deficit totaling \$683 million for the estimated gain on bargain purchase, transaction costs and other non-recurring adjustments. The transaction costs are shown as an adjustment to accumulated deficit in accordance with accounting guidance applicable to business combinations, which requires that these costs be expensed.

## **5. Pro Forma Refinancing Adjustments**

Completion of the merger is conditioned on Mirant and RRI consummating certain debt transactions, which may include the combined company obtaining a combination of a new revolving credit facility, new senior notes and a new term loan. Mirant, together with RRI, have entered into agreements pursuant to which financial institutions have committed to provide a \$750 million to \$1.0 billion five-year revolving credit facility, subject to customary conditions to closing, including:

the consummation of the merger;

the receipt of at least \$1.9 billion in gross cash proceeds from the issuance of senior unsecured notes and term loan borrowings; and

the closing of the credit facility on or before December 31, 2010.

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

The participating financial institutions, or affiliates thereof, have also agreed to use commercially reasonable efforts to arrange a syndication of a \$500 million term loan. In addition, certain of the participating financing institutions, or affiliates thereof, are anticipated to act as initial purchasers, underwriters or placement agents in connection with the proposed offering of senior unsecured notes. The revolving credit facility and term loan facility, and the subsidiary guarantees thereof, will be senior secured obligations of the combined company and certain of its subsidiaries; provided, however, that Mirant Americas Generation's subsidiaries (other than Mirant Mid-Atlantic and Mirant Energy Trading and their subsidiaries) will guarantee the revolving credit facility and term loan only to the extent permitted under the indenture for the senior notes of Mirant Americas Generation.

The pro forma statements of operations adjustments include the following:

	<b>For the Six Months</b>		<b>For the Year Ended</b>	
	<b>Ended</b>		<b>December 31, 2009</b>	
	<b>June 30, 2010</b>		<b>(in millions)</b>	
Interest cost for the anticipated new debt to be issued(1)(2)	\$	85	\$	170
Interest cost on Mirant's debt subject to refinancing(2)		(41)		(84)
Interest cost on RRI's debt subject to refinancing(2)		(22)		(44)
Total incremental interest expense	\$	22	\$	42

(1) Includes amortization of debt issuance costs, letters of credit and commitment fees. See note (1) below.

(2) Includes capitalized interest.

An estimated interest rate of 9% for the anticipated new senior notes at the combined company was assumed based on current market value for RRI's existing senior unsecured notes. An estimated interest rate of 5% was assumed for the anticipated new term loan at the combined company. A change in interest rate of 0.125% would affect pro forma income from continuing operations before income taxes by approximately \$3 million on an annual basis.

The pro forma balance sheet adjustments include (i) \$123 million of cash previously included in funds on deposit that will be returned to the combined company related to letters of credit outstanding under the Mirant North America senior secured term loan cash collateral account, (ii) \$19 million write-off of Mirant's unamortized debt issuance costs for the debt subject to refinancing, (iii) \$73 million accrual for debt issuance costs to be incurred in connection with the issuance of anticipated new debt at the combined company, (iv) issuance of anticipated new debt at the combined company and the extinguishment of certain debt at Mirant and RRI and (v) \$86 million adjustment to accumulated deficit for estimated cash premiums and the

**Table of Contents****MIRANT CORPORATION AND RRI ENERGY, INC.****Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (Continued)**

write-off of Mirant's unamortized debt issuance costs. A summary of the debt subject to extinguishment and the anticipated new debt to be issued as part of the transaction is as follows:

**Debt Subject to Extinguishment (in millions):**

	<b>At June 30, 2010</b>	<b>Interest Rate</b>	<b>Estimated Premium</b>
<b>Mirant Corporation:</b>			
Mirant North America senior secured term loan, due 2010 to 2013	\$ 306	LIBOR + 1.75%	\$
Mirant North America senior notes, due December 2013	850	7.375%	31
Total	\$ 1,156		\$ 31
<b>RRI:</b>			
PEDFA fixed-rate bonds, due 2036	\$ 371	6.75%	\$ 26
Senior secured notes, due 2014	279	6.75%	10
Total	\$ 650		\$ 36

**Anticipated New Debt (in millions):**

	<b>Long-term Debt(1)(2)</b>
Senior notes	\$ 1,400
Term loan	500
Revolving credit facility	
Total	\$ 1,900

(1) This amount would be reduced if RRI obtains a consent from the holders of the 6.75% senior secured notes and/or PEDFA bonds.

(2) The estimated debt issuance costs are approximately \$73 million.

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**UNAUDITED FINANCIAL FORECASTS**

RRI and Mirant are including in this joint proxy statement/prospectus certain financial forecasts that RRI and Mirant prepared for their respective boards in connection with the proposed merger. These financial forecasts also were provided to RRI's and Mirant's respective financial advisors. See *The Merger* Opinion of RRI's Financial Advisors beginning on page 36 and *Opinion of Mirant's Financial Advisor* beginning on page 45. The financial forecasts were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or GAAP. The inclusion of this information in this joint proxy statement/prospectus should not be regarded as an indication that any of RRI, Mirant or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. The inclusion of the financial forecasts in this joint proxy statement/prospectus shall not be deemed an admission or representation by RRI or Mirant that such information is material.

The financial forecasts of RRI and Mirant included in this joint proxy statement/prospectus were prepared by, and are the responsibility of, RRI management and Mirant management, respectively, and are unaudited. Neither RRI's nor Mirant's independent registered public accounting firm, nor any other independent auditors, have compiled, examined or performed any procedures with respect to the prospective financial information contained in the financial forecasts, nor have they expressed any opinion or given any form of assurance on the financial forecasts or their achievability. Furthermore, the financial forecasts:

are based on March 16, 2010 forward curves;

make numerous assumptions, as further described below, many of which are beyond the control of RRI and Mirant and may not prove to be accurate;

do not necessarily reflect revised prospects for RRI's and Mirant's businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;

are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below; and

should not be regarded as a representation that the financial forecasts will be achieved.

These financial forecasts were prepared by the respective managements of RRI and Mirant based on information they had at the time of preparation and are not a guarantee of future performance. These financial forecasts were, in general, prepared solely for use by RRI's and Mirant's respective boards and financial advisors and are subjective in many respects and thus subject to interpretation. Neither RRI nor Mirant can assure you that their respective financial forecasts will be realized or that their respective future financial results will not materially vary from the financial forecasts. The financial forecasts cover multiple years and such information by its nature becomes less predictive with each succeeding year.

The financial forecasts do not take into account any circumstances or events occurring after the date they were prepared. RRI and Mirant do not intend to update or revise the financial forecasts. The financial forecasts are forward-looking statements. For more information on factors which may cause RRI's and Mirant's future financial results to materially vary from those projected in the financial forecasts, see *Cautionary Statement Concerning*

Forward-Looking Statements on page 19 and Risk Factors beginning on page 20.

**RRI Financial Forecasts (Unaudited)**

In the course of their mutual due diligence, RRI provided Mirant with non-public financial projections for the years ending December 31, 2010, 2011, 2012, 2013 and 2014, which projections are collectively referred to as the RRI management case. The RRI management case was prepared to assist the RRI board of directors in its evaluation of the strategic rationale for the merger and was furnished to and used by Goldman Sachs and Morgan Stanley in connection with the preparation of their opinions as described in the section entitled The Merger Opinion of RRI's Financial Advisors beginning on page 36. The key drivers of RRI's



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performance are supply and demand fundamentals in the regions in which it operates as well as the spread between natural gas and coal prices. The market's view of supply and demand fundamentals is reflected in power prices and heat rates. RRI has set forth the PJM West power prices and heat rates in the table below as most of its energy sales occur in PJM. This table also includes natural gas and coal prices reflecting the market's view on spreads. All of these prices are as of March 16, 2010 and represented the most relevant, up-to-date, available forward market prices at the time RRI prepared its management case. In addition, in developing the RRI management case, RRI management assumed that capacity prices for the Mid-Atlantic Area Council (MAAC) locational deliverability area (LDA), eastern MAAC LDA and regional transmission organization (RTO) area would be \$133 megawatt-day, \$140 megawatt-day and \$90 megawatt-day, respectively for the planning periods 2013/2014 and 2014/2015. MAAC LDA, eastern MAAC LDA and RTO are zones in the PJM Market's reliability pricing model auctions. RRI's capacity sales occur primarily through these auctions. At the time RRI prepared its management case, base residual auctions were completed for planning periods 2010/2011, 2011/2012 and 2012/2013 and those clearing prices were used in the management case. The assumed capacity prices for planning periods 2013/2014 and 2014/2015 are consistent with the historical average base residual auction clearing prices.

**RRI Management Case**

	<b>Year Ended December 31,</b>				
	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
<b>(\$ in millions, except forward price data)</b>					
Open EBITDA(1)	\$ 201	\$ 211	\$ 228	\$ 270	\$ 493
Adjusted EBITDA(2)	241	205	187	237	458
Capital Expenditures	88	62	49	108	145
Forward prices as of March 16, 2010:					
PJM West:					
On-peak (5X16)(\$/MWh)	\$ 48.66	\$ 51.00	\$ 52.96	\$ 55.21	\$ 58.96
Off-peak (\$/MWh)	36.25	36.39	37.08	39.32	42.56
On-peak market heat rate (MMBtu/MWh)	9.15	8.49	8.31	8.33	8.57
Off-peak market heat rate (MMBtu/MWh)	6.70	6.01	5.77	5.90	6.15
TETCO M3 (\$/MMBtu)	\$ 5.37	\$ 6.04	\$ 6.41	\$ 6.66	\$ 6.91
NYMEX (\$/MMBtu)(3)	4.88	5.57	5.99	6.25	6.50
Coal (\$/MMBtu)(4)	2.44	2.81	2.98	3.12	3.13

- (1) Open EBITDA is defined in RRI's most recent Form 10-Q filed with the SEC, except that cash emission costs have been deducted to be consistent with Mirant.
- (2) Adjusted EBITDA is defined in RRI's most recent Form 10-Q filed with the SEC, except that cash emission costs have been deducted to be consistent with Mirant.
- (3) Based on the March 16, 2010 forward curve.
- (4) Represents the simple average of monthly prices of Pittsburgh Seam, Central Pennsylvania and Central Appalachian (CAPP), excluding delivery costs which are estimated to be \$0.53/MMBtu.

**Mirant Financial Forecasts (Unaudited)**

In the course of their mutual due diligence, Mirant provided RRI with non-public financial projections for the years ending December 31, 2010, 2011, 2012, 2013 and 2014, which projections are collectively referred to as the Mirant management case. The Mirant management case was prepared to assist the Mirant board of directors in its evaluation of the strategic rationale for the merger and was furnished to and used by J.P. Morgan in connection with the preparation of its opinion as described in the section entitled "The Merger" Opinion of Mirant's Financial Advisor beginning on page 45. The key drivers of Mirant's performance are supply and demand fundamentals in the regions in which it operates as well as the spread between natural gas and coal prices. The market's view of supply and demand fundamentals is reflected in power prices and heat rates.

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Mirant has set forth the PJM West power prices and heat rates in the table below as most of its energy sales occur in PJM. This table also includes coal prices reflecting Mirant's average cost of delivered coal. All of these prices are as of March 16, 2010 and represented the most relevant, up-to-date, available forward market prices at the time Mirant prepared its management case. In addition, in developing the Mirant management case, Mirant management assumed that capacity prices for the MAAC LDA, eastern MAAC LDA and RTO area would be \$133 megawatt-day, \$140 megawatt-day and \$90 megawatt-day, respectively for the planning periods 2013/2014 and 2014/2015.

**Mirant Management Case**

	<b>Year Ended December 31,</b>				
	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
	(\$ in millions, except forward price data)				
Open EBITDA(1)	\$ 231	\$ 150	\$ 108	\$ 206	\$ 246
Adjusted EBITDA(2)	593	342	236	355	399
Capital Expenditures	488	372	433	162	102
Forward prices as of March 16, 2010:					
PJM West:					
On-peak (5X16)(\$/MWh)	\$ 48.66	\$ 51.00	\$ 52.96	\$ 55.21	\$ 58.96
Off-peak (\$/MWh)	36.25	36.39	37.08	39.32	42.56
On-peak market heat rate (MMBtu/MWh)	9.15	8.49	8.31	8.33	8.57
Off-peak market heat rate (MMBtu/MWh)	6.70	6.01	5.77	5.90	6.15
NYMEX (\$/mmBtu)(3)	\$ 4.88	\$ 5.57	\$ 5.99	\$ 6.25	\$ 6.50
Coal (\$/MMBtu)	3.29	3.55	3.86	3.83	3.87

- (1) Open EBITDA is defined as EBITDA (earnings before interest tax, depreciation and amortization) adjusted to exclude the financial impact of hedges and certain non-recurring items.
- (2) Adjusted EBITDA is defined as EBITDA (earnings before interest tax, depreciation and amortization) adjusted to exclude certain hedging and certain non-recurring items.
- (3) Based on the March 16, 2010 forward curve.

**Adjustments**

Mirant's management made adjustments to the financial forecasts provided by RRI. These adjusted forecasts, as discussed below, were presented by Mirant's managements to its board of directors and financial advisor. RRI's management did not make any adjustments to the financial forecasts provided by Mirant.

**Mirant's Adjustments to the RRI Management Case**

The RRI management case described above under "RRI Financial Forecasts" was created utilizing assumptions regarding the potential impact that future environmental legislation, most notably, the Environmental Protection Agency's Clean Air Interstate Rules, may have on RRI's business. As a result, Mirant's management adjusted the RRI management case that was prepared by RRI's management to reflect the assumptions of Mirant's management regarding such environmental legislation.



**Table of Contents***Adjusted RRI Management Case*

	<b>Year Ended December 31,</b>				
	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
	<b>(\$ in millions, except forward price data)</b>				
Open EBITDA(1)	\$ 201	\$ 211	\$ 228	\$ 270	\$ 493
Adjusted EBITDA(2)	241	205	187	237	458
Capital Expenditures	88	62	48	108	291
NYMEX (\$/mmBtu)(3)	\$ 4.88	\$ 5.57	\$ 5.99	\$ 6.25	\$ 6.50

- (1) Open EBITDA is defined in RRI's most recent Form 10-Q filed with the SEC, except that cash emission costs have been deducted to be consistent with Mirant.
- (2) Adjusted EBITDA is defined in RRI's most recent Form 10-Q filed with the SEC, except that cash emission costs have been deducted to be consistent with Mirant.
- (3) Based on the March 16, 2010 forward curve.

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**EXECUTIVE AND DIRECTOR COMPENSATION**

The following discussion describes the compensation provided to, and the compensation and benefit programs applicable to, RRI's nonemployee directors and certain of its executive officers for 2009 and, to a limited extent, 2010. This information is required in this joint proxy statement/prospectus because RRI is asking its stockholders to approve, among other things, RRI's adoption of the 2010 Incentive Plan, as described above under RRI Proposal Item 4. The 2010 Incentive Plan Proposal. This information should be read in conjunction with the additional information set forth at 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 56.

Following completion of the merger, the combined company may revise the compensation and benefits practices described below. Moreover, as described at The Merger Agreement Employee Benefits Matters beginning on page 77, RRI and Mirant have agreed on certain aspects of the compensation and benefits practices to be maintained by the combined company after the merger.

**Executive Compensation**

***Compensation Discussion and Analysis***

*How did the events of 2009 impact RRI's executive compensation program?*

In late 2008, the RRI board initiated a process to review strategic alternatives, which led to the sale of its retail business. These events and the resulting changes to RRI's business led to the following changes in its 2009 executive compensation program:

re-evaluated RRI's peer companies to align with RRI's singular focus on wholesale power generation and the cyclical commodity price nature of its business;

revised the performance metrics included in RRI's annual incentive compensation program to align with its updated business strategy; and

focused RRI's long-term incentive award program for 2009 on retention.

See How are executive compensation amounts determined and Why does RRI choose to pay each element? for additional information.

*What are the elements and objectives of RRI's executive compensation program?*

RRI's direct compensation program for executives consists of base salary, annual incentive awards and long-term incentive awards. Executives at RRI may also be eligible for benefits under its executive severance plan and change-in-control-agreements. See How were payment amounts and trigger events determined for termination and change-in-control? and Potential Payments upon Termination or Change-in-Control. Using these elements, the compensation committee of the RRI board of directors has approved a compensation program designed to prudently use RRI's resources while meeting the following objectives:

attract and retain the talent that the RRI board feels is required to successfully execute RRI's business strategy;

align the interests of RRI's executives with the interests of its stockholders;

reinforce expectations of leadership and achievement, consistent with RRI's values and its vision to be the best performing, best positioned generator in competitive electricity markets; and

provide a strong incentive to RRI's executives to achieve their potential and RRI's goals and long-term success.

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*What is the role of RRI executives in the executive compensation process?*

RRI's Chief Executive Officer has access to the internal and external compensation information described below, and conducts each of the other RRI executive's annual performance review. RRI's Senior Vice President, Human Resources provides input and makes recommendations to the Chief Executive Officer regarding compensation philosophy and structure, the structure and design of annual incentive awards and long-term incentive awards, and RRI's executive severance plan and change-in-control agreements. Other members of RRI's management team may also give input or make recommendations to the Chief Executive Officer regarding these matters. Using all of that information, the Chief Executive Officer makes recommendations to the compensation committee regarding the compensation of other executives. In each case, the compensation committee independently reviews the data, considers the Chief Executive Officer's proposals, may request further proposals from the Chief Executive Officer, consults with Towers Watson & Co. (Towers Watson) as needed, and makes its own determinations for RRI executives. For additional information regarding Towers Watson's role in the compensation process, see [How are executive compensation amounts determined?](#)

In setting the Chief Executive Officer's compensation, the compensation committee consults with each non-management director for his/her views of the Chief Executive Officer's performance and compensation. The compensation committee then presents a report to the RRI board so that all directors have an opportunity to be heard in advance of the compensation committee's final action.

*How are executive compensation amounts determined?*

In determining target compensation levels for each executive, the compensation committee considers:

- market data;
- individual performance;
- corporate performance;
- compensation history; and
- internal equity.

None of these factors are weighted, but are considered together.

*Market Data.* Market data is a key consideration for the compensation committee. The compensation committee has retained Towers Watson, a nationally recognized independent compensation consultant, to annually provide competitive market data for base salary, target annual incentive awards and expected value of target long-term incentive awards. In conducting the competitive analysis, Towers Watson gathers information from RRI, public filings and appropriate survey sources. Towers Watson reports the results of the competitive analysis to the compensation committee but does not make recommendations. The compensation committee considers these data for general market movement and trends and the positioning of RRI executives relative to the market. The compensation committee reviewed and considered market data as prepared by Towers Watson in early 2009 for the following groups:

- a peer group composed of 18 other utility and power generation companies (The AES Corporation, American Electric Power Company, Inc., Calpine Corporation, Constellation Energy Group, Inc., Dominion Resources, Inc., Duke Energy Corporation, Dynegey Inc., Edison International, Entergy Corporation, Exelon Corporation,



FPL Group, Inc., Mirant, NRG Energy, Inc., PG&E Corporation, PPL Corporation, Sempra Energy, Energy Future Holdings Corp. and The Williams Companies, Inc.) selected primarily because they are engaged in the merchant energy business, have significant generation portfolios, and/or have significant non-regulated and/or energy operations;

approximately 100 major energy organizations in the broader energy industry; and

approximately 800 organizations in the broader general industry.

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Towers Watson prepared the market data on a composite basis and the compensation committee did not review individual company data.

The two broader groups are surveyed because RRI does not compete exclusively within its peer group for leadership talent, and these groups represent a talent market for non-industry specific positions. The market data for these two groups is size-adjusted to RRI's revenue size by Towers Watson to provide appropriate comparisons. All three reference groups are included, where available, in the consideration of each element of 2009 compensation for each executive.

Market data for target total direct compensation (base salary, targeted annual incentive and expected value of target long-term incentive awards) is developed at both the 50th and 75th percentiles for each reference point in order to provide a broad market view; however, the compensation committee does not seek to target total direct compensation at any particular level. Each executive's position relative to the market data is reflective of his/her experience (both with RRI and with other organizations) and the other factors described below. All of the executives were below the 75th percentile for the peer group and the energy industry companies and four were also below the 50th percentile. All of the executives for which comparable market data was available were below the 50th percentile for the broader general industry companies.

In light of the sale of RRI's Texas retail business in the second quarter of 2009 and the cyclical commodity-based nature of wholesale power generation, the compensation committee reconsidered the peer groups used for assessing executive compensation and determined to review and consider market data in 2010 for the following groups:

a peer group composed of six direct merchant energy peers (Allegheny Energy Inc., Calpine Corporation, Dynegy Inc., Mirant, NRG Energy, Inc. and PPL Corporation) selected primarily because they are engaged in the merchant energy business and are most similar to RRI in business operations;

a peer group composed of 38 commodity-based, cyclical industry companies with similar business characteristics to those of RRI and with revenues between approximately \$1 billion and \$10 billion; and

a peer group composed of approximately 750 organizations across a broad group of industries.

As with the market data considered by the compensation committee in 2009, Towers Watson prepared this market data on a composite basis and the compensation committee did not review individual company data. Again, the two broader groups are surveyed because RRI does not compete exclusively within its peer group for leadership talent, and these groups represent a talent market for non-industry specific positions. The market data for these two groups is size-adjusted to our revenue size by Towers Watson to provide appropriate comparisons. All three reference groups are included in the consideration of each element of 2010 compensation for each executive.

*Individual Performance.* The compensation committee also considers individual performance, including achievement of individualized goals, current and potential impact on corporate performance, reputation, skills, experience, criticality and demonstration of RRI's values as important factors. RRI's values are to:

act with absolute integrity;

collaborate with, support and respect its employees;

communicate openly, honestly and frequently;

ensure a safe, healthy and enjoyable workplace;

care for the environment;

create value for its stakeholders;

develop a highly motivated, valued and diverse workforce;

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optimize its financial and physical resources; and

continuously simplify and improve its processes.

The system used for RRI executives' annual performance evaluations is the same as for all employees (except the President and Chief Executive Officer). See [What is the role of RRI executives in the compensation process?](#)

*Corporate Performance.* Significant portions of RRI's annual incentive awards and long-term incentive awards are tied to corporate and operational results, which must be achieved in order for any payout to be earned. See [Why does RRI choose to pay each element?](#) below.

*Compensation History.* In determining an executive's compensation, the compensation committee considers the base salary and the annual incentive target and payout history of each executive for the preceding four years. The compensation committee also considers each executive's equity holdings, including the date of any grants, the types of awards (restricted stock, restricted stock units, stock options or cash-based), the vesting provisions, the expiration dates, the exercise prices, if applicable, and the number of units or shares granted. The compensation committee reviews these historical awards to ensure an appropriate portion of executive compensation provides retention value, but no formula is used. When Mr. Brast was appointed as an executive in May 2009, he became ineligible to receive the discretionary bonus that had previously been available in connection with his position in commercial operations and that had comprised a significant portion of his total compensation in prior years. In March 2010, the compensation committee awarded Mr. Brast a supplemental cash payment of \$60,000 so that his total compensation earned for 2009 was more closely aligned to his historical compensation.

*Internal Equity.* Differences in levels of compensation among RRI's executives exist because of differences in their roles and responsibilities and based on all of the factors discussed above. The compensation committee does not use formulas in determining compensation amounts, but is mindful of internal equity and the impact of perceived fairness related to its decisions.

*How does each element and RRI's decisions regarding that element fit into the compensation program's objectives and affect other elements?*

To achieve the compensation program's objectives, the compensation committee believes that a significant portion of executive compensation should be composed of variable, at risk elements, with the majority of these elements being based on alignment with RRI's stockholders and achievement of RRI's long-term success. Base salaries attract and retain the talent needed to lead RRI's business. The compensation committee strives for a balanced and effective mix of elements, which are not weighted in any particular manner. RRI has no policies or formulas for allocating among different forms of pay.

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The table below sets forth the allocation range of fixed and variable compensation for RRI executives based on the compensation committee's determinations during 2009. See Summary Compensation Table and 2009 Grants of Plan-Based Awards.

<b>Executive</b>	<b>Fixed</b>	<b>Variable</b>	
	<b>Percentage of Total Compensation Cash Base Salary</b>	<b>Total Compensation Cash Annual Incentive Award(1)</b>	<b>Percentage of Total Compensation Equity/Equity-Based Long-Term Incentive Awards(2)</b>
Mark Jacobs, President and Chief Executive Officer	21%	21%	58%
Rick Dobson, Executive Vice President and Chief Financial Officer	28%	20%	52%
Michael Jines, Executive Vice President, General Counsel and Corporate Secretary and Chief Compliance Officer	35%	21%	44%
Rogers Herndon, Executive Vice President, Strategic Planning and Business Development	31%	19%	50%
David Brast, Senior Vice President, Commercial Operations and Origination	41%	22%	37%
Brian Landrum, Former Executive Vice President, Chief Operating Officer	56%	44%	0%
Suzanne Kupiec, Former Senior Vice President and Chief Risk and Compliance Officer	65%	35%	0%

(1) Based on target levels and therefore will differ from the award amounts reported in the Summary Compensation Table.

(2) Based on compensation values at the time the awards were made.

*Why does RRI choose to pay each element?*

**Base Salary.** Base salary is paid in cash commensurate with the responsibilities of each individual's position. The compensation committee annually reviews base salary and approves adjustments based on the factors discussed under

How are executive compensation amounts determined? The compensation committee believes the base salaries provide a competitive level of fixed compensation based on the individual's experience and performance as well as the position's market value. For 2009 base salaries, see Summary Compensation Table. In February 2009, the compensation committee made no increases in 2009 base pay for executives. In making this determination, the compensation committee considered the market's response to the current economic climate, the most common trends relative to base pay, and the fact that RRI was exploring a full range of possible strategic alternatives to enhance stockholder value.

**Annual Incentive Awards.** Annual incentive awards are paid in cash and are tied to annual achievement of the performance metrics described below. The purpose of RRI's annual incentive awards is to encourage superior

performance on key corporate and employee metrics that the RRI board believes are critical to RRI's business. Annual incentive awards are defined as a specified target percentage of base salary. These target percentages for executives are approved by the compensation committee based on the market data surveys

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prepared by Towers Watson and internal equity. The table below reflects the percentage of 2009 base salary that the executives were eligible to receive.

<b>Executive</b>	<b>Percent of Base Salary(1)</b>		
	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
Mark Jacobs	20%	100%	200%
Rick Dobson	14	70	140
Michael Jines	12	60	120
Rogers Herndon	12	60	120
David Brast	11	55	110
Brian Landrum	14	70	140
Suzanne Kupiec	11	55	110

- (1) Achievement between specified levels is pro-rated. Performance below threshold results in no payment. Performance above maximum is capped at the maximum percentage. The compensation committee has discretion to approve payouts for performance above or below the performance metrics in order to take into account extraordinary or unexpected market, business or individual performance events.

As a general rule, the compensation committee approves the structure of the annual incentive awards for the current year during the first quarter. In mid-2009, in light of the economic environment and the recent sale of RRI's Texas retail business, management and the compensation committee undertook a comprehensive review of the annual incentive award metrics and approved revised metrics that emphasize performance, efficiency and effectiveness, the factors that the RRI board believes are important in driving RRI's success and that RRI can control despite the cyclical nature of RRI's business and the uncertain economy. The table below reflects the initial and revised 2009 metrics.

**Revised 2009 Metrics (effective July 1, 2009)**

Corporate Metrics  
Adjusted EBITDA  
Open wholesale contribution margin(1)  
Retail contribution margin(2)  
Effectiveness Metric - total margin capture factor  
Efficiency Metric - total cost per MWh equivalent generation

**Prior 2009 Metrics**

Corporate Metrics  
Adjusted EBITDA  
Open wholesale contribution margin  
Retail contribution margin  
Employee survey results

- (1) Included through June 30, 2009, the month end prior to the compensation committee's decision.

- (2) Included through April 30, 2009, the date immediately preceding the sale of RRI's Texas retail business.

The metric payout amounts and the determination of threshold, target and opportunity are based on a number of factors, including:

the estimated likelihood of achievement;

the volatility of performance, based on past history as well as projections;

the degree of difficulty associated with achievement;

the mix of controllable versus non-controllable factors impacting achievement; and

any other relevant data.

Generally, the target level is consistent with RRI's annual operating plan, with threshold and opportunity levels that take into account the types of factors listed above. The weighting of the different performance metrics is recommended by management and approved by the compensation committee based on the assessment of the relative priorities of the specific performance metrics.



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<b>Revised 2009 Metrics</b>	<b>Threshold (20%)</b>	<b>Target (100%)</b>	<b>Maximum (200%) (\$ in millions)</b>	<b>Actual Results</b>	<b>Achievement of Target</b>	<b>Weight</b>
<b>Corporate Metrics</b>						
Adjusted EBITDA(1)	\$ 92	\$ 292	\$ 492	\$ 55	0.0%	30%
Open wholesale contribution margin(2)	\$ 29	\$ 65	\$ 101	\$ 52	71.1%	15%
Retail contribution margin(3)	\$ 170	\$ 240	\$ 310	\$ 298	182.9%	15%
Total margin capture factor(4)	89.2%	91.2%	93.2%	89.2%	20.0%	20%
Total cost per MWh equivalent generation(5)	\$ 15.43	\$ 13.93	\$ 12.43	\$ 14.30	80.3%	20%
<b>Total</b>						<b>100%</b>

- (1) Adjusted EBITDA is considered an important metric for valuation of RRI's performance and that of its stock. It represents EBITDA adjusted for unrealized gains/losses on energy derivatives, western states litigation and similar settlements, severance, goodwill and long-lived assets impairments and debt extinguishments losses.
- (2) Open wholesale contribution margin for January 1, 2009 – June 30, 2009 encompassed RRI's commercial capacity factor objectives, energy margin execution ability and cost effectiveness. It represented revenues less cost of sales and operation and maintenance, excluding severance, adjusted to exclude the impact of wholesale hedges and unrealized gains/losses on energy derivatives. The metric was further adjusted for purposes of calculating annual incentive awards by the expected margin impact of changes in commodity (gas, coal and SO<sub>2</sub>) prices versus the commodity prices assumed in the original target.
- (3) Retail contribution margin for January 1, 2009 – April 30, 2009 encompassed RRI's customer count objectives and margin execution performance and cost effectiveness. It represented revenues less cost of sales, operation and maintenance, selling and marketing and bad debt expense for RRI's retail energy segment, adjusted to exclude the impact of unrealized gains/losses on energy derivatives. This metric is further adjusted for purposes of calculating annual incentive awards to exclude prior year market usage adjustments that are not related to current year performance.
- (4) Total margin capture factor measures RRI's effectiveness at operating each plant to capture the maximum value at the lowest economic cost over time. It is calculated by dividing open gross margin generated by the plants by the total available open gross margin assuming 100% availability. Open gross margin consists of open energy gross margin and other margin. Open energy gross margin is calculated using the day-ahead and real-time market power sales prices received by the plants less market-based delivered fuel costs. Open energy gross margin excludes the effects of other margin, hedges and other items and unrealized gains/losses on energy derivatives. Other margin represents power purchase agreements, capacity payments and ancillary services revenues.
- (5) Total cost per MWh equivalent generation measures how efficiently RRI manages its plants and operates the business. Total cost includes operation and maintenance expense (excluding the REMA lease expense and severance), general and administrative expense (excluding severance), and maintenance capital expenditures. MWh generation is actual generation (excluding power purchase agreements and tolling agreements) plus equivalent MWh generation from other margin calculated by dividing other margin by \$25.00 (average of the

2006-2008 open energy margin/MWh).

See non-equity incentive plan compensation in the Summary Compensation Table for valuation disclosure related to 2009 annual incentive awards for each executive. See also The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger 2010 Annual Incentive Plan (AICP) on page 59.

*Long-Term Incentive Awards.* Given the sale of RRI's Texas retail business and the current market environment, the compensation committee determined that RRI's long-term incentive awards for 2009 should

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serve as a retention vehicle and also align its executives' interests with those of its stockholders. In June 2009, the compensation committee granted the executives long-term incentive awards structured as follows:

<b>Award Vehicle</b>	<b>Vesting Period</b>	<b>Percentage of Targeted LTI Value</b>
Cash Units	Time-based, three-year cliff vesting, cash settled based on common stock price	50%
Restricted Stock Units	Time-based, three-year cliff vesting, common stock settled	50%

In June 2009, the compensation committee approved the awards following its review of management's proposals, which considered market data prepared by Towers Watson, individual performance, long-term potential, retention risk, difficulty of replacement, long-term impact of position and internal equity. These factors are not weighted but are considered in the aggregate. Given the unusual circumstances in 2009, including the review of strategic alternatives, the sale of RRI's retail business and the volatility and decline in its stock price, the compensation committee opted in 2009 to include only time-based award vehicles, rather than performance-based award vehicles. In the prior two years, stock options and performance units tied to stock price were included as part of the long-term incentive awards. The grant date market values of the 2009 long-term incentive awards were generally lower than the grant date market values of the 2008 long-term incentive awards in recognition of the less-leveraged nature of time-based awards compared to the performance-based awards used in the past. In early 2010, the compensation committee approved a return to a long-term incentive award structure that includes both time- and performance-based award vehicles. The 2010 awards include (i) time-based, common-stock settled restricted stock units with three-year cliff vesting, (ii) time-based common stock options that vest ratably over a three-year period and (iii) performance-based, cash-settled cash units that payout based on the level of RRI's three-year average total shareholder return relative to the composite average of its peer group.

See [How does each element and RRI's decisions regarding that element fit into the compensation program's objectives and affect other elements?](#) above for each executive's targeted allocation of long-term incentive compensation, and see [Summary Compensation Table](#) and [2009 Grants of Plan-Based Awards](#) for valuation disclosure related to 2009 long-term incentive awards for each executive. See also [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 56 for descriptions of (i) equity compensation awards that will vest upon completion of the merger and (ii) a retention award granted to Mr. Jacobs in connection with the merger.

*Executive Perquisites.* With the exception of executive officer relocation (where applicable), RRI does not provide substantial personal benefits or perquisites. RRI does allow up to \$5,000 per year for each executive in reimbursement for specified financial planning services and a one-time allowance of \$5,000 for estate planning and financial planning services.

*How were payment amounts and trigger events determined for termination and change-in-control?*

RRI provides for payments and benefits if an executive is terminated without cause or resigns for good reason in connection with a change-in-control. In addition, RRI's executive severance plan provides for payments and other benefits if an executive's employment is involuntarily terminated other than by reason of death, disability, cause or a change-in-control. The RRI board periodically reviews the payment multiples and the triggering events for receipt of these payments and benefits with Towers Watson to ensure consistency with market practice.

The change-in-control triggering events were selected so that RRI executives can evaluate potential change-in-control triggering events impartially and without self-interest and so that RRI executives would be encouraged to continue their attention and dedication to RRI without regard to the security of their employment following a change in control of RRI. RRI chooses to provide severance benefits for termination in these circumstances to provide financial assistance and resolve any possible related claims against RRI that may arise. The potential payments under these arrangements do not affect the other elements of the executives' compensation. See Potential Payments upon Termination or Change-in-Control. See also The Merger

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Interest of Directors and Executive Officers in the Merger    Interests of Directors and Executive Officers of RRI in the Merger    beginning on page 56 for a description of change in control agreements and amendments thereto in connection with the merger.

*What are our equity and security ownership requirements?*

RRI encourages stock ownership by executives through the use of equity awards and mandatory holding periods. In addition, the RRI board has adopted stock ownership guidelines for RRI's directors and executives. See    Corporate Governance    Stock Ownership Guidelines and Mandatory Holding Period    in RRI's proxy statement for its most recent annual meeting. Other than Mr. Dobson, who joined RRI in October 2007 and Mr. Myres, who joined RRI in December 2007, each executive meets or exceeds the applicable target stock ownership guidelines. Messrs. Dobson and Myres are on track to meet the guidelines by the deadline provided for in the guidelines.

*When are awards granted and base salaries approved?*

As a general rule, the compensation committee approves RRI executives' base salaries, payout of annual incentive awards for the prior year, and annual and long-term incentive awards for the current year at its first regular quarterly meeting (generally in February or March). In light of the sale of RRI's Texas retail business in the second quarter of 2009, the compensation committee approved long-term incentive awards and revised annual incentive awards in mid-2009.

Any awards for newly hired executives are granted on the first business day of the month immediately following the executive's appointment date. Offers to executive candidates are reviewed with the compensation committee prior to being made. Any equity awards included in an offer are subject to the compensation committee's approval.

RRI executives do not have any role in establishing the timing of grants or vesting of equity or equity-based awards. RRI does not have any program, plan or practice to time grants of equity or equity-based awards in coordination with the release of material non-public information and does not set grant dates for new executives in coordination with the release of such information. The RRI board has not timed, and does not intend to time, the release of material non-public information for the purpose of affecting the value of executive compensation. See    2009 Grants of Plan-Based Awards.

*Does the accounting and tax treatment of a particular form of compensation impact the form and design of awards?*

The compensation committee considers tax, tax deductibility and accounting treatment of various compensation alternatives. However, these are not typically driving factors. The compensation committee may approve non-deductible compensation arrangements if it believes they are in the best interests of RRI and its stockholders taking into account several factors, including the RRI's ability to utilize the deduction based on projected taxable income.

***Compensation Committee Interlocks and Insider Participation***

During 2009, all members of the compensation committee were independent directors and no member is or was an employee of RRI. During 2009, none of RRI's executives served on a compensation committee (or equivalent) or a board of directors of another entity that had an executive serving on the compensation committee or RRI board.

**Table of Contents****Summary Compensation Table**

The following table sets forth the compensation of RRI's President and Chief Executive Officer, Chief Financial Officer, the other three most highly compensated executives who were serving as of December 31, 2009, the former Chief Operating Officer and the former Chief Risk and Compliance Officer. Except for Mr. Jacobs' arrangement under the merger agreement to become president and chief operating officer of the combined company, none of RRI's executives has an employment agreement or arrangement. For further discussion of executive compensation, see Compensation Discussion and Analysis.

Name and Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(1)	Change in Nonqualified Non-Equity Incentive		All Other Compensation(4)	Total Compensation(5)
						Plan Compensation(2)	Deferred Earnings(3)		
Jacobs President and Chief Executive Officer	2009	\$ 910,000	\$	\$ 2,446,250	\$	\$ 527,838	\$	\$ 61,362	\$ 3,945,450
	2008	895,000		2,880,887	1,180,918	600		117,959	5,074,364
	2007	767,125		1,736,183	1,218,078	821,864		125,190	4,748,240
Robson(5) Vice President	2009	515,000		901,250		209,127		35,688	1,701,065
	2008	511,251		1,062,015	435,326	600		88,263	2,097,455
	2007	88,542		261,464	292,860			36,168	648,034
L. Jines Vice President	2009	430,000		515,000		149,678	18,869	76,906	1,133,383
	2008	422,750		542,019	222,182	91,914	14,159	47,850	1,238,764
	2007	397,250		407,885	170,401	255,461	9,713	56,856	1,237,705
Herndon Vice President	2009	350,000		515,000		121,838		44,177	1,030,015
	2008	347,500		393,927	161,469	75,660		49,375	927,871
Planning and Development President	2007	311,250	153,125	264,168	110,368	185,832		25,361	1,045,004
Brast(5) Vice President of International Operations	2009	302,500	101,667(6)	257,500		96,536		41,962	799,165
	2008	335,019				38		2,159,953	2,494,910
	2007	655,000		1,448,159	593,627	600		79,658	2,776,044
Operating Vice President	2009	610,000		895,508	374,128	457,535		93,476	2,330,647
	2008	610,000		895,508	374,128	457,535		93,476	2,330,647
	2007	610,000		895,508	374,128	457,535		93,476	2,330,647
L. Kupiec(7) Vice President	2009	166,250				38		928,224	1,122,752

Senior Vice  
and Chief  
Compliance

- (1) Represents the aggregate grant date fair value of the awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 – Share Based Payment (FASB ASC Topic 718). Amounts for 2008 and 2007 have been recalculated to comply with the new requirements. Amounts relate to long-term incentive awards and assume none of the awards will be forfeited. The assumptions used for calculating the FASB ASC Topic 718 fair value of the equity awards are provided in note 10 to RRI's consolidated financial statements in its most recent Form 10-K. These awards are discussed further under 2009 Grants of Plan-Based Awards.
- (2) Represents (i) annual incentive awards earned by each executive based on the achievement level of annual performance goals and (ii) Power of One Program awards. These cash awards are discussed further under 2009 Grants of Plan-Based Awards. Messrs. Jacobs, Dobson and Landrum did not receive annual incentive awards for 2008.
- (3) Represents above-market interest (more than 120% of the applicable federal rate) earned on the deferred compensation balance in the RRI Energy, Inc. Successor Deferral Plan.
- (4) The amounts shown as All Other Compensation for each executive in 2009 are composed of the following items:

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Name	Savings Plan(a)	Deferral and Restoration Plan(b)	Payments for Unused Vacation(c)	Welfare Benefits Coverage(d)	Severance Payments(e)	Other	Tax Gross Ups(f)	Total
Mark Jacobs	\$ 18,061	\$ 43,227	\$	\$	\$	\$ 50	\$ 24	\$ 61,362
Rick Dobson	18,061	17,553				50	24	35,688
Michael Jines	15,374	21,768	39,690			50	24	76,906
Rogers Herndon	18,061	12,581	13,461			50	24	44,177
David Brast	16,836	25,052				50	24	41,962
Brian Landrum	16,836	9,393	66,498	6,304	2,060,755	50	117	2,159,953
Suzanne Kupiec	16,836	1,804	44,422	7,231	857,746	50	135	928,224

(a) Represents company contributions to the RRI Energy, Inc. Savings Plan, including a 2009 discretionary contribution made in 2010 for Messrs. Jacobs, Dobson and Herndon.

(b) Represents company contributions to the savings restoration component of the RRI Energy, Inc. Deferral and Restoration Plan, including a 2009 discretionary contribution made in 2010 for Messrs. Jacobs, Dobson, Jines, Herndon and Brast.

(c) Represents accrued, but unused, vacation that was paid under the terms of RRI's vacation policy.

(d) Represents income recognition in connection with continued health and welfare benefits coverage at active employee premium rates.

(e) Represents severance payments paid under the terms of RRI's executive severance plan.

(f) Represents tax reimbursements for taxable income recognized in connection with a \$50 gift certificate issued to all employees in January 2009. Mr. Landrum and Ms. Kupiec also received a tax reimbursement for FICA taxable income recognized in connection with continued health and welfare benefits coverage at active employee premium rates.

(5) Mr. Dobson joined RRI as Chief Financial Officer in October 2007. Mr. Brast was appointed as an executive in May 2009.

(6) Includes a \$41,667 pro-rata discretionary bonus received by Mr. Brast in connection with his position in commercial operations for the period prior to his appointment as an executive. The awards under the commercial operations program are designed to reward individuals in high-impact positions in the commercial operations department and are not available to executives. In addition, includes a \$60,000 supplemental cash award described further under Compensation Discussion and Analysis How are executive compensation amounts determined?

(7) Mr. Landrum and Ms. Kupiec departed the company in May 2009.



**Table of Contents****2009 Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under			Estimated Future Payouts Under Equity Incentive Plan Awards	All Other		Grant Date	Fair Value of
		Non-Equity Incentive Plan Awards(1)	Incentive Plan Awards(1)	Awards(1)		Stock Awards; or Shares	All Other Awards; or Securities		
		Threshold	Target	Maximum	Threshold	Target	Units(2)	Option Awards	Option Awards(3)
Mark Jacobs		\$ 182,000	\$ 910,000	\$ 1,820,000					\$
	6/19/09		38(4)				475,000		2,446,250
Rick Dobson		72,100	360,500	721,000					
	6/19/09		38(4)				175,000		901,250
Michael Jines		51,600	258,000	516,000					
	6/19/09		38(4)				100,000		515,000
Rogers Herndon		42,000	210,000	420,000					
	6/19/09		38(4)				100,000		515,000
David Brast		33,275	166,375	332,750					
	6/19/09		38(4)				50,000		257,500
Brian Landrum			38(4)						
Suzanne Kupiec			38(4)						

(1) Represents the range of payouts possible under RRI's annual incentive plan. The actual amounts paid in 2010 based on 2009 performance are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Except in the case of death, disability or retirement following five years of service, the executive must be employed by RRI on the payment date to receive payment of the award.

(2) Represents long-term incentive awards of restricted stock units and cash units, each representing 50% of the total. Upon vesting, one-half of each award will be settled in shares and the remaining half will be settled in cash. For vesting schedules, see Outstanding Equity Awards at 2009 Fiscal Year-End.

- (3) The amounts reported in this column have been calculated in accordance with FASB ASC Topic 718 and reflect the fair value of each equity award based on the grant date fair market value of RRI common stock.
- (4) Represents Power of One awards paid in 2009 based on fourth quarter 2008 plant availability and customer count goals for RRI's former retail business. All of RRI's employees participated in this program until its termination in December 2008.

**Table of Contents****Outstanding Equity Awards at 2009 Fiscal Year-End**

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Not Exercisable	Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (2)	Market Value of Shares or Units of Stock that Have Not Vested (3)	Number of Shares or Units of Other Rights that Have Not Vested	Estimated Fair Market Value of Other Rights that Have Not Vested
Mark Jacobs	318,667		\$ 4.790	7/28/2012	27,079	\$ 154,892		
	212,000		3.505	3/10/2013	32,240	184,413		
	489,600		8.135	2/12/2014	55,851	319,468		
	38,684	19,342	16.260	2/19/2017	96,294	550,802		
	53,775	26,888	26.365	5/15/2017	475,000	2,717,000		
	39,893	79,787	23.375	2/18/2018				
Rick Dobson	16,000	8,000	26.955	10/31/2017	9,700	55,484		
	14,706	29,412	23.375	2/18/2018	20,589	117,769		
					35,498	203,049		
Michael Jines					175,000	1,001,000		
	52,520		30.000	3/5/2011	12,464	71,294		
	217,600		8.135	2/12/2014	10,508	60,106		
	17,804	8,903	16.260	2/19/2017	18,117	103,629		
	7,505	15,012	23.375	2/18/2018	100,000	572,000		
Rogers Herndon	11,532	5,766	16.260	2/19/2017	8,072	46,172		
	5,454	10,910	23.375	2/18/2018	7,637	43,684		
					13,167	75,315		
David Brast					100,000	572,000		
	8,438		7.1507	2/24/2010	3,647	20,861		
	20,690		30.000	3/5/2011	4,268	24,413		
	20,000		10.900	2/29/2012	7,358	42,088		
	13,065		3.505	3/30/2013	50,000	286,000		

	136,000		8.135	2/12/2014
	5,209	2,605	16.260	2/19/2017
	3,048	6,097	23.375	2/18/2018
Brian Landrum	39,091		16.260	7/2/2010
	20,053		23.375	7/2/2010
Suzanne Kupiec	9,164		16.260	7/2/2010
	3,647		23.375	7/2/2010

- (1) Represents 2007 and 2008 long-term incentive awards of common stock options granted with exercise prices equal to the average of the high and low trading prices of RRI common stock on the dates of grant. All common stock options vest ratably over a three-year period beginning on the first anniversary of the grant date, which is ten years prior to the option expiration date, except for the common stock options scheduled to expire on February 12, 2014, which cliff vested on December 31, 2006.
- (2) Represents 2007, 2008 and 2009 long-term incentive awards of time-based restricted stock units, time-based cash units and, for 2008, performance-based cash units. The performance-based cash units (Mr. Jacobs (96,294), Mr. Dobson (35,498), Mr. Jines (18,117), Mr. Herndon (13,167), and Mr. Brast (7,358)) vest if RRI common stock achieves a closing price of at least \$32.00 for twenty consecutive trading days between February 19, 2008 and February 19, 2011. These awards will be forfeited if not vested within that three-year term. The vesting schedule for the remaining awards is as follows:

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Name	Unvested Units as of 12/31/2009		Vesting Date
	Restricted stock units	Cash units	
Mark Jacobs	27,079		2/20/2010
	10,746		5/16/2010
	10,747		5/16/2011
	10,747		5/16/2012
	55,851		2/19/2011
Rick Dobson	237,500	237,500	6/19/2012
	9,700		11/1/2010
	20,589		2/19/2011
Michael Jines	87,500	87,500	6/19/2012
	12,464		2/20/2010
	10,508		2/19/2011
Rogers Herndon	50,000	50,000	6/19/2012
	8,072		2/20/2010
	7,637		2/19/2011
David Brast	50,000	50,000	6/19/2012
	3,647		2/20/2010
	4,268		2/19/2011
	25,000	25,000	6/19/2012

(3) The market value is based on the December 31, 2009 closing price of RRI common stock (\$5.72).

**2009 Option Exercises and Stock Vested**

The following table provides information regarding the number of shares vested and the pretax value realized by each executive from the exercise of stock options or vesting of stock awards in 2009.

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized on
	Acquired on	on	Acquired on	Vesting
	Exercise	Exercise(1)	Vesting	
Mark Jacobs		\$		\$
Rick Dobson				
Michael Jines				
Rogers Herndon			60,000(2)	277,200
David Brast				
Brian Landrum	39,195	87,993		
Suzanne Kupiec	33,816	22,162		

- (1) Represents the product of the number of shares acquired and the excess of the market value of the shares on the exercise date over the exercise price.
- (2) Represents the product of the number of shares acquired and the fair market value of RRI common stock on the vesting date. One-half of this award was settled in shares and the remaining half was settled in cash.

***2009 Nonqualified Deferred Compensation***

*Deferral and Restoration Plan*

In 2008, RRI adopted a new Deferral and Restoration Plan in order to comply with Section 409A of the Code. The new plan incorporates changes in the distribution options which were effective in 2005 and changes

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in the contribution formula effective in 2009. The new Deferral and Restoration Plan and its predecessor are referred to collectively below as the Deferral Plan.

Under the Deferral Plan, executives' accounts are deemed to be invested among a group of designated mutual funds as directed by the executive. The investment elections can be changed at any time. Earnings credited to the executives' accounts reflect the earnings of the deemed investment. A rabbi trust has been established, to which RRI contributes amounts it expects to use to pay benefits under the Deferral Plan programs.

The Deferral Plan has two separate programs, a deferred compensation program and a savings restoration program.

### *Deferred Compensation Program*

Under the deferred compensation program, executives may elect to defer payment of up to 80% of their base salary and/or up to 100% of their annual incentive award. In order to address statutory requirements, RRI has grandfathered the benefits earned by Mr. Landrum prior to January 1, 2005. Mr. Landrum's pre-2005 account balance was distributed to him upon his departure from the company in 2009 under the terms of the Deferral Plan. No other executives named in the Summary Compensation Table have grandfathered deferred compensation balances. The deferred amounts are always 100% vested. Executives may elect a distribution year for each year's deferred amounts, which must be at least three years after the deferral year, or may elect payment in five annual installments beginning the fourth year after deferral. If the executive terminates before distribution is complete, the entire balance will be paid in a lump sum six months after termination.

### *Savings Restoration Program*

The savings restoration program of the Deferral Plan permits RRI to provide contributions that cannot be made on an executive's behalf to the tax-qualified RRI Energy Inc. Savings Plan because of IRS rules. The savings restoration benefit is an amount equal to 6% of the difference between the IRS compensation limit (\$245,000 for 2009) and the executive's compensation plus an amount equal to this difference times the profit-sharing percentage applicable to the qualified savings plan.

Messrs. Jacobs, Jines, Brast and Landrum have grandfathered amounts under the savings restoration program. Executives may elect to take distribution of these benefits earned before January 1, 2005 in either a lump sum or annual installments upon termination of employment. They may also take a lump sum distribution at any time subject to a 10% penalty and may change their distribution election for these amounts, subject to a 12-month waiting period. Benefits earned after December 31, 2004 will be distributed automatically in a lump sum six months after termination of employment.

### *Successor Deferral Plan*

RRI also sponsors a second nonqualified deferred compensation plan, the Successor Deferral Plan. Mr. Jines is the only participant. The Successor Deferral Plan holds account balances consisting of salary and bonus deferrals that were transferred from a nonqualified deferred compensation plan maintained by RRI's former parent company, CenterPoint Energy, Inc. No additional contributions to this plan are permitted. Earnings are credited to the account balance at an interest rate equal to the Moody's Long Term Corporate Bond Index plus 2%. The plan provides for distribution elections as follows:

early distribution of either 50% or 100% of the amount deferred plus earnings for a particular year provided the funds have been in the plan at least three years; or

in a lump sum or annual installments upon termination upon or after age 65.

Distribution elections can be changed subject to a 12-month waiting period. If RRI has a change-in-control (as defined in the Successor Deferral Plan), distribution will be made as if Mr. Jines had terminated employment upon or after age 65. A rabbi trust has been established, to which, upon the occurrence of a change-in-control, RRI will contribute amounts it expects to use to pay benefits under this plan.



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The following table provides information regarding the Deferral Plan and the Successor Deferral Plan.

Name	Plan	Executive Contributions in 2009	Company Contributions in 2009(1)	Aggregate Earnings in 2009(2)	Aggregate Withdrawals/Distributions in 2009	Aggregate Balance at 12/31/2009
Mark Jacobs	Deferral Plan	\$	\$ 51,057	\$ 116,136	\$	\$ 515,620
Rick Dobson	Deferral Plan		18,316	101		35,433
Michael Jines	Deferral Plan		24,052	54,227		235,519
	Successor Deferral Plan			39,461		518,361
Rogers Herndon	Deferral Plan		15,148	4,190		48,721
David Brast	Deferral Plan		26,505	8,732		183,297
Brian Landrum	Deferral Plan		17,741	83,774	(55,626)	339,324
Suzanne Kupiec	Deferral Plan		3,877	575	(12,439)	100,284

- (1) Represents RRI's contributions to the savings restoration component of the Deferral Plan. The reported amounts include contributions made in 2009 with respect to fiscal year 2008 compensation as follows: \$11,155; \$2,114; \$5,090; \$3,534; \$4,511 and \$8,347 for Messrs. Jacobs, Dobson, Jines, Herndon, Brast and Landrum, respectively, and \$2,073 for Ms. Kupiec. The remaining amounts are reported for 2009 in the "All Other Compensation" column of the "Summary Compensation Table."
- (2) Represents the annual earnings on the nonqualified deferred compensation account balances of the Deferral Plan and the Successor Deferral Plan during 2009. Earnings may increase or decrease depending on the performance of the deemed investment elections offered under the Deferral Plan. The above-market earnings credited to Mr. Jines under the Successor Deferral Plan are also reported in the "Change in Nonqualified Deferred Compensation Earnings" column of the "Summary Compensation Table."

***Potential Payments upon Termination or Change-in-Control******Change-in-Control***

RRI has entered into change-in-control agreements with its current executives named in the "Summary Compensation Table." The change-in-control agreements provide for payments and benefits following termination of employment in connection with a change-in-control in the following circumstances:

- an involuntary termination that did not result from death, disability or termination for cause;
- termination by the executive for "Good Reason;" or
- termination initiated by RRI and mutually agreed upon by the executive and RRI.

For this purpose, "Good Reason" generally means:

- a material reduction in duties and responsibilities;

a material reduction in annual base salary;

RRI's failure to continue certain benefits and compensation plans (or comparable benefits plans) that are material to the executive's compensation; or

a change of more than 50 miles in the location of the executive's principal place of employment.

Under the change-in-control agreements in effect on December 31, 2009, if the payment obligations under the agreements are triggered, RRI is required to provide the following severance benefits:

a cash severance payment equal to a multiple of salary (three in the case of Messrs. Jacobs and Dobson, and two in the case of Messrs. Jines, Herndon and Brast) plus the same multiple times the executive's target annual incentive award, payable in a lump sum;

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a pro-rated target annual incentive award based on the number of days the executive was employed during the year in which his employment was terminated, payable in cash in a lump sum;

continued welfare benefits coverage (medical, dental and vision) for two years;

outplacement services for 12 months and financial planning services;

gross-up payments intended to reimburse the executive for any excise taxes under Section 4999 of the Code in connection with the agreement; and

gross-up payments intended to reimburse the executive for any 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 in more detail at The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger Change in Control Agreements Executives with Ongoing Roles beginning on page 58, the agreements with Messrs. Jacobs and Jines were amended effective upon completion of the merger, in the case of Mr. Jines, to change his severance multiple from two to three and to eliminate his right to a gross-up payment under Section 4999 of the Code and, in the case of Mr. Jacobs, to adjust his good reason rights in connection with the merger and eliminate his right to a gross-up payment under Section 4999 of the Code.

Before their amendment in connection with the merger, the executives' agreements for long-term incentive awards provided that in the event of a change-in-control prior to the vesting date, (i) any unvested restricted stock units will vest and will be settled in cash based on the fair market value of RRI stock on the date immediately preceding the change-in-control, (ii) any unvested common stock options also will vest, and (iii) all (vested and unvested) unexercised common stock options will be settled by a cash payment per share equal to the difference between the exercise price of the options and the fair market value of RRI stock on the date preceding the date of the change-in-control. For the treatment of equity awards in connection with the merger, see The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger Equity Compensation Awards on page 57; the treatment described there applies only to the merger and not any other change-in-control.

The change-in-control agreements provide that the executive may not disclose confidential information and may not hire or solicit to hire any of RRI's employees for one year after a covered termination under the agreement.

The following table summarizes payments and benefits to be provided to the executives in connection with a change-in-control assuming a qualifying termination of employment as of December 31, 2009:

Name	Multiple of Salary	Multiple of Target Annual Incentive Award	Pro-rata Target Annual Incentive Award	Welfare Benefits Coverage	Miscellaneous Benefits(1)	Excise Tax Gross-Up	Equity-based Awards(2)	Total Pre-Tax Benefit
Mark Jacobs	\$ 2,730,000	\$ 2,730,000	\$ 910,000	\$ 31,463	\$ 25,000	\$	\$ 3,926,574	\$ 10,353,037
Mark Dobson	1,545,000	1,081,500	360,500	37,532	25,000	1,305,409	1,377,302	5,732,243

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Michael Jines(3)	860,000	516,000	258,000	37,125	25,000	807,029	2,503,154
Loggers Herndon	700,000	420,000	210,000	27,809	25,000	737,171	2,119,980
David Brast	605,000	332,750	166,375	28,192	25,000	373,362	1,530,679

- (1) Represents the value of outplacement services (\$20,000) and financial planning services (\$5,000).
- (2) Represents the intrinsic value of all unvested outstanding equity awards based on an assumed price of \$5.72 (closing price on December 31, 2009). Additionally, all vested unexercised common stock options held by Mr. Jacobs and Mr. Brast would have been settled by cash payments of \$765,940 and \$28,939, respectively. There was no intrinsic value in the vested unexercised common stock options held by Messrs. Dobson, Jines and Herndon.

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- (3) Determined on the basis of Mr. Jines' agreement as in effect on December 31, 2009. For a discussion of amounts payable under his agreement as amended upon completion of the merger, 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 56.

For additional information, see *Compensation Discussion and Analysis - How were payment amounts and trigger events determined for termination or change-in-control?* and *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 56. For payments made in connection with termination under RRI's nonqualified deferred compensation plans, see *2009 Nonqualified Deferred Compensation* and *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 56.

*Executive Severance*

RRI's executive severance plan provides for payments and other benefits upon involuntary termination of the executive's employment that did not result from death, disability or termination for cause or that did not follow a change-in-control. If the payment obligations under the plan are triggered, RRI is required to provide severance benefits (subject to certain conditions) as follows:

a cash severance payment equal to a multiple of salary (two in the case of Mr. Jacobs and 1.5 in the case of Messrs. Dobson, Jines, Herndon and Brast) plus the same multiple times the target annual incentive award, payable in a lump sum;

a pro-rated target annual incentive award based on the number of days the executive was employed during the year in which his employment was terminated, payable in cash in a lump sum; and

continued welfare benefits coverage (medical, dental and vision) for the number of years equal to the applicable severance multiple (two in the case of Mr. Jacobs and 1.5 in the case of Messrs. Dobson, Jines, Herndon and Brast).

To receive severance benefits under the plan, the executive must sign a waiver and release providing that the executive waives all claims against RRI, will not disclose confidential information, and for one year, will not hire or solicit to hire any of RRI's employees. In the event an executive receives severance benefits under the plan and is rehired within 60 days, the executive must repay the benefits received.

The following table summarizes severance payments and benefits to be provided to the executives assuming a qualifying termination of employment as of December 31, 2009:

Name	Multiple of Salary	Multiple of Target Annual Incentive Award	Pro-rata Target Annual Incentive Award	Welfare Benefits Coverage	Outplacement(1)	Total
		Award	Award			
Mark Jacobs	\$ 1,820,000	\$ 1,820,000	\$ 910,000	\$ 31,463	\$ 20,000	\$ 4,601,463

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Rick Dobson	772,500	540,750	360,500	28,149	20,000	1,721,899
Michael Jines	645,000	387,000	258,000	27,844	20,000	1,337,844
Rogers Herndon	525,000	315,000	210,000	20,857	20,000	1,090,857
David Brast	453,750	249,563	166,375	21,144	20,000	910,832

(1) Outplacement services are not part of the benefits required under RRI's executive severance plan; however, we generally provide them for a period of 12 months.

For additional information, see Compensation Discussion and Analysis How were payment amounts and trigger events determined for termination or change-in-control? For payments made in connection with termination under RRI's nonqualified deferred compensation plans, see Nonqualified Deferred Compensation.

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*Compensation Risk*

In early 2010, RRI assessed the risks relating to RRI's employee-wide compensation policies and practices. Based on this assessment, RRI thinks that none of its policies or practices are reasonably likely to have a material adverse effect on RRI.

**Director Compensation**

In setting non-management director compensation, the compensation committee considers factors it deems appropriate, including market data, and recommends the form and amount of compensation to the RRI board for approval. In 2009, the compensation committee retained Towers Watson to present updates in market trends and market data on non-management director compensation, including annual board and committee retainers, board and committee meeting fees, committee chairperson fees, stock-based compensation and share ownership requirements, all relative to RRI's revised peer group described in Compensation Discussion and Analysis. How are executive compensation amounts determined? As a result, the RRI board approved the new director compensation program described below, effective on January 1, 2010.

***2009 Director Compensation***

During 2009, all non-management directors received an annual retainer of \$45,000, a fee of \$2,000 for each board and committee meeting attended, and a \$5,000 committee retainer for each committee on which he or she served, other than the audit committee. Non-management directors who served on the audit committee received a \$10,000 committee retainer.

During 2009, directors were permitted to choose to receive these retainers and meeting fees in either cash or stock or a combination of both. A director who chose to receive these retainers and meeting fees in common stock received compensation in common stock following the end of each quarter and also received a 25% premium payable in restricted stock which vests and is transferable on the earlier of one year or at the end of his or her current term. In addition, upon reelection to the RRI board, each non-management director received an annual grant of 6,000 shares of restricted stock which vests and is transferable on the earlier of one year or at the end of the term in which granted. In June 2009, Mr. Silverstein, as Chairman of the Special Committee, received \$15,000 in additional compensation, which he elected to receive in the form of 2,715 shares of immediately vested common stock. The value of the equity awards was based on the average of the high and low stock prices on the date of grant.

Mr. Staff served as Chairman of the Board until his retirement in June 2009. As Chairman of the Board, he also received an annual retainer of \$125,000, payable in his choice of cash or stock or a combination of both, which he elected to receive in common stock. Mr. Miller began serving as Chairman of the Board in June 2009 upon Mr. Staff's retirement and he received an additional annual retainer of \$100,000, payable in his choice of cash or stock or a combination of both. Mr. Miller elected to receive his retainer 50% in cash and 50% in common stock.

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The following table summarizes compensation earned by or granted to our non-management directors during 2009. Mr. Jacobs is not compensated for his director services.

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards(2)	Non-Equity Plan Compensation	Change in Pension Value and Nonqualified Deferred Earnings	All Other Compensation	Total
E. William Barnett	\$	\$ 217,269	\$	\$	\$	\$	\$ 217,269
Donald J. Breeding(3)	109,250						109,250
Kirbyjon H. Caldwell(3)	55,125	21,117				56,697(4)	132,939
Steven L. Miller	12,500	229,458					241,958
Laree E. Perez	160,500	30,687					191,187
Evan J. Silverstein	62,500	183,213					245,713
Joel V. Staff(3)		114,634					114,634
William L. Transier(3)	119,000						119,000

(1) Represent the aggregate grant date fair value of the stock awards calculated in accordance with FASB ASC Topic 718. Outstanding unvested restricted stock awards as of December 31, 2009 were as follows: Mr. Barnett 8,914; Mr. Miller 8,835; Ms. Perez 6,000 and Mr. Silverstein 7,985.

(2) As of December 31, 2009, the outstanding option awards were: Mr. Barnett 15,000; Mr. Breeding 1,667; Pastor Caldwell 5,000; Mr. Miller 10,000; Ms. Perez 15,000; Mr. Staff 870,400 and Mr. Transier 10,000.

(3) Pastor Caldwell resigned from the RRI board in March 2009 and Messrs. Breeding, Staff and Transier retired from the RRI board in June 2009.

(4) Represents a discretionary cash payment to Pastor Caldwell in connection with his resignation from the RRI board.

**2010 Director Compensation**

Under the new director compensation program effective for 2010, non-management directors receive an annual cash retainer of \$85,000, except the Chairman of the Board, who receives an annual cash retainer of \$185,000. Committee chairpersons receive an additional annual cash retainer of \$7,500 for each committee. Directors do not receive meeting fees unless the total number of all board and committee meetings attended exceeds 25 meetings in a calendar year, in which event they will receive \$2,000 for each additional meeting. In addition, each non-management director receives an annual grant of immediately-vested restricted stock units with a value of \$90,000 based on the average of the high



and low stock prices on the grant date. Newly elected non-management directors will also receive an initial grant of immediately-vested restricted stock units with a value of \$75,000 based on the average of the high and low stock prices on the grant date. The restricted stock units settle upon departure from the RRI board unless the director has elected to defer to a later date (though, as described at *The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of RRI in the Merger Equity Compensation Awards* on page 57, the restricted stock units will settle upon completion of the merger). The directors are permitted to choose in advance to have up to 33% of the restricted stock units settle in cash. The program provides target total compensation of approximately \$175,000 (\$275,000 for the Chairman of the Board), which is generally between the 50th and 75th percentile relative to RRI's peer groups. The absolute value of the target total compensation will be reviewed annually and updated as appropriate. The target pay mix is approximately 50% cash and 50% equity (excluding the additional retainers for the Chairman of the Board and committee chairs).

**Table of Contents****Equity Compensation Plan Information**

The following table provides information as of December 31, 2009 regarding RRI's equity compensation plans.

	(a) Number of Securities to be Issued  Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Options, Warrants  Outstanding and Rights(1)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected  in column (a))
Equity compensation plans approved by security holders(2)	6,487,502(3)	\$ 14.09	23,247,230(4)
Equity compensation plans not approved by security holders(5)	717,806(6)	8.42	3,618,389
Total	7,205,308	\$ 13.67	26,865,619

- (1) The weighted average exercise prices exclude shares issuable under outstanding time-based restricted stock units (which do not have an exercise price).
- (2) Plans approved by stockholders include the RRI Energy, Inc. Employee Stock Purchase Plan, the RRI 2002 Long-Term Incentive Plan, the Long-Term Incentive Plan of RRI Energy, Inc. and the RRI Energy, Inc. Transition Stock Plan.
- (3) This amount includes 5,485,284 shares issuable upon the exercise of outstanding stock options and 1,002,218 shares issuable pursuant to outstanding restricted stock units granted under the RRI 2002 Long-Term Incentive Plan.
- (4) Includes stockholder approved reserves of 8,262,101 shares as of December 31, 2009 that may be issued under the RRI Energy, Inc. Employee Stock Purchase Plan and 14,985,129 shares that may be issued under the RRI 2002 Long-Term Incentive Plan. Under the RRI 2002 Long-Term Incentive Plan, no more than 25% of the shares available for future issuance are available for grant as awards of restricted stock and non-restricted awards of common stock or units denominated in common stock. No additional shares may be issued under the Long-Term Incentive Plan of RRI Energy, Inc. or the RRI Energy, Inc. Transition Stock Plan. No additional shares may be issued under the RRI Energy, Inc. Employee Stock Purchase Plan as it was terminated effective December 31, 2009, other than the 431,733 shares issued in January 2010 for the last offering period.
- (5) The RRI Energy, Inc. 2002 Stock Plan permits grants of stock options, stock appreciation rights, performance based stock awards, time-based stock awards and cash awards to all employees other than the executive officers subject to the reporting requirements of Section 16(a) of the Exchange Act. The RRI board authorized 6,000,000 shares for grant upon adoption of the RRI Energy, Inc. 2002 Stock Plan. To the extent these

6,000,000 shares were not granted in 2002, the excess shares were cancelled. In January 2003, an additional 6,000,000 shares were authorized for the plan, with no more than 25% of these shares available for grant as awards of restricted stock and non-restricted awards of common stock or units denominated in common stock. The total number of shares available for future issuance is adjusted for new grants, exercises, forfeitures, cancellations and terminations of outstanding awards.

- (6) This amount includes 436,579 shares issuable upon the exercise of outstanding stock options and 281,227 shares issuable pursuant to outstanding restricted stock units.

**Table of Contents****DESCRIPTION OF RRI CAPITAL STOCK**

*This section of the joint proxy statement/prospectus summarizes the material terms of RRI's capital stock that will be in effect if the merger is completed. You are encouraged to read RRI's restated certificate of incorporation, which was filed as Exhibit 3.1 to the registration statement of which this joint proxy statement/prospectus forms a part, and is incorporated herein by reference, and form of RRI's amended and restated bylaws, which is attached as Annex E to this joint proxy statement/prospectus, as well as the form of certificate of amendment to the RRI restated certificate of incorporation, which will be in effect if the RRI board of directors implements the proposed RRI reverse stock split, and is attached as Annex F to this joint proxy statement/prospectus, for greater detail on the provisions that may be important to you. All references within this section to common stock mean the common stock of RRI unless otherwise noted.*

**Authorized Capital Stock of RRI**

RRI's restated certificate of incorporation provides that the total number of shares of capital stock which may be issued by RRI is 2,125,000,000, and the designation, the number of authorized shares and the par value of the shares of each class or series will be as follows:

<b>Designation</b>	<b>Class</b>	<b>No. of Shares Authorized</b>	<b>Par Value</b>
Common Stock	Common	2,000,000,000	\$ 0.001
Preferred Stock	Preferred	125,000,000	\$ 0.001

All outstanding shares of RRI common stock are fully paid and nonassessable.

The number of authorized shares of RRI common stock and RRI preferred stock will be reduced if RRI stockholders approve the Reverse Stock Split proposal and the board of directors of RRI elects to amend RRI's restated certificate of incorporation to implement the proposed reverse stock split. See RRI Proposals Item 2. The Reverse Stock Split Proposal.

**Description of RRI Common Stock*****Voting Rights***

The holders of RRI's common stock are entitled to one vote on each matter submitted for their vote at any meeting of RRI stockholders for each share of common stock held as of the record date for the meeting. The holders of RRI's common stock are not entitled to cumulate their votes for the election of directors. The RRI board of directors is not classified.

Generally, the vote of the holders of a majority of the total number of votes of RRI capital stock represented at a meeting and entitled to vote on a matter is required in order to approve such matter. Certain extraordinary transactions and other actions require supermajority votes, including but not limited to the supermajority voting provisions described below in Anti-takeover Provisions Amendments.

***Liquidation Rights***

In the event that RRI is liquidated, dissolved or wound up, the holders of RRI common stock will be entitled to a pro rata share in any distribution to stockholders, but only after satisfaction of all of RRI's liabilities and of the prior rights of any outstanding series of RRI preferred stock.

***Dividends***

Subject to preferences that may be applicable to any outstanding preferred stock and the restrictions set forth in certain RRI debt documents, the holders of RRI common stock are entitled to dividends when, as and if declared by the RRI board of directors out of funds legally available for that purpose.

***No Preemptive Rights***

The common stock has no preemptive rights or other subscription rights.

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### ***No Redemption Rights, Conversion Rights or Sinking Fund***

There are no redemption, conversion or sinking fund provisions applicable to the common stock.

### ***Transfer Agent and Registrar***

The transfer agent and registrar for the common stock is Computershare Trust Company, N.A.

### **Anti-takeover Provisions**

Some provisions of Delaware law and RRI's restated certificate of incorporation and bylaws could discourage or make more difficult a change in control of RRI without the support of the RRI board of directors. A summary of these provisions follows.

### ***Meetings and Elections of Directors***

*Stockholder Meetings.* RRI's bylaws provide that special meetings of RRI stockholders may be called only by the chairman of the RRI board of directors, the president and chief executive officer, or a majority of the RRI board of directors. RRI's restated certificate of incorporation and bylaws specifically deny the RRI stockholders the ability to call a special meeting. RRI's bylaws also provide for an annual meeting of RRI stockholders to be held.

*Elimination of Stockholder Action by Written Consent.* RRI's restated certificate of incorporation and its bylaws provide that holders of RRI common stock cannot act by written consent without a meeting.

*Election and Removal of Directors.* Directors serve one-year terms and are elected annually at the RRI annual meeting.

*Vacancies.* Any vacancy occurring on the RRI board of directors and any newly created directorship may be filled only by a majority of the directors remaining in office.

### ***Amendments***

*Amendment of Certificate of Incorporation.* The provisions described above in Meetings and Elections of Directors, under Stockholder Meetings, Elimination of Stockholder Action by Written Consent and Election and Removal of Directors may be amended only by the affirmative vote of holders of at least 66 2/3% of the voting power of outstanding shares of RRI capital stock entitled to vote in the election of directors, voting together as a single class.

*Amendment of Bylaws.* The RRI board of directors has the power to alter, amend or repeal RRI's bylaws or adopt new bylaws by the affirmative vote of at least 80% of all directors then in office at any regular or special meeting of the RRI board of directors called for that purpose. This right is subject to repeal or change by the affirmative vote of holders of at least 80% of the voting power of all outstanding shares of RRI capital stock entitled to vote in the election of directors, voting together as a single class.

### ***Notice Provisions Relating to Stockholder Proposals and Nominees***

RRI's bylaws also impose some procedural requirements on stockholders who wish to make nominations in the election of directors or propose any other business to be brought before an annual or special meeting of stockholders.

Specifically, a stockholder may (i) bring a proposal before an annual meeting of stockholders, (ii) nominate a candidate for election to the RRI board of directors at an annual meeting of stockholders, or (iii) nominate a candidate for election to the RRI board of directors at a special meeting of stockholders that has been called for the purpose of electing directors, only if such stockholder delivers timely notice to RRI's corporate secretary. The notice must be in writing and must include certain information and comply with the delivery requirements as set forth in the bylaws.

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To be timely, a stockholder must deliver notice:

of a nomination or other business in connection with an annual meeting of stockholders, between 120 and 90 days before the anniversary of the previous year's annual meeting of stockholders; or

of a nomination in connection with a special meeting of stockholders, between 60 and 40 days before the special meeting.

With respect to special meetings of stockholders, RRI's bylaws provide that only such business shall be conducted as shall have been stated in the notice of the meeting or shall otherwise have been brought before the meeting by or at the direction of the chairman of the meeting or the RRI board of directors.

### ***Delaware Anti-takeover Law***

RRI is subject to Section 203 of the General Corporation Law of the State of Delaware. Section 203 provides that, subject to certain exceptions specified in the law, a Delaware corporation shall not engage in certain business combinations with any interested stockholder for a three-year period following the time that the stockholder became an interested stockholder unless:

prior to such time, the RRI board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock outstanding at the time the transaction commenced, excluding certain shares; or

at or subsequent to that time, the business combination is approved by the RRI board of directors and by the affirmative vote of holders of at least 66 $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with that person's affiliates and associates, owns, or within the previous three years did own, 15% or more of RRI's voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage companies interested in acquiring RRI to negotiate in advance with the RRI board of directors because the stockholder approval requirement would be avoided if the RRI board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

### **Stockholder Rights Plan**

Each share of RRI common stock includes one right to purchase from RRI a unit consisting of one one-thousandth of a share of RRI's Series A preferred stock at a purchase price of \$150.00 per unit, subject to adjustment. The rights are issued pursuant to a rights agreement between RRI and JPMorgan Chase Bank, the successor to The Chase Manhattan Bank, as rights agent. For a complete description of the rights, you are encouraged to read the summary below and the



rights agreement, which was filed as Exhibit 4.2 to Amendment No. 8 to RRI's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 27, 2001.

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*Detachment of Rights; Exercisability.* The rights are evidenced by the certificates representing RRI s currently outstanding common stock and all common stock certificates RRI may issue prior to the distribution date. That date will occur, except in some cases, on the earlier of:

ten days following a public announcement that a person or group of affiliated or associated persons, who are referred to collectively as an acquiring person, has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of RRI common stock; or

ten business days following the start of a tender offer or exchange offer that would result in a person becoming an acquiring person.

The RRI board of directors may defer the distribution date in some circumstances. Also, some inadvertent acquisitions of RRI common stock will not result in a person becoming an acquiring person if the person promptly divests itself of sufficient common stock.

Until the distribution date:

common stock certificates will evidence the rights;

the rights will be transferable only with those certificates;

new common stock certificates will contain a notation incorporating the rights agreement by reference; and

the surrender for transfer of any common stock certificate will also constitute the transfer of the rights associated with the common stock represented by the certificate.

The rights are not exercisable until the distribution date and will expire at the close of business on January 15, 2011, unless RRI redeems or exchanges them at an earlier date, as described below, or RRI extends the expiration date prior to January 15, 2011.

*Flip-In Event.* A flip-in event will occur under the rights agreement when a person becomes an acquiring person otherwise than pursuant to a permitted offer. The rights agreement defines permitted offer as a tender or exchange offer for all outstanding shares of RRI common stock at a price and on terms that a majority of the independent directors on the RRI board of directors determines to be fair to and otherwise in RRI s best interests and the best interests of the RRI stockholders.

If a flip-in event occurs, each right, other than any right that has become null and void as described below, will become exercisable to receive the number of shares of common stock, or in some specified circumstances, cash, property or other securities, which has a current market price equal to two times the exercise price of the right (as defined in the rights agreement).

*Flip-Over Event.* A flip-over event will occur under the rights agreement when, at any time from and after the time a person becomes an acquiring person:

RRI is acquired by any person or RRI acquires any person in a merger or other business combination transaction, other than specified mergers that follow a permitted offer; or

50% or more of RRI s assets, cash flow or earning power is sold, leased or transferred.

If a flip-over event occurs, each holder of a right, except rights that are voided as described below, will thereafter have the right to receive, on exercise of the right, a number of shares of common stock of the acquiring company that has a current market price equal to two times the exercise price of the right.

When a flip-in event or a flip-over event occurs, all rights that then are, or under the circumstances the rights agreement specifies previously were, beneficially owned by an acquiring person or specified related parties will become null and void in the circumstances the rights agreement specifies.

*Series A Preferred Stock.* After the distribution date, each right will entitle the holder to purchase a fractional share of RRI's Series A preferred stock, which will be essentially the economic equivalent of one

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share of common stock. Please read Description of RRI Preferred Stock Series A Preferred Stock for additional information about the Series A preferred stock.

*Antidilution.* The number of rights associated with a share of outstanding common stock, the number of fractional shares of Series A preferred stock issuable upon exercise of a right and the exercise price of the right are subject to adjustment in the event of a stock dividend on, or a subdivision, combination or reclassification of, RRI common stock occurring prior to the distribution date. The exercise price of the rights and the number of fractional shares of Series A preferred stock or other securities or property issuable on exercise of the rights are subject to adjustment from time to time to prevent dilution in the event of certain transactions affecting the Series A preferred stock.

*Redemption of Rights.* At any time until the time a person becomes an acquiring person, RRI may redeem the rights in whole, but not in part, at a price of \$.005 per right, payable, at RRI's option, in cash, shares of common stock or such other consideration as the RRI board of directors may determine. Upon such redemption, the rights will terminate and the only right of the holders of rights will be to receive the \$.005 redemption price.

*Exchange of Rights.* At any time after the occurrence of a flip-in event and prior to a person becoming the beneficial owner of 50% or more of RRI's outstanding common stock or the occurrence of a flip-over event, RRI may exchange the rights, other than rights owned by an acquiring person or an affiliate or an associate of an acquiring person, which will have become void, in whole or in part, at an exchange ratio of one share of common stock, and/or other equity securities deemed to have the same value as one share of common stock, per right, subject to adjustment.

*Amendment of Terms of Rights.* The RRI board of directors may amend any of the provisions of the rights agreement, other than some specified provisions relating to the principal economic terms of the rights and the expiration date of the rights, at any time prior to the time a person becomes an acquiring person. Thereafter, the RRI board of directors may only amend the rights agreement in order to cure any ambiguity, defect or inconsistency or to make changes that do not materially and adversely affect the interests of holders of the rights, excluding the interests of any acquiring person.