

GenOn Energy, Inc.  
Form 10-Q  
May 06, 2014

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

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended: March 31, 2014

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

GenOn Energy, Inc.  
(Exact name of registrant as specified in its charter)  
75-0655566 (I.R.S. Employer Identification No.)  
Commission File Number: 001-16455

GenOn Americas Generation, LLC  
(Exact name of registrant as specified in its charter)  
51-0390520 (I.R.S. Employer Identification No.)  
Commission File Number: 333-63240

GenOn Mid-Atlantic, LLC  
(Exact name of registrant as specified in its charter)  
58-2574140 (I.R.S. Employer Identification No.)  
Commission File Number: 333-61668

Delaware  
(State or other jurisdiction of incorporation or organization) (609) 524-4500  
(Registrants' telephone number, including area code)

211 Carnegie Center, Princeton, New Jersey 08540  
(Address of principal executive offices) (Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (As a voluntary filer not subject to filing requirements, the registrant nevertheless filed all reports which would have been required to be filed by Section 15(d) of the Exchange Act during the preceding 12 months had the registrant been required to file reports pursuant to Section 15(d) of the Exchange Act solely as a result of having registered debt securities under the Securities Act of 1933.)

GenOn Energy, Inc.  Yes  No  
GenOn Americas Generation, LLC  Yes  No  
GenOn Mid-Atlantic, LLC  Yes  No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

GenOn Energy, Inc.  Yes  No  
 GenOn Americas Generation, LLC  Yes  No  
 GenOn Mid-Atlantic, LLC  Yes  No

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
GenOn Energy, Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GenOn Americas Generation, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GenOn Mid-Atlantic, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

GenOn Energy, Inc.  Yes  No  
 GenOn Americas Generation, LLC  Yes  No  
 GenOn Mid-Atlantic, LLC  Yes  No

Each Registrant’s outstanding equity interests are held by its respective parent and there are no equity interests held by nonaffiliates.

Registrant	Parent
GenOn Energy, Inc.	NRG Energy, Inc.
GenOn Americas Generation, LLC	NRG Americas, Inc.
GenOn Mid-Atlantic, LLC	NRG North America LLC

This combined Form 10-Q is separately filed by GenOn Energy, Inc., GenOn Americas Generation, LLC and GenOn Mid-Atlantic, LLC. Information contained in this combined Form 10-Q relating to GenOn Energy, Inc., GenOn Americas Generation, LLC and GenOn Mid-Atlantic, LLC is filed by such registrant on its own behalf and each registrant makes no representation as to information relating to registrants other than itself.

NOTE: WHEREAS GENON ENERGY, INC., GENON AMERICAS GENERATION, LLC AND GENON MID-ATLANTIC, LLC MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q, THIS COMBINED FORM 10-Q IS BEING FILED WITH THE REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION H(2).

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## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

(GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Registrants' actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Item 1A - Risk Factors, in Part I, Item 1A of the Registrants' Annual Report on Form 10-K for the year ended December 31, 2013, including, but not limited to, the following:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
  - Volatile power supply costs and demand for power;
  - Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that the Registrants may not have adequate insurance to cover losses as a result of such hazards;
  - The effectiveness of the Registrants' risk management policies and procedures, and the ability of the Registrants' counterparties to satisfy their financial commitments;
  - the collateral demands of the Registrants' counterparties and other factors affecting the Registrants' liquidity position and financial condition;
  - The Registrants' ability to operate their businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from their asset-based businesses in relation to their debt and other obligations;
  - The Registrants' ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
  - The liquidity and competitiveness of wholesale markets for energy commodities;
  - Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws;
  - Price mitigation strategies and other market structures employed by ISOs or RTOs;
  - The Registrants' ability to borrow additional funds and access capital markets, as well as GenOn's substantial indebtedness and the possibility that the Registrants may incur additional indebtedness going forward;
  - Operating and financial restrictions placed on the Registrants and their subsidiaries that are contained in the indentures governing GenOn's outstanding notes, and in debt and other agreements of certain of the Registrants' subsidiaries and project affiliates generally;
  - The Registrants' ability to implement their strategy of developing and building new power generation facilities;
  - The Registrants' ability to implement their strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
  - The Registrants' ability to implement their strategy of increasing the return on invested capital through operational performance improvements and a range of initiatives at plants and corporate offices to reduce costs or generate revenues;
  - The Registrants' ability to successfully evaluate investments in new business and growth initiatives;
  - The Registrants' ability to successfully integrate and manage any acquired businesses; and
  - The Registrants' ability to develop and maintain successful partnering relationships.
- Forward-looking statements speak only as of the date they were made, and the Registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause the Registrants' actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.



GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:  
2013 Form 10-K

Ancillary Services	The Registrants' Annual Report on Form 10-K for the year ended December 31, 2013 Services that ensure reliability and support the transmission of electricity from generation sites to customer loads. Such services include regulation service, reserves and voltage support.
ASC	The FASB Accounting Standards Codification, which the FASB established as the source of authoritative U.S. GAAP
ASU	Accounting Standards Updates which reflect updates to the ASC
Bankruptcy Court	United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division
CAA	Clean Air Act
Clean Water Act	Federal Water Pollution Control Act
CO <sub>2</sub>	Carbon dioxide
EPA	United States Environmental Protection Agency
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GenOn	GenOn Energy, Inc. and, except where the context indicates otherwise, its subsidiaries
GenOn Americas Generation	GenOn Americas Generation, LLC and, except where the context indicates otherwise, its subsidiaries
GenOn Energy Holdings	GenOn Energy Holdings, Inc. and, except where the context indicates otherwise, its subsidiaries
GenOn Mid-Atlantic	GenOn Mid-Atlantic, LLC and, except where the context indicates otherwise, its subsidiaries, which include the coal generation units at two generating facilities under operating leases
ISO	Independent System Operator, also referred to as Regional Transmission Organization, or RTO
LIBOR	London Inter-Bank Offered Rate
Long-term protective layup	A descriptive term for GenOn's plans with respect to retiring units from service in accordance with the PJM tariff, maintenance of the units in accordance with lease requirements and continued payment of the lease rent.
MATS	Mercury and Air Toxics Standards promulgated by the EPA
MC Asset Recovery	MC Asset Recovery, LLC
MDE	Maryland Department of the Environment
Mirant	GenOn Energy Holdings, Inc. (formerly known as Mirant Corporation) and, except where the context indicates otherwise, its subsidiaries
Mirant/RRI Merger	The merger completed on December 3, 2010 of Mirant Corporation and RRI Energy Inc. to form GenOn Energy, Inc.
Mirant Debtors	GenOn Energy Holdings, Inc. (formerly known as Mirant Corporation) and certain of its subsidiaries
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
MW	Megawatt
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
Net Exposure	Counterparty credit exposure to GenOn, GenOn Americas Generation or GenOn Mid-Atlantic, as applicable, net of collateral
NERC	North American Electric Reliability Corporation
NJDEP	New Jersey Department of Environmental Protection

NOL  
NOV  
NO<sub>x</sub>

Net Operating Loss  
Notice of violation  
Nitrogen oxide

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NPDES	National pollutant discharge elimination system
NPNS	Normal Purchase Normal Sale
NRG	NRG Energy, Inc. and, except where the context indicates otherwise, its subsidiaries
NRG Americas	NRG Americas, Inc. (formerly known as GenOn Americas, Inc.)
NRG MD Ash Management	NRG MD Ash Management LLC (formerly known as GenOn MD Ash Management LLC)
NRG Merger	The merger completed on December 14, 2012, GenOn and NRG
OCI	Other comprehensive income
PADEP	Pennsylvania Department of Environmental Protection
PJM	PJM Interconnection, LLC
PJM market	The wholesale and retail electric market operated by PJM primarily in all or parts of Delaware, the District of Columbia, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia
Registrants	GenOn, GenOn Americas Generation and GenOn Mid-Atlantic, collectively
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must Run
Securities Act	The Securities Act of 1933, as amended
SO <sub>2</sub>	Sulfur dioxide
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States



## PART I - FINANCIAL INFORMATION

## ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

## GENON ENERGY, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended March 31,		
	2014	2013	
	(In millions)		
Operating Revenues			
Operating revenues	\$1,026	\$424	
Operating revenues — affiliate	24	6	
Total operating revenues	1,050	430	
Operating Costs and Expenses			
Cost of operations	622	350	
Cost of operations — affiliate	255	140	
Depreciation and amortization	62	66	
Selling, general and administrative	18	26	
Selling, general and administrative — affiliate	33	17	
Acquisition-related transaction and integration costs	1	26	
Total operating costs and expenses	991	625	
Loss on sale of assets	(6	) —	
Operating Income/(Loss)	53	(195	)
Other Expense			
Other income, net	1	2	
Interest expense	(47	) (44	)
Interest expense - affiliate	(3	) (3	)
Total other expense	(49	) (45	)
Income/(Loss) Before Income Taxes	4	(240	)
Income tax expense	1	—	
Net Income/(Loss)	\$3	\$(240	)

See accompanying notes to condensed consolidated financial statements.

GENON ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)  
 (Unaudited)

	Three months ended March 31,		
	2014	2013	
	(In millions)		
Net Income/(Loss)	\$3	\$(240)	)
Other comprehensive gain net of reclassifications, net of tax of \$0:			
Unrealized gain on derivatives	—	2	
Other comprehensive income	—	2	
Comprehensive income/(loss)	\$3	\$(238)	)

See accompanying notes to condensed consolidated financial statements.

GENON ENERGY, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited) (In millions)	December 31, 2013
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$909	\$760
Funds deposited by counterparties	—	56
Accounts receivable — trade	167	178
Inventory	380	443
Derivative instruments	620	464
Derivative instruments — affiliate	13	5
Cash collateral paid in support of energy risk management activities	372	62
Prepayments and other current assets	223	194
Total current assets	2,684	2,162
Property, plant and equipment, net of accumulated depreciation of \$308 and \$248	3,088	3,176
Other Assets		
Intangible assets, net of accumulated amortization of \$45 and \$34	76	65
Derivative instruments	191	181
Derivative instruments — affiliate	5	1
Other non-current assets	115	149
Total other assets	387	396
Total Assets	\$6,159	\$5,734
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current Liabilities		
Current portion of long-term debt and capital leases	\$5	\$5
Accounts payable	275	187
Accounts payable — affiliate	69	72
Derivative instruments	525	160
Derivative instruments — affiliate	18	3
Cash collateral received in support of energy risk management activities	106	56
Accrued expenses and other current liabilities	176	266
Total current liabilities	1,174	749
Other Liabilities		
Long-term debt and capital leases	3,112	3,128
Derivative instruments	53	18
Out-of-market contracts	1,029	1,045
Other non-current liabilities	474	481
Total non-current liabilities	4,668	4,672
Total Liabilities	5,842	5,421
Commitments and Contingencies		
Stockholder's Equity		
Common stock: \$0.001 par value, 1 share authorized and issued at March 31, 2014 and December 31, 2013	—	—
Additional paid-in capital	327	325
Accumulated deficit	(112)	(114)
Accumulated other comprehensive income	102	102

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Total Stockholder's Equity	317	313
Total Liabilities and Stockholder's Equity	\$6,159	\$5,734
See accompanying notes to condensed consolidated financial statements.		

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GENON ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

	Three months ended March	
	31,	2013
	2014	2013
	(In millions)	
Cash Flows from Operating Activities		
Net income/(loss)	\$3	\$(240)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	62	66
Amortization of financing costs and debt discount/premiums	(14)	(21)
Amortization of out-of-market contracts and emission allowances	(28)	(16)
Loss on sale of asset	6	—
Changes in derivative instruments	237	221
Changes in collateral deposits supporting energy risk management activities	(310)	(6)
Changes in other working capital	171	126
Net Cash Provided by Operating Activities	127	130
Cash Flows from Investing Activities		
Capital expenditures	(33)	(107)
Decrease in restricted cash, net	—	(5)
Purchase of emission allowances, net of proceeds	—	(14)
Proceeds from sale of assets, net of cash disposed of	50	—
Other	5	—
Net Cash Provided/(Used) by Investing Activities	22	(126)
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	—	45
Payments for short and long-term debt	—	(1)
Net Cash Provided by Financing Activities	—	44
Net Increase in Cash and Cash Equivalents	149	48
Cash and Cash Equivalents at Beginning of Period	760	825
Cash and Cash Equivalents at End of Period	\$909	\$873

See accompanying notes to condensed consolidated financial statements.

GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited)

	Three months ended March 31,		
	2014	2013	
	(In millions)		
Operating Revenues			
Operating revenues	\$957	\$399	
Operating revenues — affiliate	108	133	
Total operating revenues	1,065	532	
Operating Costs and Expenses			
Cost of operations	371	219	
Cost of operations — affiliate	562	328	
Depreciation and amortization	22	27	
Selling, general and administrative	2	1	
Selling, general and administrative — affiliate	18	20	
Total operating costs and expenses	975	595	
Loss on sale of assets	(6	) —	
Operating Income/(Loss)	84	(63	)
Other Expense			
Interest expense	(17	) (16	)
Interest expense — affiliate	(2	) (2	)
Total other expense	(19	) (18	)
Income/(Loss) Before Income Taxes	65	(81	)
Income tax	—	—	
Net Income/(Loss)	\$65	\$(81	)

See accompanying notes to condensed consolidated financial statements.

GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited) (In millions)	December 31, 2013
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$335	\$63
Accounts receivable — trade	143	151
Note receivable — affiliate	189	299
Inventory	216	270
Derivative instruments	620	462
Derivative instruments — affiliate	403	84
Cash collateral paid in support of energy risk management activities	361	50
Prepayments and other current assets	131	105
Total current assets	2,398	1,484
Property, plant and equipment, net of accumulated depreciation of \$115 and \$96	1,125	1,194
Other Assets		
Intangible assets, net of accumulated amortization of \$44 and \$34	75	64
Derivative instruments	191	181
Derivative instruments — affiliate	45	8
Other non-current assets	16	32
Total other assets	327	285
Total Assets	\$3,850	\$2,963
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current Liabilities		
Current portion of long-term debt and capital leases	\$5	\$5
Accounts payable	177	90
Accounts payable — affiliate	133	86
Derivative instruments	525	160
Derivative instruments — affiliate	345	107
Cash collateral received in support of energy risk management activities	—	56
Accrued expenses and other current liabilities	117	93
Total current liabilities	1,302	597
Other Liabilities		
Long-term debt and capital leases	939	943
Derivative instruments	53	18
Derivative instruments — affiliate	58	23
Out-of-market contracts	568	575
Other non-current liabilities	110	116
Total non-current liabilities	1,728	1,675
Total Liabilities	3,030	2,272
Commitments and Contingencies		
Member's Equity		
Member's interest	820	691
Total Member's Equity	820	691
Total Liabilities and Member's Equity	\$3,850	\$2,963
See accompanying notes to condensed consolidated financial statements.		





GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

	Three months ended March 31,	
	2014	2013
	(In millions)	
Cash Flows from Operating Activities		
Net income/(loss)	\$65	\$(81)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	22	27
Amortization of debt premiums	(2)	(2)
Amortization of out-of-market contracts and emission allowances	2	(6)
Loss on disposals and sales of assets	6	3
Changes in derivative instruments	149	135
Changes in collateral deposits supporting energy risk management activities	(367)	(43)
Changes in other working capital	244	102
Net Cash Provided by Operating Activities	119	135
Cash Flows from Investing Activities		
Capital expenditures	(7)	(16)
Decrease in note receivable — affiliate	110	31
Purchase of emission allowances, net of proceeds	—	(14)
Proceeds from sale of assets, net of cash disposed of	50	—
Net Cash Provided by Investing Activities	153	1
Cash Flows from Financing Activities		
Payments for short and long-term debt	—	(1)
Net Cash Used by Financing Activities	—	(1)
Net Increase in Cash and Cash Equivalents	272	135
Cash and Cash Equivalents at Beginning of Period	63	148
Cash and Cash Equivalents at End of Period	\$335	\$283

See accompanying notes to condensed consolidated financial statements.

GENON MID-ATLANTIC, LLC AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited)

	Three months ended March 31,	
	2014	2013
	(In millions)	
Operating Revenues		
Operating revenues	\$(151 )	\$(40 )
Operating revenues — affiliate	478	138
Total operating revenues	327	98
Operating Costs and Expenses		
Cost of operations	234	51
Cost of operations — affiliate	15	87
Depreciation and amortization	19	19
Selling, general and administrative — affiliate	15	16
Total operating costs and expenses	283	173
Operating Income/(Loss)	44	(75 )
Other Expense		
Interest expense — affiliate	(1 )	(1 )
Total other expense	(1 )	(1 )
Income/(Loss) Before Income Taxes	43	(76 )
Income tax	—	—
Net Income/(Loss)	\$43	\$(76 )

See accompanying notes to condensed consolidated financial statements.

GENON MID-ATLANTIC, LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited) (In millions)	December 31, 2013
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$337	\$64
Accounts receivable — trade	—	4
Accounts receivable — affiliate	54	35
Inventory	116	158
Derivative instruments	218	298
Derivative instruments — affiliate	68	53
Prepayments and other current assets	76	81
Total current assets	869	693
Property, plant and equipment, net of accumulated depreciation of \$96 and \$77	970	987
Other Assets		
Intangible assets, net of accumulated amortization of \$1 and \$0	10	11
Derivative instruments	48	60
Derivative instruments — affiliate	88	96
Other non-current assets	8	25
Total other assets	154	192
Total Assets	\$1,993	\$1,872
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current Liabilities		
Current portion of long-term debt and capital leases	\$5	\$5
Accounts payable	33	16
Derivative instruments	26	—
Derivative instruments — affiliate	105	64
Accrued expenses and other current liabilities	55	49
Total current liabilities	224	134
Other Liabilities		
Long-term debt and capital leases	3	5
Derivative instruments	1	—
Derivative instruments — affiliate	11	9
Out-of-market contracts	568	575
Other non-current liabilities	65	71
Total non-current liabilities	648	660
Total Liabilities	872	794
Commitments and Contingencies		
Member's Equity		
Member's interest	1,121	1,078
Total Member's Equity	1,121	1,078
Total Liabilities and Member's Equity	\$1,993	\$1,872

See accompanying notes to condensed consolidated financial statements.



GENON MID-ATLANTIC, LLC AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)

	Three months ended March 31,	
	2014	2013
	(In millions)	
Cash Flows from Operating Activities		
Net income/(loss)	\$43	\$(76)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	19	19
Amortization of out-of-market contracts and emission allowances	—	(6)
Loss on disposals and sales of assets	—	3
Changes in derivative instruments	155	133
Changes in collateral deposits supporting energy risk management activities	—	48
Changes in other working capital	62	41
Net Cash Provided by Operating Activities	279	162
Cash Flows from Investing Activities		
Capital expenditures	(6)	(13)
Net Cash Used by Investing Activities	(6)	(13)
Cash Flows from Financing Activities		
Payments for short and long-term debt	—	(1)
Net Cash Used by Financing Activities	—	(1)
Net Increase in Cash and Cash Equivalents	273	148
Cash and Cash Equivalents at Beginning of Period	64	135
Cash and Cash Equivalents at End of Period	\$337	\$283

See accompanying notes to condensed consolidated financial statements.

## COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 — Basis of Presentation (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

GenOn Energy, Inc., a wholly-owned subsidiary of NRG, is a wholesale power generator engaged in the ownership and operation of power generation facilities, with approximately 19,741 MW of net electric generating capacity located in the U.S.

GenOn Americas Generation is a wholesale power generator with approximately 7,596 MW of net electric generating capacity located, in many cases, near major metropolitan areas. GenOn Americas Generation's electric generating capacity is part of the 19,741 MW of net electric generating capacity of GenOn.

GenOn Mid-Atlantic operates and owns or leases 4,683 MW of net electric generating capacity in Maryland near Washington, D.C. GenOn Mid-Atlantic's electric generating capacity is part of the 7,596 MW of net electric generating capacity of GenOn Americas Generation. GenOn Mid-Atlantic's generating facilities serve the Eastern PJM markets.

GenOn Americas Generation and GenOn Mid-Atlantic are Delaware limited liability companies and indirect wholly-owned subsidiaries of GenOn. GenOn Mid-Atlantic is a wholly-owned subsidiary of NRG North America and an indirect wholly-owned subsidiary of GenOn Americas Generation.

The Registrants sell power from their generation portfolio, offer capacity or similar products to retail electric providers and others, and provide Ancillary Services to support system reliability.

This is a combined quarterly report of the Registrants for the quarter ended March 31, 2014. The notes to the condensed consolidated financial statements apply to the Registrants as indicated parenthetically next to each corresponding disclosure. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Registrants' financial statements set forth in the 2013 Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Registrants' consolidated financial positions as of March 31, 2014, and the results of operations, comprehensive income/(loss) and cash flows for the three months ended March 31, 2014 and 2013.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Certain prior period depreciation amounts have been recast to revise provisional purchase accounting estimates for the NRG Merger.

### Reclassifications

Certain prior-year amounts have been reclassified for comparative purposes. The reclassification did not affect results from operations.

Note 2 — Summary of Significant Accounting Policies (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

### Recent Accounting Developments

The following accounting standard was issued in 2013 and was adopted on January 1, 2014:

- ASU 2013-11 - In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, or ASU No. 2013-11. The amendments of ASU 2013-11 require an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction of a deferred tax asset for a net operating loss, or NOL, a similar tax loss or tax credit carryforwards rather than a liability when the uncertain tax position would reduce the NOL or other carryforward under the tax law of the applicable jurisdiction and the entity

intends to use the deferred tax asset for that purpose. The adoption of this standard did not impact the Company's results of operations or cash flows.

Note 3 — Fair Value of Financial Instruments (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)  
This footnote should be read in conjunction with the complete description under Note 4, Fair Value of Financial Instruments, to the Registrants' 2013 Form 10-K.

For cash and cash equivalents, funds deposited by counterparties, accounts receivable, note receivable — affiliate, accounts payable, accrued liabilities, restricted cash, and cash collateral paid and received in support of energy risk management activities, the carrying amount approximates fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.

The estimated carrying amounts and fair values of GenOn and GenOn Americas Generation's debt, including current portion, are as follows:

GenOn

	As of March 31, 2014		As of December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Long and short-term debt	\$3,106	\$2,777	\$3,120	\$3,058

The fair value of long and short-term debt that is estimated using reported market prices for instruments that are publicly traded is classified as Level 2 within the fair value hierarchy.

GenOn Americas Generation

	As of March 31, 2014		As of December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Long and short-term debt	\$935	\$804	\$938	\$883

The fair value of long and short-term debt is estimated using reported market prices for instruments that are publicly traded and is classified as Level 2 within the fair value hierarchy.

Recurring Fair Value Measurements

Derivative assets and liabilities are carried at fair market value. Realized and unrealized gains and losses included in earnings that are related to energy derivatives are recorded in operating revenues and cost of operations.

GenOn

The following tables present assets and liabilities (including affiliate amounts) measured and recorded at fair value on GenOn's consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2014			Total
	Fair Value			
	Level 1 (a)	Level 2 (a)	Level 3	
	(In millions)			
Derivative assets:				
Commodity contracts	\$128	\$687	\$14	\$829
Derivative liabilities:				
Commodity contracts	\$21	\$559	\$16	\$596
Other assets (b)	\$22	\$—	\$—	\$22

(a) There were no transfers during the three months ended March 31, 2014 between Levels 1 and 2.

(b) Relates to mutual funds held in a rabbi trust for non-qualified deferred compensation plans for some key and highly compensated employees



	As of December 31, 2013			Total
	Fair Value			
	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3	
	(In millions)			
Derivative assets:				
Commodity contracts	\$141	\$507	\$3	\$651
Derivative liabilities:				
Commodity contracts	\$25	\$149	\$7	\$181
Other assets <sup>(b)</sup>	\$37	\$—	\$—	\$37

(a) There were no transfers during the year ended December 31, 2013 between Levels 1 and 2.

(b) Relates to mutual funds held in a rabbi trust for non-qualified deferred compensation plans for some key and highly compensated employees

The following tables reconcile, for the three months ended March 31, 2014 and 2013, the beginning and ending balances for derivatives that are recognized at fair value in GenOn's consolidated financial statements at least annually using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	
	2014	2013
	Three months ended March 31, 2014	
	Derivatives <sup>(a)</sup>	
	(In millions)	
Beginning balance	\$(4	) \$17
Total gains/(losses) included in earnings — realized/unrealized	4	(3 )
Purchases	—	(4 )
Settlements	—	(16 )
Transfers into Level 3 <sup>(b)</sup>	(2	) —
Ending balance	\$(2	) \$(6 )
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of March 31	\$—	\$(13 )

(a) Consists of derivative assets and liabilities, net.

(b) Transfers in/out of level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period.

#### GenOn Americas Generation

The following tables present assets and liabilities (including affiliate amounts) measured and recorded at fair value on GenOn Americas Generation's consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2014			Total
	Fair Value			
	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3	
	(In millions)			
Derivative assets:				
Commodity contracts	\$140	\$1,099	\$20	\$1,259
Derivative liabilities:				
Commodity contracts	\$64	\$897	\$20	\$981

(a) There were no transfers during the three months ended March 31, 2014 between Levels 1 and 2.



	As of December 31, 2013			
	Fair Value			
	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	\$153	\$575	\$7	\$735
Derivative liabilities:				
Commodity contracts	\$74	\$226	\$8	\$308

(a) There were no transfers during the year ended December 31, 2013 between Levels 1 and 2.

The following tables reconcile, for the three months ended March 31, 2014 and 2013, the beginning and ending balances for GenOn Americas Generation's derivatives that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	
	Three months ended March 31,	
	2014	2013
	Derivatives <sup>(a)</sup>	
	(In millions)	
Beginning balance	\$(1	) \$17
Total gains/(losses) included in earnings — realized/unrealized	2	(3 )
Purchases	—	(4 )
Settlements	—	(16 )
Transfers into Level 3 <sup>(b)</sup>	(1	) —
Ending balance	\$—	\$(6 )
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of March 31	\$—	\$(13 )

(a) Consists of derivative assets and liabilities, net.

(b) Transfers in/out of level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period.

#### GenOn Mid-Atlantic

The following tables present assets and liabilities (including affiliate amounts) measured and recorded at fair value on GenOn Mid-Atlantic's consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2014			
	Fair Value			
	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	\$83	\$339	\$—	\$422
Derivative liabilities:				
Commodity contracts	\$8	\$135	\$—	\$143

(a) There were no transfers during the three months ended March 31, 2014 between Levels 1 and 2.

	As of December 31, 2013			Total
	Fair Value			
	Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3	
	(In millions)			
Derivative assets:				
Commodity contracts	\$87	\$420	\$—	\$507
Derivative liabilities:				
Commodity contracts	\$13	\$60	\$—	\$73

(a) There were no transfers during the year ended December 31, 2013 between Levels 1 and 2.

The following tables reconcile, for the three months ended March 31, 2014 and 2013, the beginning and ending balances for GenOn Mid-Atlantic's derivatives that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	
	Three months ended March 31,	
	2014	2013
	Derivatives <sup>(a)</sup>	
	(In millions)	
Beginning balance	\$—	\$7
Total losses included in earnings — realized/unrealized	—	(2)
Purchases	—	(4)
Settlements	—	(7)
Ending balance	\$—	\$(6)
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of March 31	\$—	\$(7)

(a) Consists of derivative assets and liabilities, net.

#### Derivative Fair Value Measurements

A portion of the Registrants' contracts are exchange-traded contracts with readily available quoted market prices. A majority of the Registrants' contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. The remainder of the assets and liabilities represents contracts for which external sources or observable market quotes are not available for the whole term or for certain delivery months. These contracts are valued using various valuation techniques including but not limited to internal models that apply fundamental analysis of the market and corroboration with similar markets. As of March 31, 2014, contracts valued with prices provided by models and other valuation techniques make up 2% of GenOn's derivative assets and 3% of GenOn's derivative liabilities, 2% of GenOn Americas Generation's derivative assets and 2% of GenOn Americas Generation's derivative liabilities and 0% of GenOn Mid-Atlantic's derivative assets and 0% of GenOn Mid-Atlantic's derivative liabilities.

The fair value of each contract is discounted using a risk free interest rate. In addition, the Registrants apply a credit reserve to reflect credit risk which is calculated based on published default probabilities. The Registrants' credit reserves were as follows:

	As of March 31, 2014	As of December 31, 2013
	(In millions)	
GenOn	\$1	\$1
GenOn Americas Generation	1	1

GenOn Mid-Atlantic

\$2

\$3

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### Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, Summary of Significant Accounting Policies, to the Registrants' 2013 Form 10-K, the following is a discussion of the concentration of credit risk for the Registrants' financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Registrants are exposed to counterparty credit risk through various activities including wholesale sales and fuel purchases.

#### Counterparty Credit Risk

The Registrants' counterparty credit risk policies are disclosed in their 2013 Form 10-K. As of March 31, 2014, GenOn's counterparty credit exposure was \$414 million and GenOn held collateral (cash and letters of credit) against those positions of \$19 million, resulting in a net exposure of \$397 million. Approximately 83% of GenOn's exposure before collateral is expected to roll off by the end of 2015. As of March 31, 2014, GenOn Americas Generation's counterparty credit exposure was \$406 million and GenOn Americas Generation held collateral (cash and letters of credit) against those positions of \$19 million, resulting in a net exposure of \$388 million. Approximately 100% of GenOn Americas Generation's exposure before collateral is expected to roll off by the end of 2015. As of March 31, 2014, GenOn Mid-Atlantic's counterparty credit exposure was \$216 million and GenOn Mid-Atlantic held collateral (cash and letters of credit) against those positions of \$0 million, resulting in a net exposure of \$216 million.

Approximately 100% of GenOn Mid-Atlantic's exposure before collateral is expected to roll off by the end of 2015. The following tables highlight net counterparty credit exposure by industry sector and by counterparty credit quality. Net counterparty credit exposure is defined as the aggregate net asset position for the Registrants with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market, NPNS and non-derivative transactions. The exposure is shown net of collateral held and includes amounts net of receivables or payables.

#### GenOn

Category	Net Exposure <sup>(a)</sup> (% of Total)	
Financial institutions	55	%
Utilities, energy merchants, marketers and other	17	%
ISOs	26	%
Coal	2	%
Total as of March 31, 2014	100	%
Category	Net Exposure <sup>(a)</sup> (% of Total)	
Investment grade	98	%
Non-rated	2	%
Total as of March 31, 2014	100	%

(a) Counterparty credit exposure excludes transportation contracts because of the unavailability of market prices.

GenOn has counterparty credit risk exposure to certain counterparties, each of which represent more than 10% of the total net exposure discussed above. The aggregate of such counterparties' exposure was \$302 million. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, GenOn does not anticipate a material impact on its financial position or results of operations from nonperformance by any of its counterparties.

GenOn Americas Generation

Category	Net Exposure <sup>(a)</sup> (% of Total)	
Financial institutions	56	%
Utilities, energy merchants, marketers and other ISOs	16	%
Coal	26	%
Total as of March 31, 2014	2	%
	100	%

Category	Net Exposure <sup>(a)</sup> (% of Total)	
Investment grade	98	%
Non-investment grade	—	%
Non-rated	2	%
Total as of March 31, 2014	100	%

(a) Counterparty credit exposure excludes transportation contracts because of the unavailability of market prices. GenOn Americas Generation has counterparty credit risk exposure to certain counterparties, each of which represent more than 10% of the total net exposure discussed above. The aggregate of such counterparties' exposure was \$302 million. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, GenOn Americas Generation does not anticipate a material impact on its financial position or results of operations from nonperformance by any of its counterparties.

GenOn Mid-Atlantic

Category	Net Exposure <sup>(a)</sup> (% of Total)	
Financial institutions	100	%

Category	Net Exposure <sup>(a)</sup> (% of Total)	
Investment grade	100	%

(a) Counterparty credit exposure excludes transportation contracts because of the unavailability of market prices. GenOn Mid-Atlantic has counterparty credit risk exposure to certain counterparties, each of which represent more than 10% of the total net exposure discussed above. The aggregate of such counterparties' exposure was \$199 million. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, GenOn Mid-Atlantic does not anticipate a material impact on its financial position or results of operations from nonperformance by any of its counterparties.

Note 4 — Accounting for Derivative Instruments and Hedging Activities (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This footnote should be read in conjunction with the complete description under Note 5, Accounting for Derivative Instruments and Hedging Activities, to the Registrants' 2013 Form 10-K.

Energy-Related Commodities (GenOn)

As of March 31, 2014, GenOn had energy-related derivative financial instruments extending through 2017.

Volumetric Underlying Derivative Transactions (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

The following table summarizes the net notional volume buy/(sell) of the Registrants' open derivative transactions broken out by commodity, excluding those derivatives that qualified for the NPNS exception as of March 31, 2014 and December 31, 2013. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

Commodity	Units	GenOn Total Volume		GenOn Americas Generation Total Volume		GenOn Mid-Atlantic Total Volume	
		As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013
	(In millions)						
Coal	Short Ton	8	6	6	4	6	4
Natural Gas	MMBtu	(109)	(111)	(114)	(113)	(116)	(119)
Power	MWh	(34)	(26)	(11)	(14)	(11)	(14)

Fair Value of Derivative Instruments (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

The following tables summarize the fair value within the derivative instrument valuation on the balance sheet:  
GenOn

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	(In millions)			
Derivatives Not Designated as Cash Flow Hedges:				
Commodity contracts current	633	469	543	163
Commodity contracts long-term	196	182	53	18
Total Derivatives Not Designated as Cash Flow Hedges	\$829	\$651	\$596	\$181

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	(In millions)			
Derivatives Not Designated as Cash Flow Hedges:				
Commodity contracts current	\$1,023	\$546	\$870	\$267
Commodity contracts long-term	236	189	111	41
Total Derivatives Not Designated as Cash Flow Hedges	\$1,259	\$735	\$981	\$308



GenOn Mid-Atlantic

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
(In millions)				
Derivatives Not Designated as Cash Flow Hedges:				
Commodity contracts current	\$286	\$351	\$131	\$64
Commodity contracts long-term	136	156	12	9
Total Derivatives Not Designated as Cash Flow Hedges	\$422	\$507	\$143	\$73

The Registrants have elected to present derivative assets and liabilities on the balance sheet on a trade-by-trade basis and do not offset amounts at the counterparty master agreement level. In addition, collateral received or paid on the Registrants' derivative assets or liabilities are recorded on a separate line item on the balance sheet. The following tables summarize the offsetting of derivatives by counterparty master agreement level and collateral received or paid:

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
(In millions)				
March 31, 2014				
Commodity contracts:				
Derivative assets	\$811	\$(535)	\$—	\$276
Derivative assets - affiliate	18	(18)	—	—
Derivative liabilities	(578)	535	11	(32)
Derivative liabilities - affiliate	(18)	18	—	—
Total derivative instruments	\$233	\$—	\$11	\$244
GenOn Americas Generation				

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
(In millions)				
March 31, 2014				
Commodity contracts:				
Derivative assets	\$811	\$(535)	\$—	\$276
Derivative assets - affiliate	448	(403)	—	45
Derivative liabilities	(578)	535	11	(32)
Derivative liabilities - affiliate	(403)	403	—	—
Total derivative instruments	\$278	\$—	\$11	\$289
GenOn Mid-Atlantic				

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
(In millions)				
March 31, 2014				
Commodity contracts:				
Derivative assets	\$266	\$(25)	\$—	\$241

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Derivative assets - affiliate	156	(116	) —	40
Derivative liabilities	(27	) 25	—	(2
Derivative liabilities - affiliate	(116	) 116	—	—
Total derivative instruments	\$279	\$—	\$—	\$279

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GenOn

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
December 31, 2013	(In millions)			
Commodity contracts:				
Derivative assets	\$645	\$(154 )	\$(56 )	\$435
Derivative assets - affiliate	6	(3 )	—	3
Derivative liabilities	(178 )	154	—	(24 )
Derivative liabilities - affiliate	(3 )	3	—	—
Total derivative instruments	\$470	\$—	\$(56 )	\$414

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
December 31, 2013	(In millions)			
Commodity contracts:				
Derivative assets	\$643	\$(154 )	\$(56 )	\$433
Derivative assets - affiliate	92	(92 )	—	—
Derivative liabilities	(178 )	154	—	(24 )
Derivative liabilities - affiliate	(130 )	92	—	(38 )
Total derivative instruments	\$427	\$—	\$(56 )	\$371

Description	Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral (Held) / Posted	Net Amount
December 31, 2013	(In millions)			
Commodity contracts:				
Derivative assets	\$358	\$—	\$—	\$358
Derivative assets - affiliate	149	(73 )	—	76
Derivative liabilities	—	—	—	—
Derivative liabilities - affiliate	(73 )	73	—	—
Total derivative instruments	\$434	\$—	\$—	\$434

Accumulated Other Comprehensive Income (GenOn)

The following table summarizes the effects on GenOn's accumulated OCI balance attributable to cash flow hedge derivatives:

(In millions)	Three months ended March 31,	
	2014	2013
Accumulated OCI balance, beginning of period	\$—	\$1
Recognized in OCI on interest rate derivatives	—	2
Reclassified from accumulated OCI into earnings <sup>(a)(b)</sup>	—	(1 )
Accumulated OCI balance, end of period	\$—	\$2

(a)

Amounts reclassified from accumulated OCI into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded in interest expense.

All of the forecasted transactions (future interest payments) were deemed probable of occurring; therefore, no cash (b) flow hedges were discontinued and no amount was recognized in GenOn's results of operations as a result of discontinued cash flow hedges.

## Impact of Derivative Instruments on the Statements of Operations (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedges are reflected in current period earnings.

The following tables summarize the pre-tax effects of economic hedges that have not been designated as cash flow hedges and trading activity on the Registrants' statements of operations. These amounts are included within operating revenues and cost of operations.

## GenOn

(In millions)	Three months ended March 31,	
	2014	2013
Unrealized mark-to-market results		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(60	) \$(98
Net unrealized losses on open positions related to economic hedges	(171	) (123
Total unrealized mark-to-market losses for economic hedging activities	(231	) (221
Reversal of previously recognized unrealized gains on settled positions related to trading activity	(1	) (3
Net unrealized gains on open positions related to trading activity	—	2
Total unrealized mark-to-market losses for trading activity	(1	) (1
Total unrealized losses	\$(232	) \$(222

(In millions)	Three months ended March 31,	
	2014	2013
Revenue from operations — energy commodities	\$225	) \$(235
Cost of operations	(7	) 13
Total impact to statements of operations	\$(232	) \$(222

(In millions)	Three months ended March 31,	
	2014	2013
Unrealized mark-to-market results		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(57	) \$(74
Net unrealized losses on open positions related to economic hedges	(93	) (60
Total unrealized mark-to-market losses for economic hedging activities	(150	) (134
Reversal of previously recognized unrealized gains on settled positions related to trading activity	(1	) (3
Net unrealized gains on open positions related to trading activity	—	2
Total unrealized mark-to-market losses for trading activity	(1	) (1
Total unrealized losses	\$(151	) \$(135

(In millions)	Three months ended March 31,	
	2014	2013
Revenue from operations — energy commodities	\$145	) \$(151
Cost of operations	(6	) 16
Total impact to statements of operations	\$(151	) \$(135

## GenOn Mid-Atlantic

(In millions)	Three months ended March 31,	
	2014	2013
Unrealized mark-to-market results		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(63	) \$(74
Net unrealized losses on open positions related to economic hedges	(92	) (59
Total unrealized losses	\$(155	) \$(133
	Three months ended March 31,	
(In millions)	2014	2013
Revenue from operations — energy commodities	\$(150	) \$(148
Cost of operations	(5	) 15
Total impact to statements of operations	\$(155	) \$(133

Credit Risk Related Contingent Features (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)  
 Certain of GenOn and GenOn Americas Generation's hedging agreements contain provisions that require the Registrants to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements, or require the Registrants to post additional collateral if there were a one notch downgrade in the Registrants' credit rating. The collateral required for contracts that have adequate assurance clauses that are in net liability positions as of March 31, 2014 was \$26 million for GenOn and GenOn Americas Generation. The collateral required for contracts with credit rating contingent features that are in a net liability position as of March 31, 2014, was \$2 million for GenOn and GenOn Americas Generation. In addition, GenOn and GenOn Americas Generation are parties to certain marginable agreements under which they have net liability positions, but the counterparties have not called for collateral due, which is approximately \$6 million for GenOn and GenOn Americas Generation as of March 31, 2014. At March 31, 2014, GenOn Mid-Atlantic is party to certain marginable agreements under which they have net liability positions, but the counterparties have not called for collateral due, which is approximately \$4 million for GenOn Mid-Atlantic as of March 31, 2014.

See Note 3, Fair Value of Financial Instruments, for discussion regarding concentration of credit risk.

## Note 5 — Segment Reporting (GenOn and GenOn Americas Generation)

GenOn and GenOn Americas Generation report the following segments: East, South Central, West and Corporate. All GenOn Mid-Atlantic entities are included within the GenOn East segment. There are distinct components with separate operating results and management structures for each segment, which are based on the geographical location of the power generation operations.

## GenOn

	Three months ended March 31, 2014				
	East	South Central	West	Corporate	Total
	(In millions)				
Operating revenues	\$953	\$35	\$38	\$—	\$1,026
Operating revenues—affiliate	(2	) —	25	1	24
Depreciation and amortization	49	1	9	3	62
Income/(loss) before income taxes	75	(24	) 2	(49	) 4
Net income/(loss)	\$75	\$(24	) \$2	\$(50	) \$3
Total assets	\$5,499	\$244	\$323	\$93	\$6,159

	Three months ended March 31, 2013				
	East	South Central	West	Corporate	Total
	(In millions)				
Operating revenues	\$379	\$—	\$40	\$5	\$424
Operating revenues—affiliate	—	6	—	—	6
Depreciation and amortization	51	1	11	3	66
(Loss)/income before income taxes	(136	) (6	) (19	) (79	) (240
Net (loss)/income	\$(136	) \$(6	) \$(19	) \$(79	) \$(240

GenOn Americas Generation

	Three months ended March 31, 2014				
	East	South Central	West	Corporate	Total
	(In millions)				
Operating revenues	\$919	\$—	\$38	\$—	\$957
Operating revenues—affiliate	106	—	2	—	108
Depreciation and amortization	20	—	2	—	22
Income/(loss) before income taxes	81	—	1	(17	) 65
Net income/(loss)	\$81	\$—	\$1	\$(17	) \$65
Total assets	\$3,253	\$81	\$161	\$355	\$3,850

	Three months ended March 31, 2013				
	East	South Central	West	Corporate	Total
	(In millions)				
Operating revenues	\$376	\$—	\$23	\$—	\$399
Operating revenues—affiliate	133	—	0	0	133
Depreciation and amortization	25	—	2	0	27
(Loss)/income before income taxes	(66	) —	8	(23	) (81
Net (loss)/income	\$(66	) \$—	\$8	\$(23	) \$(81

## Note 6 — Income Taxes (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

## GenOn

GenOn's income tax (benefit)/expense consisted of the following:

(In millions except otherwise noted)	Three months ended March 31,	
	2014	2013
Income/(loss) before income taxes	4	(240)
Income tax expense	1	—
Effective tax rate	25	% —

## GenOn

For the three months ended March 31, 2014, GenOn's overall effective tax rate was different than the statutory rate of 35% primarily due to a change in the valuation allowance, partially offset by the impact of state income taxes. For the three months ended March 31, 2013, GenOn's overall effective tax rate was lower than the statutory rate of 35% primarily due to a change in the valuation allowance. GenOn recorded an income tax expense which relates to state income tax payments for the period ended March 31, 2014.

## GenOn Americas Generation

GenOn Americas Generation's allocated income taxes resulting from its operations for the three months ended March 31, 2014 and 2013 are \$0 as the \$1 million income tax expense relates to state income tax payments attributable to its parent, GenOn. GenOn Americas Generation's pro forma income taxes resulting from its operations for the three months ended March 31, 2014 and 2013 are \$0 due to the valuation allowance recorded on its stand-alone financial results.

## GenOn Mid-Atlantic

GenOn Mid-Atlantic's allocated income taxes resulting from its operations are \$0 for the three months ended March 31, 2014 and 2013 as the \$1 million income tax expense, relates to state income tax payments attributable to its parent, GenOn. The pro forma income tax provision attributable to income before taxes is a tax expense of \$17 million and tax benefit of \$27 million during the three months ended March 31, 2014 and 2013, respectively. The balance of GenOn Mid-Atlantic's pro forma deferred income taxes is a net deferred tax asset of \$124 million and \$141 million as of March 31, 2014 and December 31, 2013, respectively.

## Note 7 — Related Party Transactions (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

## Services Agreement with NRG

NRG provides GenOn with various management, personnel and other services, which include human resources, regulatory and public affairs, accounting, tax, legal, information systems, treasury, risk management, commercial operations, and asset management, as set forth in the Services Agreement. The initial term of the Services Agreement was through December 31, 2013, with an automatic renewal absent a request for termination. The fee charged is determined based on a fixed amount as described in the Services Agreement and was calculated based on historical GenOn expenses prior to the NRG Merger. The annual fees under the Services Agreement are approximately \$193 million. NRG charges these fees on a monthly basis, less amounts incurred directly by GenOn. Management has concluded that this method of charging overhead costs is reasonable. For the three months ended March 31, 2014 and March 31, 2013, GenOn recorded costs related to these services of \$33 million and \$11 million, respectively, as selling, general and administrative — affiliate.

NRG also provides GenOn Americas Generation and GenOn Mid-Atlantic with various management, personnel and other services consistent with those set forth in the Services Agreement discussed above between NRG and GenOn. GenOn's costs incurred under the Services Agreement with NRG are allocated to its subsidiaries based on each operating subsidiary's planned operating expenses relative to all operating subsidiaries of GenOn. These allocations and charges are not necessarily indicative of what would have been incurred had GenOn Americas Generation and GenOn Mid-Atlantic been unaffiliated entities. Management has concluded that this method of charging overhead costs is reasonable.



The following costs were incurred under these arrangements:

GenOn Americas Generation

	Three months ended March 31,	
	2014	2013
	(In millions)	
Allocated costs:		
Cost of operations — affiliate	2	4
Selling, general and administrative — affiliate	18	20
Total	\$20	\$24

GenOn Mid-Atlantic

	Three months ended March 31,	
	2014	2013
	(In millions)	
Allocated costs:		
Cost of operations — affiliate	1	3
Selling, general and administrative — affiliate	15	16
Total	\$16	\$19

Credit Agreement with NRG (GenOn)

In connection with the closing of the NRG Merger, GenOn and GenOn Americas entered into a secured intercompany revolving credit agreement with NRG. This credit agreement provides for a \$500 million revolving credit facility, all of which is available for revolving loans and letters of credit. At March 31, 2014 and December 31, 2013, \$274 million and \$349 million of letters of credit were issued and outstanding under the NRG credit agreement for GenOn and of this amount \$206 million and \$258 million were issued on behalf of GenOn Americas Generation. At March 31, 2014 and December 31, 2013, no loans were outstanding under this credit agreement. In connection with the execution of the agreement, certain of GenOn's subsidiaries, as guarantors, entered into a guarantee agreement pursuant to which these guarantors guaranteed amounts borrowed and obligations incurred under the credit agreement. The credit agreement has a three year maturity and is payable at maturity, subject to certain exceptions primarily related to asset sales not in the ordinary course of business and borrowings of debt. In addition, the guarantors are restricted from incurring additional liens on their assets. At GenOn's election, the interest rate per year applicable to the loans under the credit agreement will be determined by reference to either (i) the base rate plus 2.50% per year or (ii) the LIBOR rate plus 3.50% per year. In addition, the credit agreement contains customary covenants and events of default.

Intercompany Cash Management Program (GenOn Americas Generation)

GenOn Americas Generation and certain of its subsidiaries participate in separate intercompany cash management programs whereby cash balances at GenOn Americas Generation and the respective participating subsidiaries are transferred to central concentration accounts to fund working capital and other needs of the respective participants. The balances under this program are reflected as notes receivable — affiliate or notes payable — affiliate, as appropriate. The notes are due on demand and accrue interest on the net position, which is payable quarterly, at a rate determined by GenOn Energy Holdings. At March 31, 2014 and December 31, 2013, GenOn Americas Generation had a net current note receivable from GenOn Energy Holdings of \$189 million and \$299 million, respectively, related to its intercompany cash management program. For the three months ended March 31, 2014 and 2013, GenOn Americas Generation earned an insignificant amount of net interest income related to these notes.

GenOn Mid-Atlantic Distributions (GenOn Americas Generation and GenOn Mid-Atlantic)

On May 6, 2014, GenOn Mid-Atlantic made a distribution of \$250 million to its parent, NRG North America LLC, who in turn made a distribution of \$250 million to its parent, GenOn Americas Generation. GenOn Americas Generation subsequently made a distribution to GenOn in the same amount, through its parent companies NRG

Americas, Inc. and GenOn Energy Holdings, Inc.

Note 8 — Commitments and Contingencies (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This footnote should be read in conjunction with the complete description under Note 18, Commitments and Contingencies, to the Registrants' 2013 Form 10-K.

Contingencies

Set forth below is a description of the Registrants' material legal proceedings. The Registrants believe that they have valid defenses to these legal proceedings and intend to defend them vigorously. The Registrants record reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management has assessed each of the following matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. Unless specified below, the Registrants are unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Registrants' liabilities and contingencies could be at amounts that are different from currently recorded reserves and that such difference could be material.

In addition to the legal proceedings noted below, the Registrants are parties to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect the Registrants' respective consolidated financial position, results of operations, or cash flows.

Actions Pursued by MC Asset Recovery (GenOn)

With Mirant Corporation's emergence from bankruptcy protection in 2006, certain actions filed by GenOn Energy Holdings and some of its subsidiaries against third parties were transferred to MC Asset Recovery, a wholly owned subsidiary of GenOn Energy Holdings. MC Asset Recovery is governed by a manager who is independent of NRG and GenOn. MC Asset Recovery is a disregarded entity for income tax purposes.

Under the remaining action transferred to MC Asset Recovery, MC Asset Recovery seeks to recover damages from Commerzbank AG and various other banks, or the Commerzbank Defendants, for alleged fraudulent transfers that occurred prior to GenOn Energy Holdings' bankruptcy proceedings. In December 2010, the U.S. District Court for the Northern District of Texas dismissed MC Asset Recovery's complaint against the Commerzbank Defendants. In January 2011, MC Asset Recovery appealed the United States District Court's dismissal of its complaint against the Commerzbank Defendants to the U.S. Court of Appeals for the Fifth Circuit. In March 2012, the U.S. Court of Appeals for the Fifth Circuit reversed the U.S. District Court's dismissal and reinstated MC Asset Recovery's amended complaint against the Commerzbank Defendants. If MC Asset Recovery succeeds in obtaining any recoveries from the Commerzbank Defendants, the Commerzbank Defendants have asserted that they will seek to file claims in GenOn Energy Holdings' bankruptcy proceedings for the amount of those recoveries. GenOn Energy Holdings would vigorously contest the allowance of any such claims. If the Commerzbank Defendants were to receive an allowed claim as a result of a recovery by MC Asset Recovery on its claims against them, GenOn Energy Holdings would retain from the net amount recovered by MC Asset Recovery an amount equal to the dollar amount of the resulting allowed claim.

Pending Natural Gas Litigation (GenOn)

GenOn is party to several lawsuits, certain of which are class action lawsuits, in state and federal courts in Kansas, Missouri, Nevada and Wisconsin. These lawsuits were filed in the aftermath of the California energy crisis in 2000 and 2001 and the resulting FERC investigations and relate to alleged conduct to increase natural gas prices in violation of antitrust and similar laws. The lawsuits seek treble or punitive damages, restitution and/or expenses. The lawsuits also name as parties a number of energy companies unaffiliated with NRG. In July 2011, the U.S. District Court for the District of Nevada, which is handling four of the five cases, granted the defendants' motion for summary judgment and dismissed all claims against GenOn in those cases. The plaintiffs appealed to the U.S. Court of Appeals for the Ninth Circuit. The Ninth Circuit reversed the decision of the U.S. District Court for the District of Nevada. On August 26, 2013, GenOn along with the other defendants in the lawsuit filed a petition for a writ of certiorari to the

U.S. Supreme Court challenging the Ninth Circuit's decision. On December 2, 2013, the Supreme Court requested the views of the U.S. Solicitor General on the petition for a writ of certiorari. In September 2012, the State of Nevada Supreme Court, which is handling the remaining case, affirmed dismissal by the Eighth Judicial District Court for Clark County, Nevada of all plaintiffs' claims against GenOn. In February 2013, the plaintiffs in the Nevada case filed a petition for a writ of certiorari to the U.S. Supreme Court. In June 2013, the U.S. Supreme Court denied the petition for a writ of certiorari, thereby ending one of the five lawsuits. GenOn has agreed to indemnify CenterPoint against certain losses relating to these lawsuits.

#### Cheswick Class Action Complaint (GenOn)

In April 2012, a putative class action lawsuit was filed against GenOn in the Court of Common Pleas of Allegheny County, Pennsylvania alleging that emissions from the Cheswick generating facility have damaged the property of neighboring residents. GenOn disputes these allegations. Plaintiffs have brought nuisance, negligence, trespass and strict liability claims seeking both damages and injunctive relief. Plaintiffs seek to certify a class that consists of people who own property or live within one mile of the plant. In July 2012, GenOn removed the lawsuit to the U.S. District Court for the Western District of Pennsylvania. In October 2012, the court granted GenOn's motion to dismiss, which Plaintiffs appealed to the U.S. Court of Appeals for the Third Circuit. On August 20, 2013, the Third Circuit reversed the decision of the District Court. On September 3, 2013, GenOn filed a petition for rehearing with the Third Circuit which was subsequently denied. In February 2014, NRG filed a petition for a writ of certiorari to the U.S. Supreme Court seeking review and reversal of the Third Circuit decision. The District Court has stayed further proceedings in the case pending a decision on the petition for a writ of certiorari.

#### Cheswick Monarch Mine NOV (GenOn)

In 2008, the PADEP issued an NOV related to the Monarch mine located near the Cheswick generating facility. It has not been mined for many years. GenOn uses it for disposal of low-volume wastewater from the Cheswick generating facility and for disposal of leachate collected from ash disposal facilities. The NOV addresses the alleged requirement to maintain a minimum pumping volume from the mine. The PADEP indicated it will seek a civil penalty of approximately \$200,000. GenOn contests the allegations in the NOV and has not agreed to such penalty. GenOn is currently planning capital expenditures in connection with wastewater from Cheswick and leachate from ash disposal facilities.

#### Maryland Department of the Environment v. GenOn Chalk Point and GenOn Mid-Atlantic

In January 2013, Food & Water Watch, the Patuxent Riverkeeper and the Potomac Riverkeeper (together, Citizens Group) sent GenOn Mid-Atlantic a letter alleging that the Chalk Point, Dickerson and Morgantown generating facilities were violating the terms of three National Pollution Discharge Elimination System Permits by discharging nitrogen and phosphorous in excess of the limits in each permit. On March 21, 2013, the MDE sent GenOn Mid-Atlantic a similar letter with respect to the Chalk Point and Dickerson facilities, threatening to sue within 60 days if the facilities were not brought into compliance. On June 11, 2013, the Maryland Attorney General on behalf of the MDE filed a complaint in the U.S. District Court for the District of Maryland alleging violations of the Clean Water Act and Maryland environmental laws related to water. The lawsuit seeks injunctive relief and civil penalties in excess of \$100,000.

#### Chapter 11 Proceedings (GenOn and GenOn Americas Generation)

In July 2003, and various dates thereafter, the Mirant Debtors filed voluntary petitions in the Bankruptcy Court for relief under Chapter 11 of the U.S. Bankruptcy Code. GenOn Energy Holdings and most of the other Mirant Debtors emerged from bankruptcy on January 3, 2006, when the Plan became effective. The remaining Mirant Debtors emerged from bankruptcy on various dates in 2007. Approximately 461,000 of the shares of GenOn Energy Holdings common stock to be distributed under the Plan have not yet been distributed and have been reserved for distribution with respect to claims disputed by the Mirant Debtors that have not been resolved. Upon the Mirant/RRI Merger, those reserved shares converted into a reserve for approximately 1.3 million shares of GenOn common stock. Upon the NRG Merger, those reserved shares converted into a reserve for approximately 159,000 shares of NRG common stock. Under the terms of the Plan, upon the resolution of such a disputed claim, the claimant will receive the same pro rata distributions of common stock, cash, or both as previously allowed claims, regardless of the price at which the common stock is trading at the time the claim is resolved. If the aggregate amount of any such payouts results in the number of reserved shares being insufficient, additional shares of common stock may be issued to address the shortfall.

#### Note 9 — Regulatory Matters (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This footnote should be read in conjunction with the complete description under Note 19, Regulatory Matters, to the Registrants' 2013 Form 10-K.

The Registrants operate in a highly regulated industry and are subject to regulation by various federal and state agencies. As such, the Registrants are affected by regulatory developments at both the federal and state levels and in the regions in which they operate. In addition, the Registrants are subject to the market rules, procedures, and protocols of the various ISO markets in which they participate. These power markets are subject to ongoing legislative and regulatory changes that may impact the Registrants.

The Registrants are a party to regulatory proceedings arising in the ordinary course of business or have other regulatory exposure. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect the Registrants' respective consolidated financial position, results of operations, or cash flows.

Note 10 — Environmental Matters (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This footnote should be read in conjunction with the complete description under Note 20, Environmental Matters, to the Registrants' 2013 Form 10-K.

The Registrants are subject to a wide range of environmental regulations in the development, ownership, construction and operation of projects. These laws and regulations generally require that governmental permits and approvals be obtained before construction and during operation of power plants. Environmental regulations have become increasingly stringent and the Registrants expect this trend to continue. The electric generation industry is likely to face new requirements to address various emissions, including greenhouse gases, as well as combustion byproducts, water discharge and use, and threatened and endangered species. In general, future laws and regulations are expected to require the addition of emissions controls or other environmental controls or to impose of certain restrictions on the operations of the Registrants' facilities, which could have a material effect on the Registrants' operations.

In January 2014, EPA re-proposed the NSPS for CO<sub>2</sub> emissions from new fossil-fuel-fired electric generating units that had been previously proposed in April 2012. The re-proposed standards are 1,000 pounds of CO<sub>2</sub> per MWh for large gas units and 1,100 pounds of CO<sub>2</sub> per MWh for coal units and small gas units. Proposed standards are in effect until a final rule is published or another rule is re-proposed. In 2014, EPA intends to propose another rule that would require states to develop CO<sub>2</sub> standards that would apply to existing fossil-fueled generating facilities.

The EPA released CSAPR on July 7, 2011, which was scheduled to replace CAIR on January 1, 2012. On August 21, 2012, the U.S. Court of Appeals for the D.C. Circuit issued an opinion vacating CSAPR and keeping CAIR in place until the EPA can replace it. On April 29, 2014, the U.S. Circuit Court reversed and remanded the D.C. Circuit's opinion. NRG expects further proceedings in the D.C. Circuit over the next few months. While the Registrants are unable to predict the final outcome of the ongoing litigation, the Registrants' investment in pollution controls and cleaner technologies coupled with planned strategic plant retirements leaves the fleet well positioned for compliance.

East Region

The MDE has announced that it intends to promulgate more stringent regulations regarding NO<sub>x</sub> emissions, which could negatively affect certain of the Company's coal facilities located in Maryland.

Environmental Capital Expenditures

Based on current rules, technology and plans based on proposed rules, GenOn estimates that environmental capital expenditures from 2014 through 2018 required to meet GenOn's regulatory environmental laws will be approximately \$116 million for GenOn, which includes \$12 million for GenOn Americas Generation, which was adjusted for the sale of Kendall on January 31, 2014. The amount for GenOn Americas Generation includes \$6 million for GenOn Mid-Atlantic.

Item 2 — MANAGEMENT'S NARRATIVE ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

As you read this discussion and analysis, refer to the Registrants' Condensed Consolidated Financial Statements to this Form 10-Q, which present the results of operations for the three and three months ended March 31, 2014 and 2013. Also, refer to the Registrants' 2013 Form 10-K, which includes detailed discussions of various items impacting the Registrants' business, results of operations and financial condition.

Overview

The following tables summarize the Registrants' generation portfolio as of March 31, 2014, by operating segment which includes forty-one, fossil fuel plants owned or leased by GenOn, of which seven are owned or leased by GenOn Americas Generation, of which three are owned or leased by GenOn Mid-Atlantic. On January 31, 2014, GenOn, through a subsidiary of GenOn Americas Generation, completed the sale of Kendall, a 256 MW natural gas and oil facility in Cambridge, MA. MW figures provided represent nominal summer net MW capacity of power generated as adjusted for the Registrants' owned or leased interest excluding capacity from inactive/mothballed units:

The following table summarizes GenOn's generation portfolio as of March 31, 2014.

Generation Type	South Central	East (a)(b)(c)(d)	West	Total
Natural gas	1,198	6,151	4,435	11,784
Coal	—	5,898	—	5,898
Oil	—	2,059	—	2,059
Total generation capacity	1,198	14,108	4,435	19,741

(a) GenOn notified PJM that it no longer intends to deactivate Portland Units 1 and 2 (401 MW), but instead will mothball those units effective June 1, 2014, with an expected return to service no later than June 1, 2016 using an alternative fuel.

(b) GenOn notified PJM that it no longer intends to place the coal-fired Units 1, 2, 3, and 4 at Shawville generating facility (597 MW) in long term protective layup. Instead those Units will be mothballed beginning on April 16, 2015, with an expected return to service no later than June 1, 2016 using an alternative fuel.

(c) GenOn notified PJM that it no longer intends to deactivate Chalk Point Units 1 and 2 (667 MW) on May 31, 2017, but instead has changed that deactivation date to May 31, 2018.

(d) GenOn notified PJM that it no longer intends to deactivate Dickerson Units 1, 2 and 3 (537 MW) on May 31, 2017, but instead has changed that deactivation date May 31, 2018.

The following table summarizes GenOn Americas Generation's generation portfolio as of March 31, 2014.

Generation Type	(In MW)		
	East (a)(b)	West	Total
Natural gas	2,700	1,029	3,729
Coal	2,433	—	2,433
Oil	1,434	—	1,434
Total generation capacity	6,567	1,029	7,596

(a) GenOn notified PJM that it no longer intends to deactivate Chalk Point Units 1 and 2 (667 MW) on May 31, 2017, but instead has changed that deactivation date to May 31, 2018.

(b) GenOn notified PJM that it no longer intends to deactivate Dickerson Units 1, 2 and 3 (537 MW) on May 31, 2017, but instead has changed that deactivation date to May 31, 2018.



The following table summarizes GenOn Mid-Atlantic's generation portfolio as of March 31, 2014.

Generation Type	(In MW) East <sup>(a)(b)</sup>
Natural gas	1,942
Coal	2,433
Oil	308
Total generation capacity	4,683

(a) GenOn notified PJM that it no longer intends to deactivate Chalk Point Units 1 and 2 (667 MW) on May 31, 2017, but instead has changed that deactivation date to May 31, 2018.

(b) GenOn notified PJM that it no longer intends to deactivate Dickerson Units 1, 2 and 3 (537 MW) on May 31, 2017, but instead has changed that deactivation date to May 31, 2018.

#### Environmental Matters

The Registrants are subject to a wide range of environmental regulations in the development, ownership, construction and operation of projects. These laws and regulations generally require that governmental permits and approvals be obtained before construction and during operation of power plants. Environmental regulations have become increasingly stringent and the Registrants expect this trend to continue. The electric generation industry is likely to face new requirements to address various emissions, including greenhouse gases, as well as combustion byproducts, water discharge and use, and threatened and endangered species. In general, future laws and regulations are expected to require the addition of emissions controls or other environmental quality equipment or the imposition of certain restrictions on the operations of the Registrants' facilities, which could have a material effect on the Registrants' operations. Complying with environmental requirements involves significant capital and operating expenses. The Registrants decide to invest capital for environmental controls based on relative certainty of the requirements, an evaluation of compliance options, and the expected economic returns on capital. See Note 8, Commitments and Contingencies, and Note 10, Environmental Matters, to the Condensed Consolidated Financial Statements for further discussion.

#### Regulatory Matters

As operators of power plants and participants in wholesale energy markets, certain of the Registrants' entities are subject to regulation by various federal and state government agencies. These include the Commodities Futures Trading Commission and FERC, as well as other public utility commissions in certain states where the Registrants' generating assets are located. In addition, the Registrants are subject to the market rules, procedures and protocols of the various ISO markets in which they participate. The Registrants must also comply with the mandatory reliability requirements imposed by NERC and the regional reliability entities in the regions where they operate.

#### East Region

##### PJM

**Capacity Replacement** — On March 10, 2014, PJM filed at FERC to limit speculation in the annual capacity auction. Specifically, PJM proposes tariff changes that will restore incentives to submit offers for only capacity resources that are reasonably expected to be provided as a physical resource by the start of the delivery year. These changes include the addition of a replacement capacity adjustment charge that is intended to remove the incentive to profit from replacing capacity commitments, an increase in deficiency penalties for non-performance, and a reduction in the number of Incremental Auctions from three to one. If approved by FERC, the capacity replacement rules could have a material impact on future PJM capacity prices.

**Capacity Import Limits** — On April 22, 2014, FERC approved PJM's proposal to add a limit on the amount of capacity from external resources that PJM can reliably import into the PJM Region. The capacity import limit will be in effect for the 2017/18 Base Residual Auction, may decrease the amount of capacity imports allowed into PJM, as compared to recent auctions and could have a material impact on future PJM capacity prices.



#### New England (GenOn and GenOn Americas Generation)

**Sloped Demand Curve Filing** — On April 1, 2014, ISO-NE filed at FERC to establish a sloped demand curve for use in the ISO-NE Forward Capacity Market. The proposed tariff changes also seek to extend the period during which a market participant can lock-in the capacity price for a new resource from five to seven years, establishes a limited exemption for the buyer-side market mitigation rules for specific resources, and eliminates the administrative pricing rules. The shift away from the current vertical demand curve and accompanying proposed changes could have a material impact on the capacity prices in future auctions.

**Complaint Regarding 2014 Forward Capacity Auction Results** — In April 2014, a number of parties protested the results of ISO-NE's 2014 Forward Capacity Auction. Several parties alleged that the results were the result of market manipulation by one or more market participants, and that the results should be overturned. FERC's decision remains pending.

#### New York

**NYSPSC Order Rescinding Danskammer Retirement** — On October 28, 2013, the NYSPSC took emergency action to rescind its approval for the 530 MW Danskammer facility to retire on October 30, 2013. The NYSPSC's stated goal was to allow the facility to return to service in order to constrain rate increases in New York. The NYSPSC approved the emergency Order and granted an extension until March 17, 2014 for Helios Capital LLC to file its plan to operate or retire the unit. On March 28, 2014, the NYSPSC adopted the October 28, 2013 Order as permanent rule. The return to service of this facility may affect capacity prices received by the Registrants for their resources in the Rest-of-State capacity zone and the Lower Hudson Valley capacity zone.

**Independent Power Producers of New York Complaint** — On May 10, 2013, a generator trade association in New York filed a complaint at FERC against the NYISO. The generators asked FERC to direct the NYISO to require that capacity from existing generation resources that would have exited the market but for out-of-market payments under RMR type agreements be excluded from the capacity market altogether or be offered at levels no lower than the resources' going-forward costs. The complainants point to the recent reliability services agreements entered into between the NYSPSC and generators, including Dunkirk Power, as evidence that capacity market prices are being influenced by non-market considerations. The complainants seek to prevent below-cost offers from artificially suppressing prices in the New York Control Area Installed Capacity Spot Market Auction. A number of New York Transmission Owners protested the filing and the case is pending.

On March 25, 2014, the generators filed an Amended Complaint against the NYISO in light of the executed term sheet between Niagara Mohawk Power Corporation d/b/a National Grid and Dunkirk Power, which was filed at NYSPSC in February 2014. Under the term sheet, National Grid and Dunkirk Power are to enter into a definitive agreement pursuant to which Dunkirk Power will undertake a gas addition project to enable Units 2-4 to run on natural gas in exchange for payments from National Grid over a 10-year term.

**Demand Curve Reset and the Lower Hudson Valley Zone** — On November 29, 2013, the NYISO approved the creation of a new Lower Hudson Valley Capacity Zone in the New York, as part of the NYISO's triennial adjustment of its capacity market parameters for the 2014-2017 periods. A number of parties opposing the creation of the Lower Hudson Valley Zone have petitioned FERC to reverse its decision. Rehearing remains pending.

#### New and On-going Company Initiatives

##### Operational Improvement Activities

The Registrants will continue operations at the Avon Lake and New Castle facilities, which are currently in operation and had been scheduled for deactivation in April 2015. The Registrants intend to add natural gas capabilities at these facilities, with such capabilities expected to be completed by the summer of 2016.

##### Changes in Accounting Standards

See Note 2, Summary of Significant Accounting Policies, for a discussion of recent accounting developments.

## Consolidated Results of Operations

## GenOn

The following table provides selected financial information for GenOn:

(In millions except otherwise noted)	Three months ended March 31,		Change %
	2014	2013	
<b>Operating Revenues</b>			
Energy revenue <sup>(a)</sup>	\$994	\$484	105 %
Capacity revenue <sup>(a)</sup>	256	162	58
Mark-to-market for economic hedging activities	(224	) (234	) 4
Other revenues <sup>(b)</sup>	24	18	33
Total operating revenues	1,050	430	144
<b>Operating Costs and Expenses</b>			
Generation cost of sales <sup>(a)</sup>	678	285	138
Mark-to-market for economic hedging activities	7	(13	) 154
Contract and emissions credit amortization	3	(1	) 400
Other cost of operations	189	219	(14 )
Total cost of operations	877	490	79
Depreciation and amortization	62	66	(6 )
Selling, general and administrative	18	26	(31 )
Selling, general and administrative - affiliate	33	17	94
Acquisition-related transaction and integration costs	1	26	(96 )
Total operating costs and expenses	991	625	59
Loss on sale of assets	(6	) —	
Operating Income/(Loss)	53	(195	) 127
<b>Other Income/(Expense)</b>			
Other income, net	1	2	(50 )
Interest expense	(50	) (47	) 6
Total other expense	(49	) (45	) 9
Income/(Loss) Before Income Taxes	4	(240	) 102
Income tax expense/(benefit)	1	—	—
Net Income/(Loss)	\$3	\$(240	) 101
<b>Business Metrics</b>			
Average natural gas price — Henry Hub (\$/MMBtu)	\$4.94	\$3.34	48 %
MWh sold (in thousands)	11,038	7,944	39
MWh generated (in thousands)	11,848	8,391	41

(a) Includes realized gains and losses from financially settled transactions.

(b) Includes unrealized trading gains and losses.

## Generation Gross Margin

(In millions)	Three months ended March 31,	
	2014	2013
Energy revenue	\$994	\$484
Capacity revenue	256	162
Other revenues	24	18
Generation revenue	1,274	664
Generation cost of sales	678	285
Generation gross margin	\$596	\$379

Generation gross margin increased by \$217 million for the three months ended March 31, 2014, compared to the same period in 2013 due to:

	(In millions)
Higher gross margin due to a 42% increase in generation due to weather conditions in the East and an increase in average realized prices	\$122
Higher gross margin due to a 58% increase in capacity prices primarily in PJM	77
Higher gross margin due to revenues from Resource Adequacy contracts in California, partially offset by the deactivation of the Contra Costa facility in 2013	16
Other	2
	\$217

## Mark-to-market for Economic Hedging Activities

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges.

The breakdown of gains and losses included in operating revenues and operating costs and expenses are as follows:

(In millions)	Three months ended March 31,	
	2014	2013
Mark-to-market results in operating revenues		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(66)	\$(113)
Net unrealized losses on open positions related to economic hedges	(158)	(121)
Total mark-to-market losses in operating revenues	\$(224)	\$(234)
Mark-to-market results in operating costs and expenses		
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	6	15
Net unrealized losses on open positions related to economic hedges	(13)	(2)
Total mark-to-market (losses)/gains in operating costs and expenses	\$(7)	\$13

Mark-to-market results consist of unrealized gains and losses. The settlement of these transactions is reflected in the same caption as the items being hedged.

For the three months ended March 31, 2014, the \$224 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$7 million loss in operating costs and expenses from economic hedge positions was driven by a decrease in the value of forward purchases of fuel contracts as a result of decreases in forward coal prices partially offset by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.

For the three months ended March 31, 2013, the \$234 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$13 million gain in operating costs and expenses from economic hedge positions was primarily driven by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.

In accordance with ASC 815, the following table represents the results of GenOn's financial and physical trading of energy commodities. The realized and unrealized financial and physical trading results are included in other operating revenues. GenOn's trading activities are subject to limits within the risk management policy.

(In millions)	Three months ended March 31,	
	2014	2013
Trading gains/(losses)		
Realized	\$2	\$—
Unrealized	(1	) (1
Total trading gains/(losses)	\$1	\$(1

Other Cost of Operations

Other cost of operations decreased by \$30 million for the three months ended March 31, 2014 compared to the same period in 2013 due to:

	(In millions)
Lower operations and maintenance expense due to deferral of maintenance work, offset in part by increased variable costs, both resulting from increased run time	\$23
Decrease in property tax expense associated with the decrease in the property tax assessment for Bowline	7
	\$30

Depreciation and Amortization

Depreciation and amortization expense decreased by \$4 million for the three months ended March 31, 2014 compared to the same period in 2013.

## GenOn Americas Generation

The following table provides selected financial information for GenOn Americas Generation:

(In millions except otherwise noted)	Three months ended March 31,		Change %
	2014	2013	
<b>Operating Revenues</b>			
Energy revenue <sup>(a)</sup>	\$938	\$472	99 %
Capacity revenue <sup>(a)</sup>	248	151	64
Mark-to-market for economic hedging activities	(144	) (150	) 4
Other revenues <sup>(b)</sup>	23	59	(61 )
<b>Total operating revenues</b>	<b>1,065</b>	<b>532</b>	<b>100</b>
<b>Operating Costs and Expenses</b>			
Generation cost of sales <sup>(a)</sup>	836	451	85
Mark-to-market for economic hedging activities	6	(16	) 138
Contract and emissions credit amortization	9	6	50
Other cost of operations	82	106	(23 )
<b>Total cost of operations</b>	<b>933</b>	<b>547</b>	<b>71</b>
Depreciation and amortization	22	27	(19 )
Selling, general and administrative	20	21	(5 )
<b>Total operating costs and expenses</b>	<b>975</b>	<b>595</b>	<b>64</b>
Loss on sale of assets	(6	) —	
<b>Operating Income/(Loss)</b>	<b>84</b>	<b>(63</b>	<b>) 233</b>
<b>Other Expense</b>			
Interest expense	(19	) (18	) 6
<b>Total other expense</b>	<b>(19</b>	<b>) (18</b>	<b>) 6</b>
<b>Income/(Loss) Before Income Taxes</b>	<b>65</b>	<b>(81</b>	<b>) 180</b>
Income taxes	—	—	—
<b>Net Income/(Loss)</b>	<b>\$65</b>	<b>\$(81</b>	<b>) 180</b>
<b>Business Metrics</b>			
Average natural gas price — Henry Hub (\$/MMBtu)	\$4.94	\$3.34	48 %
MWh sold (in thousands)	4,629	2,641	75
MWh generated (in thousands)	4,637	2,657	75

(a) Includes realized gains and losses from financially settled transactions.

(b) Includes unrealized trading gains and losses

## Generation Gross Margin

(In millions)	Three months ended March 31,	
	2014	2013
Energy revenue	\$938	\$472
Capacity revenue	248	151
Other revenues	23	59
Generation revenue	1,209	682
Generation cost of sales	836	451
Generation gross margin	\$373	\$231

Generation gross margin increased by \$142 million for the three months ended March 31, 2014, compared to the same period in 2013 due to:

	(In millions)
Higher gross margin due to a 72% increase in generation primarily at Canal, Bowline and Morgantown, due to extreme weather conditions, partially offset by the sale of Kendall on January 31, 2014	\$106
Higher gross margin due to a 47% increase in capacity prices, primarily in PJM	33
Lower gross margin due to a decrease in contracted capacity revenues due to the deactivation of the Contra Costa facility	(12)
Higher gross margin from ancillary revenues	8
Other	7
	\$142

## Mark-to-market for Economic Hedging Activities

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges.

The breakdown of gains and losses included in operating revenues and operating costs and expenses are as follows:

(In millions)	Three months ended March 31,	
	2014	2013
Mark-to-market results in operating revenues		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(61)	\$(89)
Net unrealized losses on open positions related to economic hedges	(83)	(61)
Total mark-to-market losses in operating revenues	(144)	(150)
Mark-to-market results in operating costs and expenses		
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	4	15
Net unrealized (losses)/gains on open positions related to economic hedges	(10)	1
Total mark-to-market (losses)/gains in operating costs and expenses	\$(6)	\$16

Mark-to-market results consist of unrealized gains and losses. The settlement of these transactions is reflected in the same caption as the items being hedged.

For the three months ended March 31, 2014, the \$144 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$6 million loss in operating costs and expenses from economic hedge positions was driven by a decrease in the value of forward purchases of fuel contracts as a result of decreases in forward coal prices partially offset by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.



For the three months ended March 31, 2013, the \$150 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$16 million gain in operating costs and expenses from economic hedge positions was primarily driven by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.

In accordance with ASC 815, the following table represents the results of GenOn Americas Generation's financial and physical trading of energy commodities. The realized and unrealized financial and physical trading results are included in other operating revenues. GenOn Americas Generation's trading activities are subject to limits within the risk management policy.

(In millions)	Three months ended March 31,	
	2014	2013
Trading gains/(losses)		
Realized	\$2	\$—
Unrealized	(1	) (1
Total trading gains/(losses)	\$1	\$(1

Other Cost of Operations

Other cost of operations decreased by \$24 million for the three months ended March 31, 2014, compared to the same period in 2013 due to:

	(In millions)
Lower operations and maintenance expense due to deferral of maintenance work, offset in part by increased variable costs, both resulting from increased run time	\$17
Decrease in property tax expense associated with the decrease in the property tax assessment for Bowline	7
	\$24

Depreciation and Amortization

Depreciation and amortization expense decreased by \$5 million for the three months ended March 31, 2014, compared to the same period in 2013.

## GenOn Mid-Atlantic

The following table provides selected financial information for GenOn Mid-Atlantic:

(In millions except otherwise noted)	Three months ended March 31,		Change	%
	2014	2013		
Operating Revenues				
Energy revenue <sup>(a)</sup>	\$381	\$192	98	%
Capacity revenue <sup>(a)</sup>	89	54	65	
Mark-to-market for economic hedging activities	(150	) (148	) (1	)
Other revenues	7	—	100	
Total operating revenues	327	98	234	
Operating Costs and Expenses				
Generation cost of sales <sup>(a)</sup>	172	73	136	
Mark-to-market for economic hedging activities	5	(15	) 133	
Contract and emissions credit amortization	7	4		
Other cost of operations	65	76	(14	)
Total cost of operations	249	138	80	
Depreciation and amortization	19	19	—	
Selling, general and administrative	15	16	(6	)
Total operating costs and expenses	283	173	64	
Operating Income/(Loss)	44	(75	) 159	
Other Expense				
Interest expense	(1	) (1	) —	
Total other expense	(1	) (1	) —	
Income/(Loss) Before Income Taxes	43	(76	) 157	
Income taxes	—	—	—	
Net Income/(Loss)	\$43	\$(76	) 157	
Business Metrics				
Average natural gas price — Henry Hub (\$/MMBtu)	\$4.94	\$3.34	48	%
MWh sold (in thousands)	3,600	1,905	89	
MWh generated (in thousands)	3,600	1,905	89	

(a) Includes realized gains and losses from financially settled transactions.

## Generation Gross Margin

(In millions)	Three months ended March 31,	
	2014	2013
Energy revenue	\$381	\$192
Capacity revenue	89	54
Other revenues	7	—
Generation revenue	477	246
Generation cost of sales	172	73
Generation gross margin	\$305	\$173

Generation gross margin increased by \$132 million for the three months ended March 31, 2014, compared to the same period in 2013 due to:

	(In millions)
Higher gross margin due to a 89% increase in generation due to weather conditions in the East and an increase in average realized prices	\$93
Higher gross margin due primarily to a 49% increase in capacity prices	34
Other	5
	\$132

## Mark-to-market for Economic Hedging Activities

Mark-to-market for economic hedging activities includes asset-backed hedges that have not been designated as cash flow hedges.

The breakdown of gains and losses included in operating revenues and operating costs and expenses are as follows:

(In millions)	Three months ended March 31,	
	2014	2013
Mark-to-market results in operating revenues		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	\$(68	) \$(88
Net unrealized losses on open positions related to economic hedges	(82	) (60
Total mark-to-market losses in operating revenues	(150	) (148
Mark-to-market results in operating costs and expenses		
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	5	14
Net unrealized (losses)/gains on open positions related to economic hedges	(10	) 1
Total mark-to-market (losses)/gains in operating costs and expenses	\$(5	) \$15

Mark-to-market results consist of unrealized gains and losses. The settlement of these transactions is reflected in the same caption as the items being hedged.

For the three months ended March 31, 2014, the \$150 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$5 million loss in operating costs and expenses from economic hedge positions was driven by a decrease in the value of forward purchases of fuel contracts as a result of decreases in forward coal prices partially offset by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.

For the three months ended March 31, 2013, the \$148 million loss in operating revenues from economic hedge positions was driven by the reversal of previously recognized unrealized gains from electricity and natural gas contracts that settled during the period and a decrease in the value of forward sales of electricity and natural gas contracts as a result of increases in forward power and natural gas prices. The \$15 million gain in operating costs and expenses from economic hedge positions was primarily driven by the reversal of previously recognized unrealized losses from fuel contracts that settled during the period.



Other Cost of Operations

Other cost of operations decreased by \$11 million for the three months ended March 31, 2014, compared to the same period in 2013 due to lower operations and maintenance expense due to deferral of maintenance work, offset in part by increased variable costs, both resulting from increased run time.

## Liquidity and Capital Resources

## Liquidity Position

As of March 31, 2014, and December 31, 2013, the Registrants' liquidity was comprised of the following:

	March 31, 2014	December 31, 2013
	(In millions)	
Cash and cash equivalents (GenOn excluding GenOn Mid-Atlantic and REMA)	\$288	\$566
Cash and cash equivalents (GenOn Mid-Atlantic)	337	64
Cash and cash equivalents (REMA) <sup>(a)</sup>	284	130
Total	909	760
Credit facility availability	226	151
Total liquidity	\$1,135	\$911

<sup>(a)</sup> At March 31, 2014, REMA did not satisfy the restricted payment tests and therefore, could not use such funds to distribute cash and make other restricted payments.

For the three months ended March 31, 2014, total liquidity increased \$224 million.

Management believes that the Registrants' liquidity position and cash flows from operations will be adequate to finance operating, maintenance and capital expenditures, to fund debt service obligations and other liquidity commitments. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity within the dictates of prudent balance sheet management.

## Restricted Payments Tests

The ability of certain of GenOn's and GenOn Americas Generation's subsidiaries to pay dividends and make distributions is restricted under the terms of certain agreements, including the Gen-On Mid-Atlantic and REMA operating leases. Under their respective operating leases, GenOn Mid-Atlantic and REMA are not permitted to make any distributions and other restricted payments unless: (a) they satisfy the fixed charge coverage ratio for the most recently ended period of four fiscal quarters; (b) they are projected to satisfy the fixed charge coverage ratio for each of the two following periods of four fiscal quarters, commencing with the fiscal quarter in which such payment is proposed to be made; and (c) no significant lease default or event of default has occurred and is continuing. In addition, prior to making a dividend or other restricted payment, REMA must be in compliance with the requirement to provide credit support to the owner lessors securing its obligation to pay scheduled rent under its leases. Based on GenOn Mid-Atlantic's and REMA's most recent calculations of these tests, GenOn Mid-Atlantic satisfied the restricted payment tests and REMA did not satisfy the restricted payments tests. Each of GenOn Mid-Atlantic and REMA may recalculate its fixed charge coverage ratios from time to time and, subject to compliance with the restricted payments test described above, make dividends or other restricted payments.

The GenOn Senior Notes due 2018 and 2020 and the related indentures restrict the ability of GenOn to incur additional liens and make certain restricted payments, including dividends. In the event of a default or if restricted payment tests are not satisfied, GenOn would not be able to distribute cash to its parent, NRG. At March 31, 2014, GenOn met the consolidated debt ratio component of the restricted payments test.

## GenOn Mid-Atlantic Distributions (GenOn Americas Generation and GenOn Mid-Atlantic)

On May 6, 2014, GenOn Mid-Atlantic made a distribution of \$250 million to its parent, NRG North America LLC, who in turn made a distribution of \$250 million to its parent, GenOn Americas Generation. GenOn Americas Generation subsequently made a distribution to GenOn in the same amount, through its parent companies NRG Americas, Inc. and GenOn Energy Holdings, Inc.

## Credit Ratings

On January 24, 2014, Moody's placed GenOn's rating under review for downgrade. On April 14, 2014 the GenOn Americas Generation Senior unsecured notes 2021 and 2031 were downgraded by Moody's to Caa1 and the GenOn Senior unsecured notes, due 2014, 2017, 2018, and 2020 were downgraded to B3. The outlook for both the GenOn Americas Generation Senior unsecured notes and the GenOn Senior unsecured notes was moved to Stable.



#### Source of Liquidity

The principal sources of liquidity for the Registrants' future operating and capital expenditures are expected to be derived existing cash on hand and cash flows from operations. The Registrants' operating cash flows may be effected by, among other things, demand for electricity, the difference between the cost of fuel used to generate electricity and the market value of the electricity generated, commodity prices (including prices for electricity, emissions allowances, natural gas, coal and oil), operations and maintenance expenses in the ordinary course, planned and unplanned outages, terms with trade creditors, cash requirements for capital expenditures relating to certain facilities (including those necessary to comply with environmental regulations) and the potential impact of future environmental regulations.

#### Uses of Liquidity

The Registrants' requirements for liquidity and capital resources, other than for operating its facilities, can generally be categorized by the following: (i) debt service obligations, (ii) capital expenditures, including maintenance and environmental and (iii) payments under the GenOn Mid-Atlantic and REMA operating leases.

#### ITEM 3 — QUANTATITATIVE AND QUALITATIVE DISLCOSURES ABOUT MARKET RISK (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Item 3 has been omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H(2) to Form 10-Q.

#### ITEM 4 — CONTROLS AND PROCEDURES (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

##### Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Registrants' management, including the principal executive officer, principal financial officer and principal accounting officer, the Registrants conducted an evaluation of the effectiveness of the design and operation of disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act. Based on this evaluation, the Registrants' principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report on Form 10-Q.

##### Changes in Internal Control over Financial Reporting

There were no changes in the Registrants' internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred in the first quarter of 2014 that materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.



PART II

OTHER INFORMATION

Item 1 — LEGAL PROCEEDINGS (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

For a discussion of material legal proceedings in which the Registrants were involved through March 31, 2014, see Note 8, Commitments and Contingencies, to this Form 10-Q.

Item 1A — RISK FACTORS (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Information regarding risk factors appears in Part I, Item 1A, Risk Factors, in the Registrants' 2013 Form 10-K. There have been no material changes in the Registrants' risk factors since those reported in its 2013 Form 10-K.

Item 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Item 2 has been omitted from this report for the Registrants pursuant to the reduced disclosure format permitted by General Instruction H(2) to Form 10-Q.

Item 3 — DEFAULTS UPON SENIOR SECURITIES (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Item 3 has been omitted from this report for the Registrants pursuant to the reduced disclosure format permitted by General Instruction H(2) to Form 10-Q.

Item 4 — MINE SAFETY DISCLOSURES (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

Not applicable.

Item 5 — OTHER INFORMATION (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

None.

Item 6 — EXHIBITS (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

GenOn Energy, Inc. Exhibit Index

Number	Description	Method of Filing
31.1A1	Rule 13a-14(a)/15d-14(a) certification of David W. Crane	Filed herewith
31.2A1	Rule 13a-14(a)/15d-14(a) certification of Kirkland B. Andrews	Filed herewith
31.3A1	Rule 13a-14(a)/15d-14(a) certification of Ronald B. Stark	Filed herewith
32.A1	Section 1350 Certification	Filed herewith
101 INS	XBRL Instance Document	Filed herewith
101 SCH	XBRL Taxonomy Extension Schema	Filed herewith
101 CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101 DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101 LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101 PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

GenOn Americas Generation, LLC Exhibit Index

Number	Description	Method of Filing
31.1A2	Rule 13a-14(a)/15d-14(a) certification of David W. Crane	Filed herewith
31.2A2	Rule 13a-14(a)/15d-14(a) certification of Kirkland B. Andrews	Filed herewith
31.3A2	Rule 13a-14(a)/15d-14(a) certification of Ronald B. Stark	Filed herewith
32.A2	Section 1350 Certification	Filed herewith
101 INS	XBRL Instance Document	Filed herewith
101 SCH	XBRL Taxonomy Extension Schema	Filed herewith
101 CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101 DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101 LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101 PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

GenOn Mid-Atlantic, LLC Exhibit Index

Number	Description	Method of Filing
31.1A3	Rule 13a-14(a)/15d-14(a) certification of David W. Crane	Filed herewith
31.2A3	Rule 13a-14(a)/15d-14(a) certification of Kirkland B. Andrews	Filed herewith
31.3A3	Rule 13a-14(a)/15d-14(a) certification of Ronald B. Stark	Filed herewith
32.A3	Section 1350 Certification	Filed herewith
101 INS	XBRL Instance Document	Filed herewith
101 SCH	XBRL Taxonomy Extension Schema	Filed herewith
101 CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101 DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101 LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101 PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENON ENERGY, INC.

(Registrant)

/s/ DAVID W. CRANE

David W. Crane  
Chief Executive Officer  
(Principal Executive Officer)

/s/ KIRKLAND B. ANDREWS

Kirkland B. Andrews  
Chief Financial Officer  
(Principal Financial Officer)

/s/ RONALD B. STARK

Ronald B. Stark  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: May 6, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENON AMERICAS  
GENERATION, LLC  
(Registrant)

/s/ DAVID W. CRANE

David W. Crane  
Chief Executive Officer  
(Principal Executive Officer)

/s/ KIRKLAND B. ANDREWS

Kirkland B. Andrews  
Chief Financial Officer  
(Principal Financial Officer)

/s/ RONALD B. STARK

Ronald B. Stark  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: May 6, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENON MID-ATLANTIC, LLC  
(Registrant)

/s/ DAVID W. CRANE

David W. Crane  
Chief Executive Officer  
(Principal Executive Officer)

/s/ KIRKLAND B. ANDREWS

Kirkland B. Andrews  
Chief Financial Officer  
(Principal Financial Officer)

/s/ RONALD B. STARK

Ronald B. Stark  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: May 6, 2014