GenOn Energy, Inc.
Form 10-Q
May 15, 2018

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

FORM 10-Q
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended: March 31, 2018

o 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)
76-0655566 (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

Delaware	(609) 524-4500
(State or other jurisdiction of incorporation or organization)	(Registrants' telephone number, including area code)
804 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.	o Yes	o No
GenOn Americas Generation, LLC	o Yes	o No

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.	x Yes	o No
GenOn Americas Generation, LLC	x Yes	o No

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
GenOn Energy, Inc.	o	o	x	o	o
GenOn Americas Generation, LLC	o	o	x	o	o
			(Do not check if a smaller reporting company)		

If an emerging growth company, indicate by check mark if the Registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

GenOn Energy, Inc.	o
GenOn Americas Generation, LLC	o

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

GenOn Energy, Inc.	o	Yes	x	No
GenOn Americas Generation, LLC	o	Yes	x	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.

This combined Form 10-Q is separately filed by GenOn Energy, Inc. and GenOn Americas Generation, LLC. Information contained in this combined Form 10-Q relating to GenOn Energy, Inc. and GenOn Americas Generation, 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.

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION
(GenOn and GenOn Americas Generation)

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 "believe," "project," "anticipate," "plan," "expect," "intend," "estimate" 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 of the Registrants' Annual Report on Form 10-K for the year ended December 31, 2017, under Item 1A - Risk Factors, in Part II, Item 1A herein, and the following:

- The ability of GenOn, GenOn Americas Generation and certain of their directly and indirectly-owned subsidiaries to consummate one or more plans of reorganization with respect to the Chapter 11 Cases, and to consummate the transactions contemplated by the Restructuring Support Agreement, including the ability of GenOn to successfully operate following any reorganization;
- The existence and duration of the Chapter 11 Cases, and the impact of orders and decisions of the Bankruptcy Court;
- The willingness of counterparties to transact with the Registrants during the Chapter 11 cases;
- The Registrants' ability to successfully engage in disposition activities;
- GenOn's and certain of its subsidiaries' ability to continue as a going concern;
- The Registrants' ability to attract and retain skilled people, with the necessary applicable experience, particularly during the pendency of the Chapter 11 Cases;
- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Changes in law, including judicial decisions;
- 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;
- Counterparties' collateral demands and other factors affecting the Registrants' liquidity position and financial condition;
- 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;
- The Registrants' ability to find market participants that are willing to act as hedging counterparties;
- 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 that result in a failure to adequately compensate the Registrants' generation units for all of their costs;
- The Registrants' ability to mitigate forced outage risk for units subject to capacity performance requirements in PJM and performance incentives in ISO-NE;
- 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 finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;

2

- 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; 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:

2017 Form 10-K	The Registrants' Annual Report on Form 10-K for the year ended December 31, 2017
ASC	The FASB Accounting Standards Codification, which the FASB established as the source of authoritative GAAP
ASU	Accounting Standards Updates, which reflect updates to the ASC
Average realized power prices	Volume-weighted average power prices, net of average fuel costs and reflecting the impact of settled hedges
Bankruptcy Code	Chapter 11 of Title 11 of the United States Bankruptcy Code
Bankruptcy Court	United States Bankruptcy Court for the Southern District of Texas, Houston Division
BRA	Base Residual Auction
CAIR	Clean Air Interstate Rule
CAISO	California Independent System Operator
CenterPoint	CenterPoint Energy, Inc. and its subsidiaries, on and after August 31, 2002, and Reliant Energy, Incorporated and its subsidiaries prior to August 31, 2002
CES	Clean Energy Standard
CFTC	U.S. Commodity Futures Trading Commission
Chapter 11 Cases	Voluntary cases commenced by the GenOn Entities under the Bankruptcy Code in the Bankruptcy Court
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit	U.S. Court of Appeals for the District of Columbia Circuit
Debt Documents	GenOn's Intercompany Revolver with NRG; the indenture governing the GenOn 7.875% Senior Notes due 2017 (as amended or supplemented from time to time); the indenture governing the GenOn 9.500% Notes due 2018 (as amended or supplemented from time to time); the indenture governing the GenOn 9.875% Notes due 2020 (as amended or supplemented from time to time); the indenture governing the GenOn Americas Generation 8.50% Senior Notes due 2021 (as amended or supplemented from time to time); and the indenture governing the GenOn Americas Generation 9.125% Senior Notes due 2031 (as amended or supplemented from time to time)
Economic gross margin	Sum of energy revenue, capacity revenue and other revenue, less cost of fuels and other cost of sales
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ESPS	Existing Source Performance Standards
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue gas desulfurization
FTRs	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the U.S.
GenMA Settlement	The settlement terms finalized and effective as of April 27, 2018 among the GenOn Entities, NRG, the Consenting Holders, GenOn Mid-Atlantic, and certain of GenOn Mid-Atlantic’s stakeholders as part of the Bankruptcy Court approval of the Plan
GenOn	GenOn Energy, Inc. and, except where the context indicates otherwise, its subsidiaries
GenOn Americas	GenOn Americas Generation, LLC and, except where the context indicates otherwise, its subsidiaries

Generation	
GenOn Americas Generation Senior Notes	GenOn Americas Generation's $395 million outstanding unsecured senior notes consisting of $208 million of 8.50% senior notes due 2021 and $187 million of 9.125% senior notes due 2031 as of 3/31/2018
GenOn Energy Holdings	GenOn Energy Holdings, Inc. and, except where the context indicates otherwise, its subsidiaries

4

GenOn Energy Management	GenOn Energy Management, LLC, a wholly owned subsidiary of GenOn Americas Generation, LLC
GenOn Entities	GenOn and certain of its wholly owned subsidiaries, including GenOn Americas Generation. that filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court on June 14, 2017
GenOn Mid-Atlantic	GenOn Mid-Atlantic, LLC and, except where the context indicates otherwise, its subsidiaries, which include the coal generation units at two generation stations under operating leases
GenOn Senior Notes	GenOn's $1.8 billion outstanding unsecured senior notes consisting of $691 million of 7.875% senior notes due 2017, $649 million of 9.5% senior notes due 2018, and $490 million of 9.875% senior notes due 2020
GHG	Greenhouse Gases
ICE	Intercontinental Exchange
IPA	Illinois Power Agency
ISO	Independent System Operator, also referred to as RTO
ISO-NE	ISO New England Inc.
MC Asset Recovery	MC Asset Recovery, LLC
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
MOPR	Minimum Offer Price Rule
Mothballed	The unit has been removed from service and is unavailable for service, but has been laid up in a manner such that it can be brought back into service with an appropriate amount of notification, typically weeks or months
MW	Megawatts
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
NAAQS	National Ambient Air Quality Standards
Natixis	Natixis Funding Corp.
NERC	North American Electric Reliability Corporation
Net Exposure	Counterparty credit exposure to GenOn and GenOn Americas Generation, as applicable, net of collateral
NOL	Net Operating Loss
NO_x	Nitrogen Oxides
NPDES	National Pollution 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 Generation, Inc.)
NRG Merger	The merger completed on December 14, 2012, whereby GenOn became a wholly owned subsidiary of NRG
NSPS	New Source Performance Standards
NYISO	New York Independent System Operator
NYMEX	New York Mercantile Exchange
NYSPSC	New York State Public Service Commission
Petition Date	June 14, 2017

PJM	PJM Interconnection, LLC
Plan	Joint Chapter 11 Plan of Reorganization of the GenOn Entities filed on June 29, 2017 and as amended on September 18, 2017, October 2, 2017 and December 12, 2017

5

RCRA	Resource Conservation and Recovery Act of 1976
Registrants	GenOn and GenOn Americas Generation, collectively
REMA	NRG REMA LLC (formerly known as GenOn REMA, LLC)
Restructuring Support Agreement	Restructuring Support and Lock-Up Agreement, dated as of June 12, 2017 and as amended by the first amendment thereto on October 2, 2017, by and among GenOn Energy, Inc., GenOn Americas Generation, LLC, the subsidiaries signatory thereto, NRG Energy, Inc. and the noteholders signatory thereto
RGGI	Regional Greenhouse Gas Initiative
RPM	Reliability Pricing Model
RTO	Regional Transmission Organization
SEC	U.S. Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended
Services Agreement	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 transition services agreement, formerly the services agreement, with GenOn
Settlement Agreement	A settlement agreement and any other documents necessary to effectuate the settlement among NRG, GenOn, and certain holders of senior unsecured notes of GenOn Americas Generation and GenOn, and certain of GenOn's direct and indirect subsidiaries
SO_2	Sulfur Dioxide
U.S.	United States of America

PART I - FINANCIAL INFORMATION
ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
GENON ENERGY, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2018	2017
	(In millions)	
Operating Revenues		
Operating revenues	$573	$329
Operating revenues — affiliate	—	52
Total operating revenues	573	381
Operating Costs and Expenses		
Cost of operations	246	202
Cost of operations — affiliate	90	71
Depreciation and amortization	37	43
General and administrative	12	13
General and administrative — affiliate	19	46
Restructuring and transition-related costs	23	—
Total operating costs and expenses	427	375
Operating Income	146	6
Other Income/(Expense)		
Other income, net	6	5
Interest expense	(3)	(44)
Interest expense — affiliate	(3)	(3)
Total other expense	—	(42)
Income/(Loss) Before Reorganization Items and Income Taxes	146	(36)
Reorganization items	(33)	—
Income/(Loss) Before Income Taxes	113	(36)
Income tax expense	—	1
Net Income/(Loss)	$113	$(37)

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
	2018	2017
	(In millions)	
Net Income/(Loss)	$113	$(37)
Other Comprehensive Income, net of tax of $0:		
Defined benefit plans	3	1
Other comprehensive income	3	1
Comprehensive Income/(Loss)	$116	$(36)

See accompanying notes to condensed consolidated financial statements.

GENON ENERGY, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2018 (unaudited)	December 31, 2017
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$687	$ 837
Restricted cash	1	1
Accounts receivable	86	122
Inventory	259	338
Derivative instruments	22	14
Derivative instruments — affiliate	1	1
Cash collateral posted in support of energy risk management activities	63	57
Cash collateral posted in support of energy risk management activities — affiliate	28	32
Current assets held-for-sale	29	—
Prepaid rent and other current assets	148	152
Total current assets	1,324	1,554
Property, plant and equipment, net	1,626	2,217
Other Assets		
Intangible assets, net	17	23
Derivative instruments	4	3
Derivative instruments — affiliate	—	1
Long-term deposits	130	130
Prepaid rent — non-current	324	341
Non-current assets held-for-sale	559	—
Other non-current assets	133	135
Total other assets	1,167	633
Total Assets	$4,117	$ 4,404
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$1	$ 1
Current portion of long-term debt — affiliate	125	125
Accounts payable	95	105
Accounts payable — affiliate	10	36
Derivative instruments	16	22
Derivative instruments — affiliate	5	7
Current liabilities held-for-sale	6	—
Accrued expenses and other current liabilities	104	133
Total current liabilities	362	429
Liabilities Subject to Compromise	2,479	2,840
Other Liabilities		
Long-term debt and capital leases	39	39
Derivative instruments — affiliate	3	3
Out-of-market contracts	603	734
Non-current liabilities held-for-sale	166	—

Other non-current liabilities	274	284
Total non-current liabilities	1,085	1,060
Total Liabilities	3,926	4,329
Commitments and Contingencies		
Stockholder's Equity		
Common stock: $0.001 par value, 1 share authorized and issued at March 31, 2018 and December 31, 2017	—	—
Additional paid-in capital	338	338
Accumulated deficit	(138)	(251)
Accumulated other comprehensive loss	(9)	(12)
Total Stockholder's Equity	191	75
Total Liabilities and Stockholder's Equity	$4,117	$ 4,404

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
	2018	2017
	(In millions)	
Cash Flows from Operating Activities		
Net Income/(Loss)	$113	$(37)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	37	43
Amortization of debt premiums	—	(14)
Amortization of out-of-market contracts and emission allowances	(18)	(20)
Changes in derivative instruments	(16)	(13)
Changes in collateral deposits supporting energy risk management activities	(2)	53
Changes in other working capital	44	3
Net Cash Provided by Operating Activities	158	15
Cash Flows from Investing Activities		
Capital expenditures	(8)	(32)
Net Cash Used by Investing Activities	(8)	(32)
Cash Flows from Financing Activities		
Increase in long-term deposits	—	(125)
Payment for credit support	—	(130)
Payments for deferred financing costs	—	(1)
Proceeds from draw on intercompany secured revolving credit facility	—	125
Payments for current and long-term debt	(300)	(1)
Net Cash Used by Financing Activities	(300)	(132)
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(150)	(149)
Cash and Cash Equivalents and Restricted Cash at Beginning of Period	838	1,034
Cash and Cash Equivalents and Restricted Cash at End of Period	$688	$885

See accompanying notes to condensed consolidated financial statements.

GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES
(Debtor-In-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2018	2017
	(In millions)	
Operating Revenues		
Operating revenues	$526	$294
Operating revenues — affiliate	(7)	35
Total operating revenues	519	329
Operating Costs and Expenses		
Cost of operations	143	110
Cost of operations — affiliate	256	178
Depreciation and amortization	14	18
General and administrative	2	—
General and administrative — affiliate	11	25
Restructuring and transition-related costs	6	—
Total operating costs and expenses	432	331
Operating Income/(Loss)	87	(2)
Other Income/(Expense)		
Other income, net	3	1
Interest expense	—	(13)
Interest expense — affiliate	—	(1)
Total other income/(expense)	3	(13)
Income/(Loss) Before Income Taxes	90	(15)
Income tax	—	—
Net Income/(Loss)	$90	$(15)

See accompanying notes to condensed consolidated financial statements.

GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES
(Debtor-In-Possession)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2018	December 31, 2017
	(unaudited)	
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$258	$ 175
Accounts receivable	70	107
Accounts receivable — affiliate	88	—
Note receivable — affiliate	318	318
Inventory	146	211
Derivative instruments	22	14
Derivative instruments — affiliate	21	29
Cash collateral posted in support of energy risk management activities	60	54
Cash collateral posted in support of energy risk management activities — affiliate	28	32
Current assets held-for-sale	25	—
Prepaid rent and other current assets	88	87
Total current assets	1,124	1,027
Property, plant and equipment, net	786	829
Other Assets		
Intangible assets, net	17	23
Derivative instruments	3	3
Derivative instruments — affiliate	4	5
Long-term deposits	130	130
Prepaid rent — non-current	259	277
Non-current assets held-for-sale	34	—
Other non-current assets	26	28
Total other assets	473	466
Total Assets	$2,383	$ 2,322
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	$38	$ 46
Accounts payable — affiliate	—	3
Derivative instruments	16	22
Derivative instruments — affiliate	29	25
Current liabilities held-for-sale	1	—
Accrued expenses and other current liabilities	33	43
Total current liabilities	117	139
Liabilities Subject to Compromise	421	721
Other Liabilities		
Derivative instruments — affiliate	7	7
Out-of-market contracts	457	464
Non-current liabilities held-for-sale	5	—
Other non-current liabilities	120	125
Total non-current liabilities	589	596
Total Liabilities	1,127	1,456

Commitments and Contingencies		
Member's Equity		
Member's interest	1,256	866
Total Member's Equity	1,256	866
Total Liabilities and Member's Equity	$2,383	$ 2,322

See accompanying notes to condensed consolidated financial statements.

12

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

	Three months ended March 31,	
	2018	2017
	(In millions)	
Cash Flows from Operating Activities		
Net Income/(Loss)	$90	$(15)
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:		
Depreciation and amortization	14	18
Amortization of debt premiums	—	(2)
Amortization of out-of-market contracts and emission allowances	(7)	(7)
Changes in derivative instruments	(1)	6
Changes in collateral deposits supporting energy risk management activities	(2)	53
Changes in other working capital	(6)	(76)
Net Cash Provided/(Used) by Operating Activities	88	(23)
Cash Flows from Investing Activities		
Capital expenditures	(5)	(12)
Net Cash Used by Investing Activities	(5)	(12)
Cash Flows from Financing Activities		
Payment for credit support	—	(130)
Payments for financing costs	—	(1)
Net Cash Used by Financing Activities	—	(131)
Net Increase/(Decrease) in Cash and Cash Equivalents	83	(166)
Cash and Cash Equivalents at Beginning of Period	175	471
Cash and Cash Equivalents at End of Period	$258	$305

See accompanying notes to condensed consolidated financial statements.

GENON ENERGY, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
GENON AMERICAS GENERATION, LLC AND SUBSIDIARIES
(Debtor-In-Possession)
COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of Presentation (GenOn and GenOn Americas Generation)

GenOn Energy, Inc., a wholly owned subsidiary of NRG, is a wholesale generator engaged in the ownership and operation of power generation facilities, with approximately 14,823 MW of net electric generating capacity located in the U.S.

GenOn Americas Generation is a wholesale power generator with approximately 6,878 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 14,823 MW of net electric generating capacity of GenOn. GenOn Americas Generation is a Delaware limited liability company and an indirect wholly owned subsidiary of GenOn.

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

Chapter 11 Cases

As further described in Note 3, Chapter 11 Cases, on June 14, 2017, GenOn, along with GenOn Americas Generation and certain of their directly and indirectly-owned subsidiaries, or collectively the GenOn Entities, filed voluntary petitions for relief under Chapter 11, or the Chapter 11 Cases, of the United States Bankruptcy Code, or the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, or the Bankruptcy Court. GenOn Mid-Atlantic, as well as its consolidated subsidiaries, REMA and certain other subsidiaries, did not file for relief under Chapter 11.

The GenOn Entities remain in possession of their property and continue their business operations in the ordinary course uninterrupted as "debtors-in-possession" under jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The consolidated financial statements for GenOn and GenOn Americas Generation were prepared in accordance with Accounting Standards Codification (ASC) 852, Reorganizations, for debtors-in-possession.

On June 29, 2017, the GenOn Entities filed a Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code (as may be amended, modified or supplemented from time to time), or the Plan, and a related Disclosure Statement, or the Disclosure Statement, with the Bankruptcy Court consistent with the restructuring support and lock-up agreement, or Restructuring Support Agreement, by and among the GenOn Entities, NRG, certain holders representing greater than 93% in aggregate principal amount of GenOn's Senior Notes and certain holders representing greater than 93% in aggregate principal amount of GenOn Americas Generation's Senior Notes, as further described in Note 3, Chapter 11 Cases.

On December 12, 2017, the Bankruptcy Court entered an order confirming the Plan, and effective December 12, 2017, GenOn and NRG entered into agreements concerning (i) timeline and transition, (ii) cooperation and co-development matters, (iii) post-employment and retiree health and welfare benefits and pension benefits, (iv) tax matters, and (v) intercompany balances and releases, consistent with the Restructuring Support Agreement, which among other things, provide for the transition of GenOn to a standalone enterprise, the resolution of substantial intercompany claims between GenOn and NRG, and the allocation of certain costs and liabilities between GenOn and NRG. On December 12, 2017, the Bankruptcy Court also entered an order giving effect to the Consent Agreement.

Liquidity and Ability to Continue as a Going Concern

The accompanying unaudited interim condensed consolidated financial statements have been prepared assuming the Registrants will continue as a going concern, which contemplates continuity of operations, realization of assets and the satisfaction of liabilities in the normal course of business. As such, the accompanying unaudited interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and their carrying amounts, or the amount and classification of liabilities that may result should the Registrants be unable to continue as a going concern. Such adjustments could have a material adverse impact on the Registrants' results of operations, cash flows and financial position.

As described above and in Note 3, Chapter 11 Cases, the GenOn Entities submitted the Plan in connection with the Chapter 11 Cases and the Bankruptcy Court entered an order confirming the Plan. There is no assurance that all conditions precedent to the effectiveness of the Plan will be satisfied. GenOn's and GenOn Americas Generation’s ability to continue as a going concern is dependent on many factors, including the consummation of the Plan in a timely manner and GenOn's and GenOn Americas Generation's ability to achieve profitability following emergence from bankruptcy. Given the uncertainty as to the outcome of these factors, there is substantial doubt about GenOn's and GenOn Americas Generation's ability to continue as a going concern.

Basis of Presentation

This is a combined quarterly report of the Registrants for the quarter ended March 31, 2018. 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 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 financial statements in the Registrants' 2017 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, 2018, and the results of operations, comprehensive income/(loss) and cash flows for the three months ended March 31, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. The reclassifications did not affect results from operations, net assets or cash flows.

Note 2 — Summary of Significant Accounting Policies (GenOn and GenOn Americas Generation)

Other Balance Sheet Information (GenOn and GenOn Americas Generation)

The following table presents the accumulated depreciation included in property, plant and equipment, net, and accumulated amortization included in intangible assets, net, respectively, for each of the Registrants as of March 31, 2018 and December 31, 2017:

	Property, plant and equipment Accumulated depreciation		Intangible assets Accumulated amortization	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	(In millions)			
GenOn	$486	$ 634	$ 16	$ 70
GenOn Americas Generation	206	231	15	69

Other Cash Flow Information (GenOn Americas Generation)

As further described in Note 3, Chapter 11 Cases, and Note 7, Debt and Capital Leases, on December 12, 2017, the Bankruptcy Court entered an order confirming the Plan granting an allowed claim plus certain accrued interest, or the GAG Administrative Claim, estimated to be $663 million, to the holders of the GenOn Americas Generation Senior Notes. On February 1, 2018, pursuant to the confirmation of the Plan, the GenOn Entities elected to make a partial payment in respect of the GAG Administrative Claim, in the amount of $300 million to be applied to the outstanding balance of the GenOn Americas Generation Senior Notes. Since GenOn made the payment on behalf of GenOn Americas Generation, the payment was reflected as a capital contribution from GenOn to GenOn Americas Generation. The capital contribution and corresponding payment of the GenOn Americas Generation Senior Notes are non-cash activities for GenOn Americas Generation for the three months ended March 31, 2018.

Also, as further described in Note 7, Debt and Capital Leases, $125 million of borrowings were drawn by GenOn under the secured intercompany revolving credit agreement between NRG and GenOn on behalf of GenOn Americas Generation, for which a corresponding payable was recorded by GenOn Americas Generation to GenOn. The non-current due to affiliate and related long-term deposit are non-cash activities for GenOn Americas Generation for the three months ended March 31, 2017.

Business Interruption Insurance Proceeds (GenOn and GenOn Americas Generation)

During the first quarter of 2018, GenOn received $16 million in business interruption insurance proceeds as a result of insurance claims from 2016 and 2014 forced outages at Bowline and Avon Lake, $14 million of which was received by GenOn Americas Generation. The proceeds from business interruption insurance are included in cost of operations on the statement of operations and in cash flows from operating activities in the statement of cash flows for GenOn and GenOn Americas Generation for the three months ended March 31, 2018.

Recent Accounting Developments — Guidance Adopted in 2018 (GenOn and GenOn Americas Generation)

ASU 2017-07 — In March 2017, the FASB issued ASU No. 2017-07, Compensation — Retirement Benefits (Topic 715), Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, or ASU No. 2017-07. Current GAAP does not indicate where the amount of net benefit cost should be presented in an entity's income statement and does not require entities to disclose the amount of net benefit cost that is included in the income statement. The amendments of ASU No. 2017-07 require an entity to report the service cost component of net benefit cost in the same line item as other compensation costs arising from services rendered by the related employees during the applicable service period. The other components of net benefit cost are required to be presented separately from the service cost component and outside the subtotal of income from operations. Further, ASU No. 2017-07 prescribes that only the service cost component of net benefit cost is eligible for capitalization. The Registrants adopted the amendments of ASU No. 2017-07 effective January 1, 2018. In connection with the adoption of the standard, the Registrants have applied the guidance retrospectively which resulted in an increase in cost of operations of $2 million and a corresponding increase in other income, net on the statement of operations for GenOn for the three months ended March 31, 2017.

Revenue Recognition

Revenue from Contracts with Customers

On January 1, 2018, the Registrants adopted the guidance in ASC 606 using the modified retrospective method applied to contracts which were not completed as of the adoption date, with no adjustment required to the financial statements upon adoption. Following the adoption of the new standard, the Registrants' revenue recognition of its contracts with customers remains materially consistent with its historical practice. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Registrants' policies with respect to its various revenue streams are detailed below. In general, the Registrants apply the invoicing practical expedient to recognize revenue for the revenue streams detailed below, except in circumstances where the invoiced amount does not represent the value transferred to the customer.

Energy Revenue

Both physical and financial transactions are entered into to optimize the financial performance of the Registrants' generating facilities. Electric energy revenue is recognized upon transmission to the customer over time, using output method for measuring progress of satisfaction of performance obligations. Physical transactions, or the sale of generated electricity to meet supply and demand, are recorded on a gross basis in the Registrants' consolidated statements of operations. The Registrants apply the invoicing practical expedient, where applicable, in recognizing energy revenue. Under the practical expedient, revenue is recognized based on the invoiced amount, which is equal to the value to the customer of the Registrants' performance obligation completed to date. Financial transactions, or the buying and selling of energy for trading purposes, are recorded net within operating revenues in the consolidated statements of operations in accordance with ASC 815.

Capacity Revenue

Capacity revenues consist of revenues billed to a third party at either the market or a negotiated contract price for making installed generation capacity available in order to satisfy system integrity and reliability requirements. Capacity revenues are recognized over time, using output method for measuring progress of satisfaction of performance obligations. The Registrants apply the invoicing practical expedient, where applicable, in recognizing capacity revenue. Under the practical expedient, revenue is recognized based on the invoiced amount, which is equal to the value to the customer of the Registrants' performance obligation completed to date.

Capacity revenue contracts mainly consist of:

Capacity auctions — The Registrants' largest sources of capacity revenues are capacity auctions in PJM, ISO-NE, and NYISO. Both ISO-NE and PJM operate a pay-for-performance model where capacity payments are modified based on real-time performance, where the Registrants' actual revenues will be the combination of revenues based on the cleared auction MWs plus the net of any over- and under-performance of the Registrants' fleet. Estimated revenues for cleared auction MWs in the various capacity auctions for GenOn are $499 million, $479 million, $332 million, $165 million and $26 million for fiscal years 2018, 2019, 2020, 2021 and 2022, respectively. Estimated revenues for cleared auction MWs in the various capacity auctions for GenOn Americas Generation are $283 million, $295 million, $209 million, $116 million and $26 million for fiscal years 2018, 2019, 2020, 2021 and 2022, respectively.

Resource adequacy and bilateral contracts — In California, there is a resource adequacy requirement that is primarily satisfied through bilateral contracts. Such bilateral contracts are typically short-term resource adequacy contracts. When bilateral contracting does not satisfy the resource adequacy need, such shortfalls can be addressed through procurement tools administered by the CAISO, including the capacity procurement mechanism or reliability must-run contracts. Demand payments from the current long-term contracts are tied to summer peak demand and provide a mechanism for recovering a portion of the costs associated with new or changed environmental laws or regulations.

Sale of Emission Allowances

The Registrants record its inventory of emission allowances as part of intangible assets. From time to time, management may authorize the transfer of emission allowances in excess of usage from the Registrants' emission bank to intangible assets held-for-sale for trading purposes. The Registrants record the sale of emission allowances on a net basis within operating revenue in the consolidated statements of operations.

Disaggregated Revenues

The following table represents the Registrants' disaggregation of revenue from contracts with customers for the three months ended March 31, 2018:

Three months ended March 31, 2018 (In millions)	GenOn	GenOn Americas Generation
Energy revenue[(a)]	$ 394	$ 355
Capacity revenue[(a)]	156	157
Mark-to-market for economic hedging activities[(b)]	14	1
Other revenues	9	6
Operating revenue	573	519
Less: Derivative revenue	10	(3)
Total revenue from contracts with customers	$ 563	$ 522
(a) The following amounts of energy and capacity revenue relate to derivative instruments and are accounted for under ASC 815:		
Energy revenue	$ (12)	$ (12)
Capacity revenue	8	8

(b) Revenue relates entirely to unrealized gains and losses on derivative instruments accounted for under ASC 815.

Contract Balances

The following table reflects the contract assets included in the Registrants' balance sheet as of March 31, 2018:

March 31, 2018 (In millions)	GenOn	GenOn Americas Generation
Accounts receivable - Contracts with customers	$ 85	$ 69
Accounts receivable - Derivative instruments	1	1
Total accounts receivable	$ 86	$ 70

Recent Accounting Developments — Guidance Not Yet Adopted (GenOn and GenOn Americas Generation)

ASU 2016-02 — In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), or Topic 842, with the objective to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and to improve financial reporting by expanding the related disclosures. The guidance in Topic 842 provides that a lessee that may have previously accounted for a lease as an operating lease under current GAAP should recognize the assets and liabilities that arise from a lease on the balance sheet. In addition, Topic 842 expands the required quantitative and qualitative disclosures with regards to lease arrangements. The Registrants will adopt the standard effective January 1, 2019 and expect to elect certain of the practical expedients permitted, including the expedient that permits the Registrants to retain its existing lease assessment and classification. The Registrants are currently working through an adoption plan which includes the evaluation of lease contracts compared to the new standard. While the Registrants are currently evaluating the impact the new guidance will have on their financial position and results of operations, the Registrants expect to recognize lease liabilities and right of use assets. The extent of the increase to assets and liabilities associated with these amounts remains to be determined pending the Registrants' review of its existing lease contracts and service contracts which may contain embedded leases. While this review is still in process, the Registrants believe the adoption of Topic 842 will have a material impact on their financial statements. The Registrants are also monitoring recent changes to Topic 842 and the related impact on the implementation process.

Note 3 — Chapter 11 Cases (GenOn and GenOn Americas Generation)

Chapter 11 Cases

On June 14, 2017, or the Petition Date, the GenOn Entities filed the Chapter 11 Cases. GenOn Mid-Atlantic, as well as its consolidated subsidiaries, REMA, and certain other subsidiaries, did not file for relief under Chapter 11.

The GenOn Entities remain in possession of their property and continue their business operations in the ordinary course uninterrupted as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

On June 29, 2017, the GenOn Entities filed the Plan and the Disclosure Statement with the Bankruptcy Court consistent with the Restructuring Support Agreement. On September 18, 2017 and October 2, 2017, the GenOn Entities filed amendments to the Plan and Disclosure Statement, which primarily provided the GenOn Entities with the flexibility to complete sales of certain assets pursuant to the Plan, as amended, and removed the GenOn Entities' requirement to conduct a rights offering in connection with the GenOn Entities' exit financing. On or about October 6, 2017, the Debtors commenced solicitation of the Plan.

On October 31, 2017, the GenOn Entities announced that they entered into a Consent Agreement with certain holders of GenOn’s Senior Notes and GenOn Americas Generation's Senior Notes, collectively, the Consenting Holders, whereby the GenOn Entities and the Consenting Holders agreed to extend the milestones in the Restructuring Support Agreement, by which the Plan must become effective, or the Effective Date. Specifically, the Consent Agreement extends the Effective Date milestone to June 30, 2018 or September 30, 2018, if regulatory approvals are still pending, or the Extended Effective Dates.

On December 12, 2017, the Bankruptcy Court entered an order confirming the Plan, and effective December 12, 2017, GenOn and NRG entered into agreements concerning (i) timeline and transition, (ii) cooperation and co-development matters, (iii) post-employment and retiree health and welfare benefits and pension benefits, (iv) tax matters, and (v) intercompany balances and releases, consistent with the Restructuring Support Agreement, which among other things, provide for the transition of GenOn to a standalone enterprise, the resolution of substantial intercompany claims between GenOn and NRG, and the allocation of certain costs and liabilities between GenOn and NRG. On December 12, 2017, the Bankruptcy Court also entered an order giving effect to the Consent Agreement.

GenMA Settlement

The Bankruptcy Court order confirming the Plan also approved the settlement terms agreed to among the GenOn Entities, NRG, the Consenting Holders, GenOn Mid-Atlantic, and certain of GenOn Mid-Atlantic’s stakeholders, or the GenMA Settlement, and directed the settlement parties to cooperate in good faith to negotiate definitive documentation consistent with the GenMA Settlement term sheet in order to pursue consummation of the GenMA Settlement. The definitive documentation consummating the GenMA Settlement was finalized and effective as of April 27, 2018.

Certain terms of the compromise reflected by the definitive documentation implementing the GenMA Settlement are as follows, as qualified by the applicable definitive documentation:

- settlement of all pending litigation with the Owner Lessor Plaintiffs (as defined in the Plan), including two actions pending in the Supreme Court of the State of New York, and the release of certain claims and causes of action by and among NRG, GenOn Mid-Atlantic, the Owner Lessor Plaintiffs and certain of their respective related parties;
- cash redemption or purchase of certain outstanding lessor notes/pass-through certificates, funded by (i) GenOn Mid-Atlantic cash on hand; (ii) proceeds from a J.P. Morgan letter of credit draw; and (iii) a $20.0 million subordinated loan by GenOn to GenOn Mid-Atlantic;
- NRG caused a letter of credit to be issued in the amount of $37.5 million as credit support to GenOn Mid-Atlantic, in respect of GenOn Mid-Atlantic's rent obligations;
- GenOn will retain $125.0 million from the pre-petition transfer from GenOn Mid-Atlantic on account of the J.P. Morgan letter of credit draw and all proceeds of NRG’s settlement payment of approximately $261.3 million to be paid to GenOn upon consummation of the NRG Settlement (as defined in the Plan) to fully settle the disputes existing between such parties and their respective affiliates (subject to setoff of approximately $126.7 million in NRG claims against GenOn under the parties’ Intercompany Revolver);
-

Debt and lien covenants will permit a secured working capital facility in an amount not to exceed $75.0 million, which GenOn Mid-Atlantic will use commercially reasonable efforts to obtain; and

- GenOn Mid-Atlantic will have one independent director appointed by the Owner Lessor Plaintiffs.

Restructuring Support Agreement

Prior to filing the Chapter 11 Cases, the GenOn Entities entered into the Restructuring Support Agreement on June 12, 2017 that provides for a restructuring and recapitalization of the GenOn Entities through a prearranged plan of reorganization. Certain principal terms of the Restructuring Support Agreement were documented in various support agreements, including a transition services agreement, entered into by GenOn and NRG and approved by the Bankruptcy Court pursuant to an order of confirmation, and are detailed below:

1) The dismissal of litigation and full releases from GenOn and GenOn Americas Generation in favor of NRG upon the earlier of the consummation of the GenOn Entities' plan of reorganization or the Settlement Agreement; a condition precedent to the consummation of the Settlement Agreement is a full release or indemnification in favor of NRG from any claims of GenOn Mid-Atlantic and REMA.

2) GenOn will receive cash consideration from NRG of $261.3 million pursuant to a settlement executed in connection with the Plan, which will be received in cash less any amounts owed to NRG under the intercompany secured revolving credit facility, or the Intercompany Revolver. As of March 31, 2018, GenOn owed NRG approximately $125 million under the Intercompany Revolver. See Note 9, Related Party Transactions, for further discussion of the Intercompany Revolver.

3) NRG will consent to the cancellation of its interests in the equity of GenOn and be entitled to a worthless stock deduction, as further described in the tax matters agreement. The equity interests in the reorganized GenOn will be issued to the holders of the GenOn Senior Notes along with a cash payment from NRG equal to approximately $75 million, which is included in the $261.3 million mentioned above, and, subject to certain eligibility restrictions, rights to participate pro rata in a new secured notes offering, as further described below.

4) NRG will retain the pension liability, including payment of approximately $13 million of 2018 pension contributions, for GenOn employees for service provided prior to the completion of the reorganization. GenOn’s pension liability as of March 31, 2018 was approximately $91 million. NRG will also retain the liability for GenOn's post-employment and retiree health and welfare benefits, in an amount up to $25 million.

5) The shared services agreement between GenOn and NRG was terminated and replaced as of the plan confirmation date with a transition services agreement at an annualized rate of $84 million, subject to certain credits and adjustments. See Note 9, Related Party Transactions, for further discussion of the Services Agreement.

6) GenOn will receive a credit of approximately $28 million from NRG to apply against amounts owed under the transition services agreement. Any unused amount can be paid in cash at GenOn's request. The credit is specifically equal to the amount of the 4% aggregate principal amount of the new senior secured first lien notes due 2022, or the 2022 Notes, plus accrued interest from the date of entry into the escrow agreement entered into in connection with the 2022 Notes and is intended to reimburse GenOn for its payment of such amount, as described below.

7) NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, which could be utilized for required letters of credit in lieu of the Intercompany Revolver. GenOn can no longer utilize the Intercompany Revolver and, on July 27, 2017, the letter of credit facility was terminated, as GenOn had obtained a separate letter of credit facility with a third party financial institution. See Note 9, Related Party Transactions, for further discussion of the Intercompany Revolver and the letter of credit facility and Note 7, Debt and Capital Leases, for the letter of credit facility obtained in July 2017.

8) Certain holders of the Senior Notes, known as the Backstop Parties, have executed a letter of commitment, or the Backstop Commitment Letter, pursuant to which the Backstop Parties committed to backstop the exit financing obtained by GenOn to facilitate the payment of the obligations under the Plan and other working capital needs of the GenOn Entities upon their emergence from Chapter 11. The Backstop Commitment Letter expired in accordance with its terms on November 17, 2017.

9) GenOn and NRG have agreed to cooperate in good faith to maximize the value of certain development projects. Pursuant to this, GenOn made a one-time payment in the amount of $15 million to NRG in December 2017 as compensation for a purchase option with respect to the Canal 3 project. On March 22, 2018, NRG agreed to sell Canal 3 to a third party, in conjunction with GenOn's sale of Canal Units 1 and 2 to the same third party. GenOn expects to be reimbursed $13.5 million of the one-time payment upon the close of the sale of Canal 3. The $15 million payment is recorded in prepaid rent and other current assets as of March 31, 2018 and December 31, 2017.

In addition to the Restructuring Support Agreement, GenOn entered into additional support and other agreements including a transition services agreement, a cooperation agreement and a tax matters agreement, which were approved by the Bankruptcy Court pursuant to an order of confirmation.

The filing of the Chapter 11 Cases automatically stayed most actions against the GenOn Entities pursuant to Section 362(a) of the Bankruptcy Code. Absent an order from the Bankruptcy Court, the GenOn Entities' pre-petition liabilities are subject to discharge under the Plan.

The GenOn Entities have filed certain motions with the Bankruptcy Court that have been approved in connection with the confirmation of the Plan. The GenOn Entities expect to operate in the normal course of business throughout the reorganization process. The GenOn Entities have continued to make payments to certain vendors with respect to pre-petition liabilities as permitted by the Bankruptcy Court order, and vendors have been paid for goods and services provided after the Petition Date in the ordinary course of business.

GenOn Debt

As of March 31, 2018, the Intercompany Revolver, GenOn Senior Notes, and GenOn Americas Generation Senior Notes totaled approximately $2.3 billion. The filing of the Chapter 11 Cases constitutes an event of default under the following debt instruments, or collectively, the Debt Documents:

1) The Intercompany Revolver with NRG;
2) The indenture governing the GenOn 7.875% Senior Notes due 2017 (as amended or supplemented from time to time);
3) The indenture governing the GenOn 9.500% Notes due 2018 (as amended or supplemented from time to time);
4) The indenture governing the GenOn 9.875% Notes due 2020 (as amended or supplemented from time to time);
5) The indenture governing the GenOn Americas Generation 8.50% Senior Notes due 2021 (as amended or supplemented from time to time); and
6) The indenture governing the GenOn Americas Generation 9.125% Senior Notes due 2031 (as amended or supplemented from time to time).

The Debt Documents set forth in 1-4 above provide that as a result of the commencement of the Chapter 11 Cases the principal and accrued interest due thereunder was immediately due and payable. The Debt Documents set forth in 5-6 above provide that as a result of the commencement of the Chapter 11 Cases the applicable indenture trustee or certain holders of the notes may declare the principal and accrued interest due thereunder to be immediately due and payable. Any efforts to enforce such payment obligations under the Debt Documents were automatically stayed as a result of the commencement of the Chapter 11 Cases, and the holders' rights of enforcement in respect of the Debt Documents are subject to the applicable provisions of the Bankruptcy Code. The Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents. For further discussion, see Note 7, Debt and Capital Leases and Note 10, Commitments and Contingencies.

On December 12, 2017, the Bankruptcy Court entered an order confirming the Plan granting an allowed claim plus certain accrued interest, or the GAG Administrative Claim, estimated to be $663 million, to the holders of the GenOn Americas Generation Senior Notes, due 2021 and GenOn Americas Generation Senior Notes, due 2031. On February 1, 2018, pursuant to the confirmation of the Plan, the GenOn Entities elected to make a partial payment in respect of the GAG Administrative Claim, in the amount of $300 million, consisting of $158 million and $142 million to be applied to the outstanding balance of the GenOn Americas Generation Senior Notes due 2021 and 2031, respectively. Since GenOn made the payment on behalf of GenOn Americas Generation, the payment was reflected as a non-cash capital contribution from GenOn to GenOn Americas Generation.

2022 Notes

On May 8, 2017, a remote special purpose limited liability company issued $550 million in principal amount of notes that bore interest at a rate of 10.5% with a maturity date of June 1, 2022. The proceeds were deposited into a separate and independently maintained escrow account along with 4% of the principal amount and accrued interest from May 8, 2017 through June 15, 2017 totaling $28 million. If certain conditions were satisfied, GenOn was expected to merge with the remote special purpose limited liability company and assume the obligation for the 2022 Notes, which were to be secured by certain of GenOn's and its subsidiaries' assets. Based on the terms of the underlying transaction documents governing the 2022 Notes, on June 14, 2017, when GenOn filed the Chapter 11 Cases, the funds held in the escrow account were released to the holders of the 2022 Notes, which were simultaneously redeemed. In connection with the escrow release, GenOn expensed $18 million in fees incurred in connection with the 2022 Notes offering in other expense during the second quarter of 2017.

Backstop Fee

The Restructuring Support Agreement also contemplates $900 million in aggregate principal amount of exit financing sought by GenOn primarily to refinance existing indebtedness and pay distributions under the Plan. Consistent with the terms of the Backstop Commitment Letter, GenOn paid $45 million in total (5% of the principal amount of the exit financing), or the Backstop Fee, to certain holders of notes issued by GenOn and GenOn Americas Generation, or the Backstop Parties, in exchange for the Backstop Parties' joint commitment to fully subscribe the exit financing in the event that certain other parties do not fund the full commitments of the exit financing. On October 2, 2017, the GenOn Entities amended the backstop commitment letter to, among other things, remove the requirement to conduct a rights offering. The Backstop Commitment Letter expired in accordance with its terms on November 17, 2017.

The Backstop Fee was considered earned by the Backstop Parties and was paid on June 13, 2017. This payment is effectively a discount (a reduction of the proceeds to be received by GenOn from the noteholders) and is reported in other non-current assets on GenOn’s consolidated balance sheet as of March 31, 2018. When the financing is in effect, it will be reported as a direct reduction from the carrying amount of the debt and amortized over the five-year term as interest expense.

Accounting for Reorganization

As a result of the Chapter 11 Cases, realization of assets and satisfaction of liabilities are subject to a significant number of uncertainties. The consolidated financial statements for GenOn and GenOn Americas Generation were prepared in accordance with Accounting Standards Codification (ASC) 852, Reorganizations, for debtors-in-possession.

Liabilities Subject to Compromise

GenOn's and GenOn Americas Generation's condensed consolidated balance sheets as of March 31, 2018 include amounts classified as liabilities subject to compromise which include prepetition liabilities that were allowed or that are estimated would be allowed as claims in its Chapter 11 proceedings. If there is uncertainty about whether a claim will be impaired under the Plan, the entire amount of the claim is included in liabilities subject to compromise. The following table summarizes the components of liabilities subject to compromise included on the condensed consolidated balance sheets of GenOn and GenOn Americas Generation:

	As of March 31, 2018		As of December 31, 2017	
	GenOn	GenOn Americas Generation	GenOn	GenOn Americas Generation
	(In millions)		(In millions)	
Accounts payable and accrued expenses	$34	$ 9	$41	$ 9
Long-term debt, including current portion	2,264	395	2,615	695
Accrued interest	56	10	56	10
Pension and postretirement liabilities	116	—	117	—
Other	9	7	11	7
	$2,479	$ 421	$2,840	$ 721

Interest Expense

GenOn and GenOn Americas Generation will not pay interest expense during bankruptcy and it is not expected to be an allowable claim. Therefore, GenOn and GenOn Americas Generation did not record interest on the GenOn Senior Notes or the GenOn Americas Generation Senior Notes in the amount of $41 million and $11 million, respectively, for the three months ended March 31, 2018.

Reorganization Items

Reorganization items represent costs directly associated with the Chapter 11 proceedings. The below table represents the significant items in reorganization items for GenOn:

	Three months ended March 31, 2018
	(In millions)
Legal and other professional advisory fees	$ (22)
Fees paid to GenOn Americas Generation's senior unsecured noteholders	(11)
	$ (33)

During the three months ended March 31, 2018, $48 million of cash payments were made by GenOn for reorganization items, which include reorganization items that were incurred during 2017.

GenOn Americas Generation did not incur or make cash payments for reorganization items during the three months ended March 31, 2018.

Note 4 — Dispositions (GenOn and GenOn Americas Generation)

2018 Dispositions

Sale of Hunterstown (GenOn)

On February 22, 2018, subsidiaries of GenOn entered into an asset purchase agreement with Kestrel Acquisition, LLC to sell the Hunterstown generation station, or Hunterstown, and certain third party gas interconnection contracts for cash consideration of $498 million, subject to working capital adjustments which are expected to be approximately $22 million. Hunterstown is an 810 MW natural gas facility located in Gettysburg, Pennsylvania. The transaction is expected to close in the second quarter of 2018 and is subject to various customary closing conditions, approvals and consents. At March 31, 2018, GenOn had $4 million of current assets, $525 million of non-current assets, $5 million of current liabilities and $161 million of non-current liabilities classified as held for sale for Hunterstown on its balance sheet. Income before income taxes for Hunterstown and the associated contracts being sold was $28 million and $6 million for the three months ended March 31, 2018 and 2017, respectively.

Sale of Canal 1 and 2 (GenOn and GenOn Americas Generation)

On March 22, 2018, subsidiaries of GenOn and GenOn Americas Generation entered into an asset purchase agreement with Stonepeak Kestrel Holdings LLC to sell the Canal Units 1 and 2 electricity generating facilities with a combined 1,112 MW capacity in Sandwich, Massachusetts, for cash consideration of $320 million. The closing purchase price is subject to working capital adjustments (including a downward adjustment for distributions or dividends made after June 30, 2018) and upward adjustment of $13.5 million if a concurrent transaction for the sale of the Canal 3 project does not close between those parties due to a debt financing failure. The transaction is expected to close in the second quarter of 2018 and is subject to various customary closing conditions, approvals and consents.

In December 2017, GenOn made a one-time payment to NRG of $15 million as compensation for being granted a purchase option and a rejection option with respect to the Canal 3 project. GenOn is expected to be reimbursed $13.5 million from NRG when and if NRG closes the agreed upon sale of the Canal 3 project to an affiliate of the third party purchaser in the Canal Units 1 and 2 transaction. On March 22, 2018, an affiliate of the Canal Units 1 and 2 purchaser entered into an agreement to purchase Canal 3 directly from an affiliate of NRG. GenOn elected to allow the rejection option to expire unexercised and has agreed to not exercise the purchase option.

At March 31, 2018, GenOn and GenOn Americas Generation had $25 million of current assets, $34 million of non-current assets, $1 million of current liabilities and $5 million of non-current liabilities classified as held for sale for Canal on its balance sheet. Income before income taxes for Canal was $29 million and $11 million for the three months ended March 31, 2018 and 2017, respectively.

2017 Dispositions

Sale of Emission Allowances (GenOn and GenOn Americas Generation)

During the first quarter of 2017, GenOn Energy Management, through its existing agreement with NRG Power Marketing, LLC, sold 1.3 million of excess California Air Resource Board emission credit allowances for proceeds of $18 million resulting in a gain on the sale of approximately $1 million.

Note 5 — Fair Value of Financial Instruments (GenOn and GenOn Americas Generation)
This footnote should be read in conjunction with the complete description under Note 5, Fair Value of Financial Instruments, to the Registrants' 2017 Form 10-K.
For cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, and cash collateral posted in support of energy risk management activities, the carrying amounts approximate fair value because of the short-term maturity of those instruments and are classified as Level 1 within the fair value hierarchy.
As a result of the GenOn Entities filing for relief under Chapter 11 as further discussed in Note 3, Chapter 11 Cases, GenOn's and GenOn Americas Generation's long-term debt, including current portion, obtained prior to the Petition Date are classified as liabilities subject to compromise as of March 31, 2018, and December 31, 2017.
As of March 31, 2018, and December 31, 2017, the estimated carrying amount and fair value of GenOn's long-term debt, including current portion, is $39 million, and is classified as Level 3 within the fair value hierarchy. The carrying amount and fair value of the current portion of long-term debt — affiliate is $125 million as of March 31, 2018, and December 31, 2017, and is classified as Level 3 within the fair value hierarchy.
The fair value of non-publicly traded debt and long-term debt — affiliate is based on the income approach valuation technique using current interest rates for similar instruments with equivalent credit quality and is classified as Level 3 within the fair value hierarchy.
Recurring Fair Value Measurements
Derivative assets and liabilities and rabbi trust investments 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, 2018			
	Fair Value			
	Level 1 [(a)]	Level 2 [(a)]	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 25	$ 2	$ 27
Derivative liabilities:				
Commodity contracts	$—	$ 22	$ 2	$ 24
Other assets [(b)]	$ 5	$ —	$ —	$ 5

(a) There were no transfers between Levels 1 and 2 during the three months ended March 31, 2018.
(b) Relates to mutual funds held in a rabbi trust for non-qualified deferred compensation plans for certain key and highly compensated employees.

	As of December 31, 2017			
	Fair Value			
	Level 1 [(a)]	Level 2 [(a)]	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 17	$ 2	$ 19
Derivative liabilities:				
Commodity contracts	$—	$ 29	$ 3	$ 32
Other assets [(b)]	$ 8	$ —	$ —	$ 8

(a) There were no transfers between Levels 1 and 2 during the year ended December 31, 2017.
(b) Relates to mutual funds held in a rabbi trust for non-qualified deferred compensation plans for certain key and highly compensated employees.

The following table reconciles, for the three months ended March 31, 2018 and 2017, 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)	
	Three months ended March 31,	
	2018	2017
	Derivatives [(a)]	
	(In millions)	
Beginning balance	$ (1)	$ (1)
Total gains/(losses) included in earnings — realized/unrealized	1	(1)
Ending balance	$ —	$ (2)
Gains 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	$ 1	$ —

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

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, 2018		
	Fair Value		
	Level 2	Level 3	Total
Derivative assets:			
Commodity contracts	$47	$ 3	$ 50
Derivative liabilities:			
Commodity contracts	$49	$ 3	$ 52

There were no assets or liabilities classified as Level 1 as of March 31, 2018. There were no transfers between Levels 1 and 2 during the three months ended March 31, 2018.

	As of December 31, 2017		
	Fair Value		
	Level 2	Level 3	Total
	(In millions)		
Derivative assets:			
Commodity contracts	$47	$ 4	$ 51
Derivative liabilities:			
Commodity contracts	$49	$ 5	$ 54

There were no assets or liabilities classified as Level 1 as of December 31, 2017. There were no transfers between Levels 1 and 2 during the year ended December 31, 2017.

The following table reconciles, for the three months ended March 31, 2018 and 2017, 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,	
	2018	2017
	Derivatives [a]	
	(In millions)	
Beginning balance	$ (1)	$ —
Total gains included in earnings — realized/unrealized		1
Ending balance	$ —	$ 1

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

There were no gains or losses for the three months ended March 31, 2018 and 2017 included in earnings attributable to the change in unrealized derivatives relating to assets still held at the end of the period.

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 represent 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, 2018, contracts valued with prices provided by models and other valuation techniques make up 7% of GenOn's derivative assets and 8% of GenOn's derivative liabilities and 6% of GenOn Americas Generation’s derivative assets and 6% of GenOn Americas Generation's derivative liabilities.

The Registrants' significant positions classified as Level 3 include physical coal executed in illiquid markets as well as financial transmission rights, or FTRs. The significant unobservable inputs used in developing fair value include illiquid coal location pricing, which is derived as a basis to liquid locations. The basis spread is based on observable market data when available or derived from historic prices and forward market prices from similar observable markets when not available. For FTRs, the Registrants use the most recent auction prices to derive the fair value.

The following tables quantify the significant unobservable inputs used in developing the fair value of the Registrants' Level 3 positions as of March 31, 2018 and December 31, 2017:

GenOn

	Significant Unobservable Inputs March 31, 2018						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Coal Contracts	$1	$ —	Discounted Cash Flow	Forward Market Price (per ton)	$48	$ 53	$ 49
FTRs	1	2	Discounted Cash Flow	Auction Prices (per MWh)	(4)	2	—
	$2	$ 2					

	Significant Unobservable Inputs December 31, 2017						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Coal Contracts	$1	$ —	Discounted Cash Flow	Forward Market Price (per ton)	$46	$ 49	$ 47
FTRs	1	3	Discounted Cash Flow	Auction Prices (per MWh)	(4)	2	—
	$2	$ 3					

GenOn Americas Generation

	Significant Unobservable Inputs March 31, 2018						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Coal Contracts	$1	$ 1	Discounted Cash Flow	Forward Market Price (per ton)	$48	$ 53	$ 49
FTRs	2	2	Discounted Cash Flow	Auction Prices (per MWh)	(4)	2	—
	$3	$ 3					

	Significant Unobservable Inputs December 31, 2017						
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Coal Contracts	$1	$ 1	Discounted Cash Flow	Forward Market Price (per ton)	$46	$ 49	$ 47
FTRs	3	4	Discounted Cash Flow	Auction Prices (per MWh)	(4)	2	—
	$4	$ 5					

The following table provides sensitivity of fair value measurements to increases/(decreases) in significant unobservable inputs as of March 31, 2018 and December 31, 2017:

Significant Unobservable Input	Position	Change In Input	Impact on Fair Value Measurement
Forward Market Price Coal	Buy	Increase/(Decrease)	Higher/(Lower)
Forward Market Price Coal	Sell	Increase/(Decrease)	Lower/(Higher)
FTR Prices	Buy	Increase/(Decrease)	Higher/(Lower)
FTR Prices	Sell	Increase/(Decrease)	Lower/(Higher)

The fair value of each contract is discounted using a risk free interest rate. In addition, the Registrants apply a credit/non-performance reserve to reflect credit risk which is calculated based on published default probabilities. To the extent that the Registrants' net exposure under a specific master agreement is an asset, the Registrants use the counterparty's default swap rate. The credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume the Registrants' liabilities or that a market participant would be willing to pay for the Registrants' assets. There were no non-performance/credit reserves for GenOn and GenOn Americas Generation as of March 31, 2018 and December 31, 2017.

Under the guidance of ASC 815, entities may choose to offset cash collateral posted or received against the fair value of derivative positions executed with the same counterparties under the same master netting agreements. The Registrants have chosen not to offset positions as defined in ASC 815. As of March 31, 2018, GenOn recorded $91 million of cash collateral posted on its balance sheet related to fair value of derivative positions, which includes $28 million of collateral posted to NRG, and $63 million posted to other counterparties. As of March 31, 2018, GenOn Americas Generation recorded $88 million of cash collateral posted on its balance sheet related to fair value of derivative positions, which includes $28 million of collateral posted to NRG, and $60 million posted to other counterparties.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, Summary of Significant Accounting Policies, to the Registrants' 2017 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 2017 Form 10-K. As of March 31, 2018, GenOn's counterparty credit exposure was $30 million and GenOn held no collateral (cash and letters of credit) against those positions, resulting in a net exposure of $30 million. Approximately 99% of GenOn's exposure before collateral is expected to roll off by the end of 2019. As of March 31, 2018, GenOn Americas Generation's counterparty credit exposure was $30 million, and GenOn Americas Generation held no collateral (cash and letters of credit) against those positions, resulting in a net exposure of $30 million. Approximately 100% of GenOn Americas Generation's exposure before collateral is expected to roll off by the end of 2019. 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.

	Net Exposure [a] [b] (% of Total)	
Category by Industry Sector	GenOn	GenOn Americas Generation
Utilities, energy merchants, marketers and other	100 %	100 %
Total as of March 31, 2018	100 %	100 %

28

Category by Counterparty Credit Quality	Net Exposure [a] [b] (% of Total) GenOn	GenOn Americas Generation
Investment grade	79 %	79 %
Non-Investment grade/Non-rated	21	21
Total as of March 31, 2018	100 %	100 %

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

(b) The figures in the tables above exclude potential counterparty credit exposure related to RTOs, ISOs, registered commodity exchanges and certain long term contracts.

The Registrants have counterparty credit risk exposure to certain counterparties, each of which represents more than 10% of their respective total net exposure discussed above. The aggregate of such counterparties' exposure was $23 million and $23 million for GenOn and GenOn Americas Generation, respectively. 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, the Registrants do not anticipate a material impact on their financial position or results of operations from nonperformance by any of their counterparties.

RTOs and ISOs

The Registrants participate in the organized markets of CAISO, ISO-NE, MISO, NYISO and PJM, known as RTO or ISOs. Trading in these markets is approved by FERC and includes credit policies that, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. As a result, the counterparty credit risk to these markets is limited to the Registrants' applicable share of the overall market and is excluded from the above exposure.

Exchange Traded Transactions

The Registrants enter into commodity transactions on registered exchanges, notably ICE and NYMEX. These clearinghouses act as the counterparty, and transactions are subject to extensive collateral and margining requirements. As a result, these commodity transactions have limited counterparty credit risk.

Note 6 — Accounting for Derivative Instruments and Hedging Activities (GenOn and GenOn Americas Generation)
This footnote should be read in conjunction with the complete description under Note 6, Accounting for Derivative Instruments and Hedging Activities, to the Registrants' 2017 Form 10-K.
Energy-Related Commodities (GenOn)
As of March 31, 2018, GenOn had energy-related derivative financial instruments extending through 2019.
Volumetric Underlying Derivative Transactions (GenOn and GenOn Americas Generation)
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, 2018 and December 31, 2017. 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.

		GenOn Total Volume		GenOn Americas Generation Total Volume	
		As of March 31, 2018	As of December 31, 2017	As of March 31, 2018	As of December 31, 2017
Commodity	Units	(In millions)			
Coal	Short Ton	1	2	1	1
Natural Gas	MMBtu	43	56	9	12
Power	MWh	(6)	(7)	(1)	(1)

Fair Value of Derivative Instruments (GenOn and GenOn Americas Generation)
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, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	(In millions)			
Derivatives Not Designated as Cash Flow Hedges:				
Commodity contracts current	$ 23	$ 15	$ 21	$ 29
Commodity contracts long-term	4	4	3	3
Total Derivatives Not Designated as Cash Flow Hedges	$ 27	$ 19	$ 24	$ 32

GenOn Americas Generation

	Fair Value			
	Derivative Assets		Derivative Liabilities	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	(In millions)			
Derivatives Not Designated as Cash Flow Hedges:				
Commodity contracts current	$ 43	$ 43	$ 45	$ 47
Commodity contracts long-term	7	8	7	7
Total Derivatives Not Designated as Cash Flow Hedges	$ 50	$ 51	$ 52	$ 54

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:

GenOn

		Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral Posted	Net Amount
March 31, 2018	(In millions)			
Commodity contracts:				
Derivative assets	$26	$ (11)	$ —	$ 15
Derivative assets - affiliate	1	(1)	—	—
Derivative liabilities	(16)	11	2	(3)
Derivative liabilities - affiliate	(8)	1	7	—
Total derivative instruments	$3	$ —	$ 9	$ 12

		Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral Posted	Net Amount
December 31, 2017	(In millions)			
Commodity contracts:				
Derivative assets	$17	$ (11)	$ —	$ 6
Derivative assets - affiliate	2	(2)	—	—
Derivative liabilities	(22)	11	10	(1)
Derivative liabilities - affiliate	(10)	2	8	—
Total derivative instruments	$(13)	$ —	$ 18	$ 5

GenOn Americas Generation

		Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral Posted	Net Amount
March 31, 2018	(In millions)			
Commodity contracts:				

Derivative assets	$25	$ (11)	$ —	$ 14
Derivative assets - affiliate	25	(25)	—	—
Derivative liabilities	(16)	11	2	(3)
Derivative liabilities - affiliate	(36)	25	7	(4)
Total derivative instruments	$(2)	$ —	$ 9	$ 7

		Gross Amounts Not Offset in the Statement of Financial Position		
Description	Gross Amounts of Recognized Assets / Liabilities	Derivative Instruments	Cash Collateral Posted	Net Amount
December 31, 2017	(In millions)			
Commodity contracts:				
Derivative assets	$17	$ (11)	$ —	$ 6
Derivative assets - affiliate	34	(21)	—	13
Derivative liabilities	(22)	11	10	(1)
Derivative liabilities - affiliate	(32)	21	8	(3)
Total derivative instruments	$(3)	$ —	$ 18	$ 15

31

Impact of Derivative Instruments on the Statements of Operations (GenOn and GenOn Americas Generation)
Unrealized gains and losses associated with changes in the fair value of derivative instruments are reflected in current period earnings.
During 2017, the Registrants underwent the process of closing out and financially settling certain open positions with counterparties. The closure and financial settlements with these counterparties were necessary to manage the increases in collateral posting requirements following rating agency downgrades and reduce expected collateral costs associated with exchange cleared hedge transactions.
The following tables summarize the pre-tax effects of economic hedges. These amounts are included within operating revenues and cost of operations.
GenOn

(In millions)	Three months ended March 31, 2018	2017
Unrealized mark-to-market results		
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	$20	$15
Net unrealized losses on open positions related to economic hedges	(4)	(3)
Total unrealized gains	$16	$12

(In millions)	Three months ended March 31, 2018	2017
Revenue from operations — energy commodities	$14	$10
Cost of operations	2	2
Total impact to statements of operations	$16	$12

GenOn Americas Generation

(In millions)	Three months ended March 31, 2018	2017
Unrealized mark-to-market results		
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	$ 5	$ 1
Net unrealized losses on open positions related to economic hedges	(4)	(6)
Total unrealized gains/(losses)	$ 1	$ (5)

(In millions)	Three months ended March 31, 2018	2017

Revenue from operations — energy commodities	$1	$(8)
Cost of operations	—	3
Total impact to statements of operations	$1	$(5)

Credit Risk Related Contingent Features (GenOn and GenOn Americas Generation)
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, 2018, was zero for GenOn and GenOn Americas Generation. As of March 31, 2018, no collateral was required for contracts with credit rating contingent features that are in a net liability position for GenOn and GenOn Americas Generation. GenOn and GenOn Americas Generation are also party to certain marginable agreements under which no collateral was due as of March 31, 2018.
See Note 5, Fair Value of Financial Instruments, for discussion regarding concentration of credit risk.
Note 7 —Debt and Capital Leases (GenOn and GenOn Americas Generation)
Long-term debt and capital leases consisted of the following:

(In millions, except rates)	March 31, 2018	December 31, 2017	March 31, 2018 interest rate %
GenOn Americas Generation:			
GenOn Americas Generation Senior Notes, due 2021	$208	$ 366	8.500
GenOn Americas Generation Senior Notes, due 2031	187	329	9.125
Less: Liabilities subject to compromise	(395)	(695)	
Subtotal GenOn Americas Generation	—	—	
GenOn:			
GenOn Senior Notes, due 2017	691	691	7.875
GenOn Senior Notes, due 2018	649	649	9.500
GenOn Senior Notes, due 2020	490	490	9.875
Other[(a)]	128	129	
GenOn capital lease	1	1	
Less: Liabilities subject to compromise	(1,869)	(1,920)	
Less: Held-for-sale	(50)	—	
Subtotal GenOn	40	40	
Less: current maturities	1	1	
Total long-term debt and capital leases	$39	$ 39	

(a) Certain payments of the Long Term Service Agreements for the Choctaw and Hunterstown facilities are accounted for as a debt financing liability in accordance with GAAP.

Chapter 11 Cases
The filing of the Chapter 11 Cases constitutes an event of default under the following debt instruments, or collectively, the Debt Documents:
1) The Intercompany Revolver with NRG;
2) The indenture governing the GenOn 7.875% Senior Notes due 2017 (as amended or supplemented from time to time);
3) The indenture governing the GenOn 9.500% Notes due 2018 (as amended or supplemented from time to time);
4) The indenture governing the GenOn 9.875% Notes due 2020 (as amended or supplemented from time to time);
5) The indenture governing the GenOn Americas Generation 8.50% Senior Notes due 2021 (as amended or supplemented from time to time); and
6) The indenture governing the GenOn Americas Generation 9.125% Senior Notes due 2031 (as amended or supplemented from time to time).

The Debt Documents set forth in 1-4 above provide that as a result of the commencement of the Chapter 11 Cases the principal and accrued interest due thereunder was immediately due and payable. The Debt Documents set forth in 5-6 above provide that as a result of the commencement of the Chapter 11 Cases the applicable indenture trustee or certain holders of the notes may declare the principal and accrued interest due thereunder to be immediately due and payable. Any efforts to enforce such payment obligations under the Debt Documents were automatically stayed as a result of the commencement of the Chapter 11 Cases, and the holders' rights of enforcement in respect of the Debt Documents are subject to the applicable provisions of the Bankruptcy Code. The Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents.

On December 12, 2017, the Bankruptcy Court entered an order confirming the Plan granting an allowed claim plus certain accrued interest, or the GAG Administrative Claim, estimated to be $663 million, to the holders of the GenOn Americas Generation Senior Notes, due 2021 and GenOn Americas Generation Senior Notes, due 2031. On February 1, 2018, pursuant to the confirmation of the Plan, the GenOn Entities elected to make a partial payment in respect of the GAG Administrative Claim, in the amount of $300 million, consisting of $158 million and $142 million to be applied to the outstanding balance of the GenOn Americas Generation Senior Notes due 2021 and 2031, respectively. Since GenOn made the payment on behalf of GenOn Americas Generation, the payment was reflected as a non-cash capital contribution from GenOn to GenOn Americas Generation.

Intercompany Revolver and Letter of Credit Facilities

GenOn was party to a secured intercompany revolving credit agreement with NRG, or the Intercompany Revolver. The Intercompany Revolver provided for a $500 million revolving credit facility, all of which was available for revolving loans and letters of credit. At March 31, 2018 and December 31, 2017, there were $125 million loans outstanding under the Intercompany Revolver, which is recorded as current portion of long-term debt — affiliate on the balance sheet. See Note 9, Related Party Transactions, for further discussion.

As part of the Restructuring Support Agreement, NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, which could be utilized for required letters of credit in lieu of the Intercompany Revolver. On July 27, 2017, the letter of credit facility was terminated. See Note 9, Related Party Transactions, for further discussion.

On July 14, 2017, the GenOn Entities obtained a letter of credit facility with a third party financial institution to finance the working capital needs and for general corporate purposes. The letter of credit facility provides availability of up to $300 million less amounts borrowed, and letters of credit provided are required to be cash collateralized at 101% of the letter of credit amount. As of March 31, 2018, there was $6 million of letters of credit issued under this facility.

GenOn Mid-Atlantic Long-Term Deposits

On January 27, 2017, GenOn Mid-Atlantic entered into an agreement with Natixis Funding Corp., or Natixis, under which Natixis procured payment and credit support for the payment of certain lease payments owed pursuant to the GenOn Mid-Atlantic operating leases for Morgantown and Dickerson, or the Natixis Agreement. GenOn Mid-Atlantic made a payment of $130 million plus fees of $1 million as consideration for Natixis applying for the issuance of, and obtaining, letters of credit from Natixis, New York Branch, the LC Provider, to support the lease payments. The payment was accounted for as a long-term deposit on the Registrants' consolidated balance sheets prior to June 30, 2017, reflecting the deferred benefit to GenOn Mid-Atlantic of its contractual rights under the Natixis Agreement, including lease payments Natixis had agreed to make thereunder, and notwithstanding that GenOn Mid-Atlantic had made an irrevocable payment to Natixis.

In letters dated February 24, 2017, GenOn Mid-Atlantic received a series of notices from certain of the owner lessors under its operating leases of the Morgantown coal generation units, or Notices, alleging default. The Notices alleged the existence of lease events of default as a result of, among other items, the purported failure by GenOn Mid-Atlantic to comply with a covenant requiring the maintenance of qualifying credit support. The Notices instructed the relevant trustees to draw on letters of credit under the secured intercompany revolving credit agreement between NRG and GenOn. On February 28, 2017, the trustees drew on the letters of credit under NRG's revolving credit facility, which resulted in borrowings of $125 million. Upon notification, GenOn became obligated under the Intercompany Revolver. In addition, a corresponding payable was recorded by GenOn Mid-Atlantic to GenOn, with the offset recorded as a long-term deposit on the Registrants' consolidated balance sheets as of March 31, 2017 under the related operating leases. On May 5, 2017, GenOn Mid-Atlantic repaid $125 million to GenOn.

On March 7, 2017, GenOn Mid-Atlantic filed a complaint in the Supreme Court for the State of New York against the owner lessors of the Morgantown and Dickerson facilities and U.S. Bank, N.A., or U.S. Bank, in its capacity as the indenture trustee, the GenOn Mid-Atlantic Complaint. The GenOn Mid-Atlantic Complaint sought, inter alia, a declaratory judgment that no lease events of default existed and asserted counts for breach of contract, conversion, tortious interference, breach of the implied covenant of good faith and fair dealing, unjust enrichment, constructive trust, and injunctive relief. On June 8, 2017, the owner lessors filed a complaint in the Supreme Court for the State of New York against GenOn Mid Atlantic and certain of its affiliates, including GenOn and NRG, the Owner Lessor Complaint. The Owner Lessor Complaint asserted ten counts for various fraudulent transfer, contract, and other claims and sought hundreds of millions of dollars in damages.

On June 28, 2017, GenOn Mid-Atlantic directed U.S. Bank in its capacity as the indenture trustee, to apply the $125 million that had been drawn on the letters of credit under NRG's revolving credit facility to the June 30 rent obligations related to the operating leases. In addition, GenOn Mid-Atlantic paid $2.7 million to the owner lessors to satisfy the remaining portion of the June 30 rent obligations. Rather than accept the $125 million already drawn as payment for the June 30 rent obligation, on June 30, 2017, U.S. Bank drew on the Natixis Agreement in the amount of $125 million. At such time, GenOn Mid-Atlantic transferred $125 million of the amount paid under the Natixis Agreement to prepaid rent - non-current in its consolidated balance sheet. These transactions resulted in a dispute with respect to when GenOn Mid-Atlantic had satisfied its June 30 rent obligation. This dispute was resolved in July 2017, with the $125 million drawn on the Natixis Agreement used to satisfy the rent obligation.

As a result of the consummation of the GenMA Settlement, the two actions pending in the Supreme Court of the State of New York were settled as of April 27, 2018. See Note 3, Chapter 11 Cases, for further discussion of the GenMA Settlement.

Note 8 — Income Taxes (GenOn and GenOn Americas Generation)

GenOn

GenOn's income tax expense consisted of the following:

	Three months ended March 31,	
(In millions except otherwise noted)	2018	2017
Income before income taxes	$113	$(36)
Income tax expense	—	1
Effective tax rate	— %	(2.8)%

For the three months ended March 31, 2018, GenOn's overall effective tax rate was lower than the statutory rate of 21% primarily due to a change in the valuation allowance.

For the three months ended March 31, 2017, GenOn's overall effective tax rate was lower than the statutory rate of 35% primarily due to a change in the valuation allowance, partially offset by the impact of state income taxes.

GenOn Americas Generation

GenOn Americas Generation's allocated income taxes resulting from its operations for the three months ended March 31, 2018 and 2017 was zero. GenOn Americas Generation's pro forma income taxes resulting from its operations for the three months ended March 31, 2018 and 2017 was zero due to the valuation allowance recorded on its stand-alone financial results.

Note 9 — Related Party Transactions (GenOn and GenOn Americas Generation)
Services Agreement and Transition 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 was 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 were approximately $193 million. As described in Note 3, Chapter 11 Cases, in connection with the Restructuring Support Agreement, NRG agreed to provide shared services to GenOn under the Services Agreement for an adjusted annualized fee of $84 million.
In December 2017, in conjunction with the confirmation of the Plan, the Services Agreement was terminated and replaced by the transition services agreement. Under the transition services agreement, NRG will continue to provide the shared services and other separation services at an annualized rate of $84 million, subject to certain credits and adjustments, until September 30, 2018, which GenOn can terminate earlier if NRG is provided 60 days' notice. NRG may provide additional separation services that are necessary for or reasonably related to the operation of GenOn's business after such date, subject to NRG's prior written consent, not to be unreasonably withheld. Also in December 2017, GenOn received a $3.5 million credit for services provided under the transition services agreement. For the three months ended March 31, 2018, GenOn recorded costs related to these services of $19 million as general and administrative — affiliate. For the three months ended March 31, 2017, GenOn recorded costs related to these services of $46 million as general and administrative — affiliate.
In addition, as described in Note 3, Chapter 11 Cases, under the Restructuring Support Agreement, NRG has agreed to provide GenOn with a $28 million credit against amounts owed to NRG under the transition services agreement. Such amount was intended to reimburse GenOn for costs incurred in connection with the 2022 Notes that were not assumed. Accordingly, GenOn removed the previously deferred costs in the amount of $28 million and recorded a receivable from NRG for this amount. The receivable is reflected net in accounts payable - affiliate on the consolidated balance sheet as of March 31, 2018. In addition, the Restructuring Support Agreement provides that to the extent GenOn has paid for services during the bankruptcy proceedings and the aforementioned credit has not been applied in full, NRG shall, upon request by GenOn, reimburse such payments in cash up to the amount of any unused portion of the credit, subject to the terms and conditions of the transition services agreement.
Under the Services Agreement, NRG also provides GenOn Americas Generation 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 been an unaffiliated entity. Management has concluded that this method of charging overhead costs is reasonable. On February 28, 2018, GenOn informed GenOn Mid-Atlantic and REMA that it does not intend to provide shared services to the respective entities beyond the summer of 2018.
The following costs were incurred under these arrangements:
GenOn Americas Generation

	Three months ended March 31, 2018	2017
	(In millions)	
Allocated costs:		
Cost of operations — affiliate	$(2)	$ —

General and administrative — affiliate	1	25
Total	$ 9	$ 25

Credit Agreement with NRG (GenOn)

GenOn was party to a secured intercompany revolving credit agreement with NRG, or the Intercompany Revolver. The Intercompany Revolver provided for a $500 million revolving credit facility, all of which was available for revolving loans and letters of credit. At March 31, 2018 and December 31, 2017, $86 million and $92 million, respectively, of letters of credit were issued and outstanding under the NRG credit agreement for GenOn. Of this amount, $10 million and $16 million were issued on behalf of GenOn Americas Generation as of March 31, 2018 and December 31, 2017, respectively. Additionally, as of March 31, 2018 and December 31, 2017, there were $125 million of loans outstanding under the Intercompany Revolver, which is recorded as current portion of long-term debt - affiliate on the balance sheet, as further described in Note 7, Debt and Capital Leases. 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 guarantors are restricted from incurring additional liens on certain of their assets. In addition, the Intercompany Revolver contains customary covenants and events of default. As of March 31, 2018, GenOn was in default under the Intercompany Revolver with NRG due to the filing of the Chapter 11 Cases.

As a result of the Chapter 11 Cases, no additional revolving loans or letters of credit are available to GenOn under the Intercompany Revolver. In addition, NRG agreed to provide GenOn with a letter of credit facility during the pendency of the Chapter 11 Cases, which could be utilized for required letters of credit in lieu of the Intercompany Revolver. The letter of credit facility provided availability of up to $330 million less amounts borrowed and letters of credit provided were required to be cash collateralized at 103% of the letter of credit amount. On July 27, 2017, this letter of credit facility was terminated as GenOn has obtained a separate letter of credit facility with a third party financial institution, as discussed in Note 7, Debt and Capital Leases. Effective with completion of the reorganization, GenOn must repay NRG for all revolving loans outstanding, with such amount to be netted against the settlement payment owed from NRG to GenOn. Interest continues to accrue during the pendency of the Chapter 11 Cases and borrowings remain secured obligations.

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 and accounts receivable — affiliate or notes payable — affiliate and accounts payable — affiliate, as appropriate. The balances are due on demand and notes receivable — affiliate and notes payable — affiliate accrue interest on the net position, which is payable quarterly, at a rate determined by GenOn Energy Holdings, a wholly owned subsidiary of GenOn. These arrangements have continued in the normal course of business through the pendency of the Chapter 11 Cases. At March 31, 2018 and December 31, 2017, GenOn Americas Generation had a net current note receivable — affiliate from GenOn Energy Holdings of $318 million, related to its intercompany cash management program. For the three months ended March 31, 2018 and 2017, GenOn Americas Generation earned an insignificant amount of net interest income related to these notes. Additionally, at March 31, 2018 and December 31, 2017, GenOn Americas Generation had an accounts receivable — affiliate of $92 million and $46 million, respectively, with GenOn Energy Holdings related to the intercompany cash management programs.

Intercompany Hedging Agreements with NRG

Under intercompany agreements, NRG Power Marketing LLC may from time to time enter into physical and financial intercompany commodity and hedging transactions with GenOn and certain of its subsidiaries. Subject to applicable collateral thresholds, these arrangements may provide for the bilateral exchange of credit support based upon market exposure and potential market movements. The terms and conditions of the agreements are generally consistent with industry practices and other third party arrangements. As of March 31, 2018, GenOn has net exposure of $8 million under these arrangements.

Note 10 — Commitments and Contingencies (GenOn and GenOn Americas Generation)
This footnote should be read in conjunction with the complete description under Note 15, Commitment and Contingencies, to the Registrants' 2017 Form 10-K.
Contingencies
The Registrants' material legal proceedings are described below. 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. As applicable, the Registrants believe they have established an adequate reserve for the matters discussed below. 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 their 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.
GenOn Chapter 11 Cases (GenOn and GenOn Americas Generation) — On the Petition Date, the GenOn Entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. As a result of such bankruptcy filings, substantially all proceedings pending against the GenOn Entities have been stayed by operation of Section 362(a) of the Bankruptcy Code. Under the Restructuring Support Agreement to which the GenOn Entities, NRG and certain of GenOn's and GenOn Americas Generation's senior unsecured noteholders are parties, each of them supported the Bankruptcy Court's approval of the Plan. GenOn has a customary "fiduciary out" under the Restructuring Support Agreement. If the Plan is not consummated, GenOn may not be entitled to the benefits of the Settlement Agreement provided under the Restructuring Support Agreement and it will remain subject to any claims of NRG and the noteholders, including claims relating to or arising out of any shared services and any other relationships or transactions between the companies. See Note 3, Chapter 11 Cases, for additional information. The GenOn Entities are in the process of evaluating claims submitted in connection with the Chapter 11 Cases to determine the validity of such claims but have not yet finished their assessment of valid claims and are currently unable to determine the amount of such claims.
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 Mirant's 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 District Court's dismissal of its complaint against the Commerzbank Defendants to the U.S. Court of Appeals for the Fifth Circuit, or the Fifth Circuit. In March 2012, the Fifth Circuit reversed the District Court's dismissal and reinstated MC Asset Recovery's amended complaint against the Commerzbank Defendants. On December 10, 2015, the District Court granted summary judgment in favor of the Commerzbank Defendants. On December 29, 2015, MC Asset Recovery filed a notice to appeal this judgment with the Fifth Circuit. On June 1, 2017, the Fifth Circuit affirmed the District Court's judgment. On June 12, 2017, MC Asset Recovery petitioned the Fifth Circuit for rehearing. The petition for rehearing was denied and a court order and

judgment affirming the District Court's judgments was entered on July 17, 2017. The bankruptcy court is scheduled to hear a Motion for a Final Decree in the Mirant bankruptcy on June 13, 2018.

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 state antitrust law 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 was 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, or the Ninth Circuit, which reversed the decision of the District Court. 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 and the U.S. Supreme Court granted the petition. On April 21, 2015, the U.S. Supreme Court affirmed the Ninth Circuit’s holding that plaintiffs’ state antitrust law claims are not field-preempted by the federal Natural Gas Act and the Supremacy Clause of the U.S. Constitution. The U.S. Supreme Court left open whether the claims were preempted on the basis of conflict preemption. The U.S. Supreme Court directed that the case be remanded to the U.S. District Court for the District of Nevada for further proceedings. On March 7, 2016, class plaintiffs filed their motions for class certification. On March 30, 2017, the court denied the plaintiffs' motions for class certification. On April 13, 2017, the plaintiffs petitioned the Ninth Circuit for interlocutory review of the court’s order denying class certification. On June 13, 2017, the Ninth Circuit granted plaintiffs' petition for interlocutory review. The appeal is fully briefed.

In May 2016 in one of the Kansas cases, the U.S. District Court for the District of Nevada granted the defendants' motion for summary judgment. Subsequently in December 2016, the plaintiffs filed a notice of appeal with the Ninth Circuit. The appeal was argued on February 16, 2018. On March 27, 2018, the Ninth Circuit reversed the District Court's decision. On April 10, 2018, the defendants filed a petition for rehearing. GenOn has agreed to indemnify CenterPoint against certain losses relating to these lawsuits.

In September 2012, the State of Nevada Supreme Court, which was 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.

On February 26, 2018, GenOn filed objections to the proofs of claim filed in the Chapter 11 Cases by all of the plaintiffs in each of the four cases. GenOn filed that same day a motion seeking a schedule for a series of hearings to resolve the objections and asking the Bankruptcy Court to estimate all of the proofs of claim at zero dollars. The plaintiffs have objected to the request for the Bankruptcy Court to estimate the proofs of claim. The Bankruptcy Court ordered briefing as to whether it had authority to resolve these claims.

Mirant Chapter 11 Proceedings (GenOn and GenOn Americas Generation) — In July 2003, and various dates thereafter, the Mirant Debtors filed voluntary petitions in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division, for relief under Chapter 11 of the Bankruptcy Code. GenOn Energy Holdings and most of the other Mirant Debtors emerged from bankruptcy on January 3, 2006, when the plan of reorganization that was approved in conjunction with Mirant Corporation's emergence from bankruptcy protection, or the Mirant 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 Mirant 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 Mirant 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. The bankruptcy court is scheduled to hear a Motion for a Final Decree in the Mirant bankruptcy on June 13, 2018.

GenOn Noteholders' Lawsuit (GenOn and GenOn Americas Generation) — On December 13, 2016, certain indenture trustees for an ad hoc group of holders, or the Noteholders, of the GenOn Energy, Inc. 7.875% Senior Notes due 2017, 9.500% Notes due 2018, and 9.875% Notes due 2020, and the GenOn Americas Generation, LLC 8.50% Senior Notes due 2021 and 9.125% Senior Notes due 2031, or collectively, the GenOn Notes, along with certain of the Noteholders, filed a complaint in the Superior Court of the State of Delaware against NRG and GenOn alleging certain claims related to a services agreement between NRG and GenOn. Plaintiffs generally seek recovery of all monies paid under the services agreement and any other damages that the court deems appropriate. On February 3, 2017, the court entered an order approving a Standstill Agreement whereby the parties agreed to suspend all deadlines in the case until March 1, 2017. The Standstill Agreement terminated on March 1, 2017. On April 30, 2017, the Noteholders filed an amended complaint that asserts (i) additional fraudulent transfer claims in relation to GenOn's sale of the Marsh Landing project to NRG Yield LLC, (ii) alleged breaches of fiduciary duty by certain current and former officers and directors of GenOn in relation to the management services agreement and the alleged usurpation of corporate opportunities concerning the Mandalay and Canal projects and (iii) claims against NRG for allegedly aiding and abetting such claimed breaches of fiduciary duties. In addition to NRG and GenOn, the amended complaint names NRG Yield LLC and certain current and former officers and directors of GenOn as defendants. The plaintiffs generally seek recovery of all monies paid under the services agreement and any other damages that the court deems appropriate. On March 31, 2017, NRG and GenOn filed separate motions to dismiss the complaint, but such motions are superseded by the amended complaint. On June 19, 2017, the GenOn Entities gave notice that the filing of their respective voluntary petitions for relief under Chapter 11 had given rise to a stay under the Bankruptcy Code. On June 20, 2017, the court moved this lawsuit from the active docket to the bankruptcy docket. On December 14, 2017, a settlement agreement was entered into between GenOn and NRG which should ultimately resolve this lawsuit. On April 27, 2018, the GenMA settlement was entered into by the parties. See Note 3, Chapter 11 Cases, for further discussion of the GenMA settlement.

Natixis v. GenOn Mid-Atlantic (GenOn Americas Generation) — On February 16, 2018, Natixis Funding Corp. and Natixis, New York Branch filed a complaint in the Supreme Court of the State of New York against GenOn Mid-Atlantic, the owner lessors under GenOn Mid-Atlantic's operating leases of the Dickerson and Morgantown coal generation units, and the lease indenture trustee under those leases. The plaintiffs' allegations against GenOn Mid-Atlantic relate to a payment agreement between GenOn Mid-Atlantic and Natixis Funding Corp. to procure credit support for the payment of certain lease payments owed pursuant to the GenOn Mid-Atlantic operating leases for Morgantown and Dickerson. The plaintiffs seek approximately $34 million in damages arising from GenOn Mid-Atlantic's purported breach of certain warranties in the payment agreement. On April 2, 2018, GenOn Mid-Atlantic removed the allegations against it to the U.S. District Court for the Southern District of New York. On April 11, 2018, the U.S. District Court for the Southern District of New York entered a briefing schedule on a forthcoming motion to remand by Natixis Funding Corp. and a forthcoming motion to transfer by GenOn Mid-Atlantic. On April 26, 2018, Natixis Funding Corp. filed its motion to remand. GenOn Mid-Atlantic's opposition to the motion to remand and cross-motion to transfer are due on or before May 24, 2018.

Note 11 — Regulatory Matters (GenOn and GenOn Americas Generation)

This footnote should be read in conjunction with the complete description under Note 16, Regulatory Matters, to the Registrants' 2017 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 and RTO markets in which they participate. These power markets are subject to ongoing legislative and regulatory changes that may impact the Registrants' wholesale business.

In addition to the regulatory proceedings noted below, the Registrants are parties to other 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.

National

Zero-Emission Credits for Nuclear Plants in Illinois — In 2016, Illinois enacted a Zero Emission Credit, or ZEC, program for selected nuclear units in Illinois. In total, the program directs over $2.5 billion over ten years to nuclear plants in Illinois that would otherwise retire. Pursuant to the legislation, the Illinois Power Agency, or IPA, conducts a competitive solicitation to procure ZECs, although both the Governor of Illinois and Exelon have already announced that the ZECs will be awarded to two Exelon-owned nuclear power plants in Illinois. These ZECs are out-of-market subsidies that threaten to artificially suppress market prices and interfere with the wholesale power market. On February 14, 2017, certain companies filed a complaint in the U.S. District Court for the Northern District of Illinois alleging that the state program is preempted by federal law and in violation of the dormant commerce clause. Another plaintiff group filed a similar complaint on the same day. Subsequently, on March 31, 2017, certain companies filed a motion for preliminary injunction. On April 10, 2017, Exelon, as an intervenor defendant, and State defendants filed motions to dismiss. On July 14, 2017, Defendants' motions to dismiss were granted. On July 17, 2017, certain companies filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit. Briefing is complete. Oral argument was held on January 3, 2018, with supplemental briefs filed on January 26, 2018. On February 21, 2018, the Seventh Circuit invited the U.S. to file an amicus brief in the proceeding.

Zero-Emission Credits for Nuclear Plants in New York — On August 1, 2016, the NYSPSC issued its Clean Energy Standard, or CES, which provided for ZECs which would provide more than $7.6 billion over 12 years in out-of-market subsidy payments to certain selected nuclear generating units in the state. These ZECs are out-of-market subsidies that threaten to artificially suppress market prices and interfere with the wholesale power market. On October 19, 2016, certain companies filed a complaint in the U.S. District Court for the Southern District of New York, challenging the validity of the NYSPSC action and the ZEC program. On March 29, 2017, the U.S. District Court heard oral arguments on a motion to dismiss filed by defendants. On July 25, 2017, the defendants' motions to dismiss were granted. On August 24, 2017, certain companies filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit. Briefing is complete. Oral argument took place on March 12, 2018.

State Out-Of-Market Subsidy Proposals — Certain states including Connecticut, New Jersey, Ohio and Pennsylvania have considered but have not enacted proposals to provide out-of-market subsidy payments to potentially uneconomic nuclear and fossil generating units. The Registrants have opposed those efforts to provide out of market subsidies, and intend to continue opposing them in the future.

Department of Energy's Proposed Grid Resiliency Pricing Rule — On September 29, 2017, the Department of Energy issued a proposed rulemaking titled the "Grid Resiliency Pricing Rule." The rulemaking directs FERC to take action to reform the ISO/RTO markets to value certain reliability and resiliency attributes of electric generation resources. On October 2, 2017, FERC issued a notice inviting comments. On October 4, 2017, FERC staff issued a series of questions requesting commenters to address. On October 23, 2017, comments were filed encouraging FERC to act expeditiously to modernize energy and capacity markets in a manner compatible with robust competitive markets. On January 8, 2018, FERC terminated the proposed rulemaking and opened a new rulemaking asking each ISO/RTO to address specific questions focused on grid resilience. On March 9, 2018, the ISOs/RTOs filed comments to the questions posed by FERC.

East

Montgomery County Station Power Tax — On December 20, 2013, GenOn received a letter from Montgomery County, Maryland requesting payment of an energy tax for the consumption of station power at the Dickerson Facility over the previous three years. Montgomery County seeks payment in the amount of $22 million, which includes tax, interest and penalties. GenOn disputed the applicability of the tax. On December 11, 2015, the Maryland Tax Court reversed Montgomery County's assessment. Montgomery County filed an appeal, and on February 2, 2017, the Montgomery County Circuit Court affirmed the decision of the tax court. On February 17, 2017, Montgomery County filed an appeal to the Court of Special Appeals of Maryland. On April 24, 2018, the Court of Special Appeals of Maryland affirmed the lower court's decision.

Note 12 — Environmental Matters (GenOn and GenOn Americas Generation)

This footnote should be read in conjunction with the complete description under Note 17, Environmental Matters, to the Registrants' 2017 Form 10-K.

The Registrants are subject to a wide range of environmental laws in the development, construction, ownership and operation of projects. These laws generally require that governmental permits and approvals be obtained before construction and during operation of power plants. The electric generation industry has been facing requirements regarding GHGs, combustion byproducts, water discharge and use, and threatened and endangered species that have been put in place in recent years. However, under the current U.S. presidential administration some of these rules are being reconsidered and reviewed. In general, future laws are expected to require the addition of emissions controls or other environmental controls or to impose certain restrictions on the operations of the Registrants' facilities, which could have a material effect on the Registrants' respective consolidated financial position, results of operations, or cash flows. Federal and state environmental laws generally have become more stringent over time, although this trend could slow or pause in the near term with respect to federal laws under the current U.S. presidential administration.

Air

The EPA finalized CSAPR in 2011, which was intended to replace CAIR in January 2012, to address certain states' obligations to reduce emissions so that downwind states can achieve federal air quality standards. In December 2011, the D.C. Circuit stayed the implementation of CSAPR and then vacated CSAPR in August 2012 but kept CAIR in place until the EPA could replace it. In April 2014, the U.S. Supreme Court reversed and remanded the D.C. Circuit's decision. In October 2014, the D.C. Circuit lifted the stay of CSAPR. In response, the EPA in November 2014 amended the CSAPR compliance dates. Accordingly, CSAPR replaced CAIR on January 1, 2015. On July 28, 2015, the D.C. Circuit held that the EPA had exceeded its authority by requiring certain reductions that were not necessary for downwind states to achieve federal standards. Although the D.C. Circuit kept the rule in place, the court ordered the EPA to revise the Phase 2 (or 2017) (i) SO_2 budgets for four states and (ii) ozone-season NO_x budgets for 11 states including Maryland, New Jersey, New York, Ohio and Pennsylvania. On October 26, 2016, the EPA finalized the CSAPR Update Rule, which reduces future NOx allocations and discounts the current banked allowances to account for the more stringent 2008 Ozone NAAQS and to address the D.C. Circuit's July 2015 decision. This rule has been challenged in the D.C. Circuit. The Registrants believe their investment in pollution controls and cleaner technologies leave the fleet well-positioned for compliance.

Water

In August 2014, the EPA finalized the regulation regarding the use of water for once through cooling at existing facilities to address impingement and entrainment concerns. The Registrants anticipate that more stringent requirements will be incorporated into some of their water discharge permits over the next several years as NPDES permits are renewed.

Effluent Limitations Guidelines — In November 2015, the EPA revised the Effluent Limitations Guidelines for Steam Electric Generating Facilities, which would have imposed more stringent requirements (as individual permits were renewed) for wastewater streams from flue gas desulfurization, or FGD, fly ash, bottom ash, and flue gas mercury control. In April 2017, the EPA granted two petitions to reconsider the rule and also administratively stayed some of the deadlines. On September 18, 2017, the EPA promulgated a final rule that (i) postpones the compliance dates to preserve the status quo for FGD wastewater and bottom ash transport water by two years to November 2020 until the EPA completes its next rulemaking and (ii) withdrew the April 2017 administrative stay. The legal challenges have been suspended while the EPA reconsiders and likely modifies the rule. Accordingly, the Registrants have largely eliminated their estimate of the environmental capital expenditures that would have been required to comply with permits incorporating the revised guidelines. The Registrants will revisit these estimates after the rule is revised.

Byproducts, Wastes, Hazardous Materials and Contamination

In April 2015, the EPA finalized the rule regulating byproducts of coal combustion (e.g., ash and gypsum) as solid wastes under the RCRA. On September 13, 2017, the EPA granted the petition for reconsideration that the Utility Solid Waste Activities Group filed in May 2017. The Registrants have evaluated the impact of the new rule on their results of operations, financial condition and cash flows and have accrued their environmental and asset retirement obligations under the rule based on current estimates as of March 31, 2018.

Note 13 — Debtors' Financial Information (GenOn and GenOn Americas Generation)

The financial information below represents the Debtor Entities condensed combined financial statements for the three months ended March 31, 2018. The following represent the entities included in the GenOn Entities, or the GenOn Energy, Inc. Debtors:

GenOn Americas Generation, LLC[1]
GenOn Americas Procurement, Inc.
GenOn Asset Management, LLC
GenOn Capital Inc.
GenOn Energy Holdings, Inc.
GenOn Energy Management, LLC[1]
GenOn Energy Services, LLC
GenOn Energy, Inc.
GenOn Fund 2001 LLC
GenOn Mid-Atlantic Development, LLC
GenOn Power Operating Services MidWest, Inc.
GenOn Special Procurement, Inc.[1]
Hudson Valley Gas Corporation[1]
Mirant Asia-Pacific Ventures, LLC
Mirant Intellectual Asset Management and Marketing, LLC
Mirant International Investments, Inc.
Mirant New York Services, LLC
Mirant Power Purchase, LLC
Mirant Wrightsville Investments, Inc.
Mirant Wrightsville Management, Inc.
MNA Finance Corp.[1]
NRG Americas, Inc.
NRG Bowline LLC[1]
NRG California North LLC[1]
NRG California South GP LLC
NRG California South LP
NRG Canal LLC[1]
NRG Delta LLC[1]
NRG Florida GP, LLC
NRG Florida LP
NRG Lovett Development I LLC[1]
NRG Lovett LLC[1]
NRG New York LLC[1]
NRG North America LLC[1]
NRG Northeast Generation, Inc.
NRG Northeast Holdings, Inc.
NRG Potrero LLC[1]
NRG Power Generation Assets LLC
NRG Power Generation LLC
NRG Power Midwest GP LLC
NRG Power Midwest LP
NRG Sabine (Delaware), Inc.
NRG Sabine (Texas), Inc.
NRG San Gabriel Power Generation LLC
NRG Tank Farm LLC
NRG Wholesale Generation GP LLC
NRG Wholesale Generation LP
NRG Willow Pass LLC
Orion Power New York GP, Inc.
Orion Power New York LP, LLC
Orion Power New York, L.P.
RRI Energy Broadband, Inc.
RRI Energy Channelview (Delaware) LLC
RRI Energy Channelview (Texas) LLC
RRI Energy Channelview LP
RRI Energy Communications, Inc.
RRI Energy Services Channelview LLC
RRI Energy Services Desert Basin, LLC
RRI Energy Services, LLC
RRI Energy Solutions East, LLC
RRI Energy Trading Exchange, Inc.
RRI Energy Ventures, Inc.

[1] Represent the GenOn Americas Generation debtor entities, or the GenOn Americas Generation Debtors.

Supplemental Condensed Combined Statements of Operations
Three months ended March 31, 2018
(Unaudited)

	GenOn Energy, Inc. Debtors	GenOn Americas Generation Debtors
	(In millions)	
Total operating revenues	$570	$ 514
Total operating costs and expenses	485	479
Operating Income	85	35
Other Income		
Total other income	61	55
Income Before Reorganization Items and Income Taxes	146	90
Reorganization items	(33)	—
Income Before Income Taxes	113	90
Income tax expense	—	