GenOn Energy, Inc.
Form 10-Q
November 06, 2017

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: September 30, 2017

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

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

Delaware	(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
GenOn Mid-Atlantic, 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
GenOn Mid-Atlantic, 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
GenOn Mid-Atlantic, 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
GenOn Mid-Atlantic, 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
GenOn Mid-Atlantic, 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.
GenOn Mid-Atlantic, LLC	NRG North America LLC

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

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

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "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, 2016, under Item 1A - Risk Factors, in Part II, Item 1A of the Registrants' Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, 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 their 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;
- 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;
- 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;
- Changes in law, including judicial decisions;
- 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;

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- The Registrants' ability to implement their strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- The Registrants' ability to implement their strategy of increasing the return on invested capital through operational performance improvements and a range of initiatives at plants and corporate offices to reduce costs or generate revenues; 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:

2016 Form 10-K	The Registrants' Annual Report on Form 10-K for the year ended December 31, 2016
Amended Plan	Amended Joint Chapter 11 Plan of Reorganization filed by the GenOn Entities on September 18, 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 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
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
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
CO2	Carbon Dioxide
CPP	Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CWA	Clean Water Act
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
EGU	Electric Generating Unit
ELG	Effluent Limitations Guidelines
EPA	United States Environmental Protection Agency
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue gas desulfurization
FTRs	Financial Transmission Rights
FPA	Federal Power Act
GAAP	Accounting principles generally accepted in the U.S.
GenOn	GenOn Energy, Inc. and, except where the context indicates otherwise, its subsidiaries
	GenOn Americas Generation, LLC and, except where the context indicates otherwise, its subsidiaries

GenOn Americas Generation	
GenOn Americas Generation Senior Notes	GenOn Americas Generation's $695 million outstanding unsecured senior notes consisting of $366 million of 8.5% senior notes due 2021 and $329 million of 9.125% senior notes due 2031

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GenOn Energy Holdings	GenOn Energy Holdings, Inc. and, except where the context indicates otherwise, its subsidiaries
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 generating 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
GW	Gigawatts
HAPs	Hazardous Air Pollutants
ICE	Intercontinental Exchange
ISO	Independent System Operator, also referred to as RTO
ISO-NE	ISO New England Inc.
LIBOR	London Interbank Offered Rate
MATS	Mercury and Air Toxics Standards promulgated by the EPA
MC Asset Recovery	MC Asset Recovery, LLC
MDE	Maryland Department of the Environment
Mirant	GenOn Energy Holdings, Inc. (formerly known as Mirant Corporation) and, except where the context indicates otherwise, its subsidiaries
Mirant/RRI Merger	The merger completed on December 3, 2010 of Mirant Corporation and RRI Energy Inc. to form GenOn Energy, Inc.
Mirant Debtors	GenOn Energy Holdings, Inc. (formerly known as Mirant Corporation) and certain of its subsidiaries
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
NAAQS	National Ambient Air Quality Standards
Net Exposure	Counterparty credit exposure to GenOn, GenOn Americas Generation or GenOn Mid-Atlantic, as applicable, net of collateral
NERC	North American Electric Reliability Corporation
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 Merger	The merger completed on December 14, 2012, whereby GenOn became a wholly owned subsidiary of NRG
NYISO	New York Independent System Operator
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income/(Loss)
PER	Peak Energy Rent
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 and October 2, 2017
PUCO	Public Utility Commission of Ohio

RCRA	Resource Conservation and Recovery Act of 1976
Registrants	GenOn, GenOn Americas Generation and GenOn Mid-Atlantic, 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
RTO	Regional Transmission Organization
Second Amended Plan	Second Amended Joint Chapter 11 Plan of Reorganization of the GenOn Entities filed on October 2, 2017
Securities Act	The Securities Act of 1933, as amended
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
Seward	The Seward Generating Station, a 525 MW coal-fired facility in Pennsylvania
Shelby	The Shelby County Generating Station, a 352 MW natural gas-fired facility in Illinois
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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In millions)			
Operating Revenues				
Operating revenues	$483	$544	$1,161	$1,515
Operating revenues — affiliate	1	(12)	70	(6)
Total operating revenues	484	532	1,231	1,509
Operating Costs and Expenses				
Cost of operations	224	279	650	864
Cost of operations — affiliate	90	74	226	180
Depreciation and amortization	43	59	128	153
Impairment losses	—	—	—	59
General and administrative	11	10	26	14
General and administrative — affiliate	14	46	100	139
Total operating costs and expenses	382	468	1,130	1,409
Gain on sale of assets	—	262	—	294
Operating Income	102	326	101	394
Other Income/(Expense)				
Other income, net	3	2	9	6
Interest expense	(2)	(41)	(83)	(123)
Interest expense — affiliate	(2)	(3)	(8)	(9)
Other expense	—	—	(18)	—
Total other expense	(1)	(42)	(100)	(126)
Income Before Reorganization Items and Income Taxes	101	284	1	268
Reorganization items, net	(29)	—	48	—
Income Before Income Taxes	72	284	49	268
Income tax expense	—	21	7	20
Net Income	$72	$263	$42	$248

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2017 (unaudited)	December 31, 2016
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$810	$ 1,034
Restricted cash	1	—
Accounts receivable	124	109
Inventory	375	389
Derivative instruments	29	54
Derivative instruments — affiliate	10	54
Cash collateral posted in support of energy risk management activities	47	53
Cash collateral posted in support of energy risk management activities — affiliate	25	79
Prepaid rent and other current assets	151	128
Total current assets	1,572	1,900
Property, plant and equipment, net	2,468	2,543
Other Assets		
Intangible assets, net	26	62
Derivative instruments	16	16
Derivative instruments — affiliate	1	—
Long-term deposits	130	—
Prepaid rent — non-current	352	245
Other non-current assets	136	94
Total other assets	661	417
Total Assets	$4,701	$ 4,860
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$1	$ 704
Accounts payable	79	113
Accounts payable — affiliate	27	78
Derivative instruments	26	46
Derivative instruments — affiliate	9	59
Accrued expenses and other current liabilities	128	191
Total current liabilities	270	1,191
Liabilities Subject to Compromise	2,862	—
Other Liabilities		
Long-term debt and capital leases	1	2,050
Long-term debt — affiliate	125	—
Derivative instruments	2	10
Derivative instruments — affiliate	4	7
Out-of-market contracts	753	811
Other non-current liabilities	289	451
Total non-current liabilities	1,174	3,329
Total Liabilities	4,306	4,520

Commitments and Contingencies		
Stockholder's Equity		
Common stock: $0.001 par value, 1 share authorized and issued at September 30, 2017 and December 31, 2016	—	—
Additional paid-in capital	338	325
Retained earnings	86	44
Accumulated other comprehensive loss	(29)	(29)
Total Stockholder's Equity	395	340
Total Liabilities and Stockholder's Equity	$4,701	$ 4,860

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2017	2016
	(In millions)	
Cash Flows from Operating Activities		
Net Income	$42	$248
Adjustments to reconcile net income to net cash (used)/provided by operating activities:		
Depreciation and amortization	128	153
Amortization of debt premiums	(24)	(39)
Loss on financing arrangement for 2022 Notes	18	—
Non-cash adjustment to write-off unamortized debt premiums	(107)	—
Amortization of out-of-market contracts and emission allowances	(59)	(58)
Gain on sale of assets	—	(294)
Impairment losses	—	59
Changes in derivative instruments	(13)	175
Changes in collateral deposits supporting energy risk management activities	60	(112)
Proceeds from sale of emission allowances	—	36
Lower of cost or market inventory adjustments	2	—
Changes in other working capital	(100)	22
Net Cash (Used)/Provided by Operating Activities	(53)	190
Cash Flows from Investing Activities		
Capital expenditures	(69)	(239)
Proceeds from sale of assets, net	—	563
Other	—	2
Net Cash (Used)/Provided by Investing Activities	(69)	326
Cash Flows from Financing Activities		
Payment for credit support	(130)	—
Payments for financing costs	(94)	—
Proceeds from draw on intercompany secured revolving credit facility	125	—
Payments for current and long-term debt	(2)	(4)
Net Cash Used by Financing Activities	(101)	(4)
Net (Decrease)/Increase in Cash, Cash Equivalents, Restricted Cash and Funds Deposited by Counterparties	(223)	512
Cash, Cash Equivalents, Restricted Cash and Funds Deposited by Counterparties at Beginning of Period	1,034	716
Cash, Cash Equivalents, Restricted Cash and Funds Deposited by Counterparties at End of Period	$811	$1,228

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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In millions)			
Operating Revenues				
Operating revenues	$402	$494	$1,003	$1,362
Operating revenues — affiliate	27	56	77	16
Total operating revenues	429	550	1,080	1,378
Operating Costs and Expenses				
Cost of operations	126	160	349	496
Cost of operations — affiliate	238	276	588	647
Depreciation and amortization	18	21	54	59
General and administrative	6	—	6	—
General and administrative — affiliate	9	21	53	62
Total operating costs and expenses	397	478	1,050	1,264
Gain on sale of assets	—	74	—	77
Operating Income	32	146	30	191
Other Income/(Expense)				
Other income, net	1	1	2	2
Interest expense	(1)	(14)	(24)	(39)
Interest expense — affiliate	—	(1)	(2)	(5)
Total other expense	—	(14)	(24)	(42)
Income Before Reorganization Items and Income Taxes	32	132	6	149
Reorganization items, net	—	—	42	—
Income Before Income Taxes	32	132	48	149
Income tax	—	—	—	—
Net Income	$32	$132	$48	$149

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2017 (unaudited) (In millions)		December 31, 2016	
ASSETS				
Current Assets				
Cash and cash equivalents	$	174	$	471
Accounts receivable	111		85	
Note receivable — affiliate	318		315	
Inventory	236		245	
Derivative instruments	29		54	
Derivative instruments — affiliate	40		126	
Cash collateral posted in support of energy risk management activities	45		51	
Cash collateral posted in support of energy risk management activities — affiliates	25		79	
Prepaid rent and other current assets	95		77	
Total current assets	1,073		1,503	
Property, plant and equipment, net	1,058		1,088	
Other Assets				
Intangible assets, net	26		62	
Derivative instruments	16		16	
Derivative instruments — affiliate	9		18	
Long-term deposits	130		—	
Prepaid rent — non-current	278		204	
Other non-current assets	28		11	
Total other assets	487		311	
Total Assets	$	2,618	$	2,902
LIABILITIES AND MEMBER'S EQUITY				
Current Liabilities				
Accounts payable	$	39	$	61
Accounts payable — affiliate	20		116	
Derivative instruments	26		46	

Derivative instruments — affiliate	45		139	
Accrued expenses and other current liabilities	54		94	
Total current liabilities	184		456	
Liabilities Subject to Compromise	721		—	
Other Liabilities				
Long-term debt	—		745	
Derivative instruments	2		10	
Derivative instruments — affiliate	21		22	
Out-of-market contracts	471		492	
Other non-current liabilities	118		124	
Total non-current liabilities	612		1,393	
Total Liabilities	1,517		1,849	
Commitments and Contingencies				
Member's Equity				
Member's interest	1,101		1,053	
Total Member's Equity	1,101		1,053	
Total Liabilities and Member's Equity	$	2,618	$	2,902

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2017	2016
	(In millions)	
Cash Flows from Operating Activities		
Net Income	$48	$149
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54	59
Amortization of debt premiums	(3)	(5)
Non-cash adjustment to write-off unamortized debt premiums	(47)	—
Amortization of out-of-market contracts and emission allowances	(21)	(20)
Gain on sale of assets	—	(77)
Changes in derivative instruments	(3)	182
Changes in collateral deposits supporting energy risk management activities	60	(119)
Lower of cost or market inventory adjustments	2	—
Changes in other working capital	(80)	(16)
Net Cash Provided by Operating Activities	10	153
Cash Flows from Investing Activities		
Capital expenditures	(33)	(44)
Increase in notes receivable — affiliate	(3)	—
Proceeds from sale of assets	—	76
Net Cash (Used)/Provided by Investing Activities	(36)	32
Cash Flows from Financing Activities		
Payment for amounts due to GenOn Energy, Inc.	(125)	—
Payment for credit support	(130)	—
Payments for financing costs	(16)	—
Net Cash Used by Financing Activities	(271)	—
Net (Decrease)/Increase in Cash, Cash Equivalents and Funds Deposited by Counterparties	(297)	185
Cash, Cash Equivalents and Funds Deposited by Counterparties at Beginning of Period	471	297
Cash, Cash Equivalents and Funds Deposited by Counterparties at End of Period	$174	$482

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In millions)			
Operating Revenues				
Operating revenues	$1	$1	$1	$1
Operating revenues — affiliate	129	229	365	584
Total operating revenues	130	230	366	585
Operating Costs and Expenses				
Cost of operations	104	157	273	414
Cost of operations — affiliate	6	(10)	30	21
Depreciation and amortization	16	16	47	45
General and administrative	6	—	6	—
General and administrative — affiliate	4	15	42	45
Total operating costs and expenses	136	178	398	525
Operating (Loss)/Income	(6)	52	(32)	60
Other Expense				
Other income, net	1	1	1	1
Interest expense	(1)	(1)	(1)	(1)
Interest expense — affiliate	—	(1)	(1)	(3)
Total other expense	—	(1)	(1)	(3)
(Loss)/Income Before Income Taxes	(6)	51	(33)	57
Income tax	—	—	—	—
Net (Loss)/Income	$(6)	$51	$(33)	$57

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2017	December 31, 2016
	(unaudited)	
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$175	$ 471
Accounts receivable	1	8
Accounts receivable — affiliate	6	—
Inventory	127	135
Derivative instruments — affiliate	10	44
Prepaid rent and other current assets	83	73
Total current assets	402	731
Property, plant and equipment, net	902	926
Other Assets		
Intangible assets, net	10	10
Derivative instruments — affiliate	2	4
Long-term deposits	130	—
Prepaid rent — non-current	280	204
Total other assets	422	218
Total Assets	$1,726	$ 1,875
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	$19	$ 30
Accounts payable — affiliate	—	29
Derivative instruments — affiliate	14	44
Accrued expenses and other current liabilities	42	69
Total current liabilities	75	172
Other Liabilities		
Derivative instruments — affiliate	—	2
Out-of-market contracts	471	492
Other non-current liabilities	63	59
Total non-current liabilities	534	553
Total Liabilities	609	725
Commitments and Contingencies		
Member’s Equity		
Member’s interest	1,117	1,150
Total Member’s Equity	1,117	1,150
Total Liabilities and Member’s Equity	$1,726	$ 1,875

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2017	2016
	(In millions)	
Cash Flows from Operating Activities		
Net (Loss)/Income	$(33)	$57
Adjustments to reconcile net (loss)/income to net cash (used)/provided by operating activities:		
Depreciation and amortization	47	45
Amortization of out-of-market contracts and emission allowances	(21)	(21)
Changes in derivative instruments	4	160
Lower of cost or market inventory adjustment	2	—
Changes in other working capital	(9)	(17)
Net Cash (Used)/Provided by Operating Activities	(10)	224
Cash Flows from Investing Activities		
Capital expenditures	(30)	(40)
Net Cash Used by Investing Activities	(30)	(40)
Cash Flows from Financing Activities		
Payment for amounts due to GenOn Energy, Inc.	(125)	—
Payment for credit support	(130)	—
Payments for deferred financing costs	(1)	—
Net Cash Used by Financing Activities	(256)	—
Net (Decrease)/Increase in Cash and Cash Equivalents	(296)	184
Cash and Cash Equivalents at Beginning of Period	471	299
Cash and Cash Equivalents at End of Period	$175	$483

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)
GENON MID-ATLANTIC, LLC AND SUBSIDIARIES
COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

GenOn Energy, Inc., a wholly owned subsidiary of NRG, is a wholesale power generator engaged in the ownership and operation of power generation facilities, with 15,395 MW of net electric generating capacity located in the U.S. On January 1, 2017, GenOn Americas Generation deactivated Pittsburg which resulted in the decrease in operating generation capacity of 1,029 MW from December 31, 2016.

GenOn Americas Generation is a wholesale power generator with 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 15,395 MW of net electric generating capacity of GenOn.

GenOn Mid-Atlantic operates and owns or leases 4,605 MW of net electric generating capacity in Maryland near Washington, D.C. GenOn Mid-Atlantic’s electric generating capacity is part of the 6,878 MW of net electric generating capacity of GenOn Americas Generation. GenOn Mid-Atlantic’s generating stations serve the Eastern PJM markets.

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

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

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.

Liquidity and Ability to Continue as a Going Concern

As described above and in Note 3, Chapter 11 Cases, the GenOn Entities have submitted the Plan in connection with the Chapter 11 Cases. There is no assurance that such Plan will be approved by the requisite stakeholders, confirmed by the Bankruptcy Court, or successfully implemented thereafter. GenOn's and GenOn Americas Generation’s ability to continue as a going concern is dependent on many factors, including the successful confirmation of the Plan and 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.

The accompanying unaudited interim condensed consolidated financial statements have been prepared assuming GenOn 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 GenOn be unable to continue as a going concern. Such adjustments could have a material adverse impact on GenOn's results of operations, cash flows and financial position.

With respect to GenOn Mid-Atlantic, a consolidated subsidiary of GenOn, management has determined that while it has sufficient cash on hand to fund current obligations including operating lease payments due under the GenOn Mid-Atlantic operating leases as of September 30, 2017, the potential significant adverse impact of financial stresses at GenOn Mid-Atlantic's parent companies and any adverse impact resulting from the notification by GenOn Mid-Atlantic's owner lessors alleging the existence of certain lease events of default as further described in Note 8, Debt and Capital Leases, has caused there to be substantial doubt about GenOn Mid-Atlantic's ability to continue as a going concern.

Basis of Presentation

This is a combined quarterly report of the Registrants for the quarter ended September 30, 2017. 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' 2016 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 September 30, 2017, and the results of operations, comprehensive income/(loss) and cash flows for the three and nine months ended September 30, 2017 and 2016.

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, GenOn Americas Generation and GenOn Mid-Atlantic)
Other Balance Sheet Information (GenOn, GenOn Americas Generation, and GenOn Mid-Atlantic)
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 September 30, 2017 and December 31, 2016:

	Property, plant and equipment Accumulated depreciation		Intangible assets Accumulated amortization	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	(In millions)			
GenOn	$730	$ 604	$ 66	$ 87
GenOn Americas Generation	329	275	66	87
GenOn Mid-Atlantic	284	237	33	29

Recent Accounting Developments — Guidance Adopted in 2017 (GenOn, GenOn Americas Generation, and GenOn Mid-Atlantic)
ASU 2016-18 — In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash, or ASU No. 2016-18. The amendments of ASU No. 2016-18 require an entity to include amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of period and end of period total amounts on the statement of cash flows. For GenOn and GenOn Americas Generation, this includes amounts classified as funds deposited by counterparties. The amendments of ASU No. 2016-18 are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted and the adoption of ASU No. 2016-18 will be applied retrospectively. GenOn and GenOn Americas Generation adopted the guidance in ASU No. 2016-18 during the second quarter of 2017. In connection with the adoption of the standard, the Registrants have applied the guidance retrospectively which resulted in a decrease of the cash flows provided by operating activities of $41 million for the nine months ended September 30, 2016 for GenOn and GenOn Americas Generation. The adoption of ASU No. 2016-18 did not have an impact to GenOn Mid-Atlantic's statement of cash flows.

Recent Accounting Developments — Guidance Not Yet Adopted (GenOn, GenOn Americas Generation, and GenOn Mid-Atlantic)
ASU 2017-12 — In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities, or ASU No. 2017-12. The amendments of ASU No. 2017-12 were issued to simplify the application of hedge accounting guidance and more closely align financial reporting for hedging relationships with economic results of an entity's risk management activities. The issues addressed by ASU No. 2017-12 include but are not limited to alignment of risk management activities and financial reporting, risk component hedging, accounting for the hedged item in fair value hedges of interest rate risk, recognition and presentation of the effects of hedging instruments, amounts excluded from the assessment of hedge effectiveness, and other simplifications of hedge accounting guidance. The amendments of ASU No. 2017-12 are effective for fiscal years beginning after December 15, 2018, and interim periods therein. Early adoption is permitted in any interim period and the effect of the adoption should be reflected as of the beginning of the fiscal year of adoption. The Registrants do not expect the adoption of ASU No. 2017-12 will have a material impact on their consolidated results of operations, cash flows, and statement of financial position.
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 costs 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 costs is eligible for capitalization. The amendments of ASU No. 2017-07 are effective for fiscal years beginning after December 15, 2017, including interim periods therein. Early adoption is permitted and must be applied on a retrospective basis, except for the amendments regarding the capitalization of the service cost component, which must be applied prospectively. GenOn is currently assessing the impact that the adoption of ASU No. 2017-07 will have on its results of operations, cash flows, and statement of financial position.

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 expect to adopt the standard effective January 1, 2019 utilizing the required modified retrospective approach for the earliest period presented. The Registrants 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.

ASU 2014-09 — In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or Topic 606, which was further amended through various updates issued by the FASB thereafter. The amendments of Topic 606 completed the joint effort between the FASB and the IASB, to develop a common revenue standard for GAAP and IFRS, and to improve financial reporting. The guidance under Topic 606 provides that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services provided and establishes a five step model to be applied by an entity in evaluating its contracts with customers. The Registrants expect to adopt the standard effective January 1, 2018 and apply the guidance retrospectively to contracts at the date of adoption. The Registrants will recognize the cumulative effect of applying Topic 606 at the date of initial application, as prescribed under the modified retrospective transition method. The Registrants also expect to elect the practical expedient available under Topic 606 for measuring progress toward complete satisfaction of a performance obligation and for disclosure requirements of remaining performance obligations. The practical expedient allows an entity to recognize revenue in the amount to which the entity has the right to invoice such that the entity has a right to the consideration in an amount that corresponds directly with the value to the customer for performance completed to date by the entity. In 2016, the Registrants continued to assess the new standard with a focus on identifying the performance obligations included within its revenue arrangements with customers and evaluating the Registrants' methods of estimating the amount and timing of variable consideration. While the impact remains subject to continued review, the Registrants do not believe the adoption of Topic 606 will have a material impact on their financial statements.

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 the Amended Plan and Amended Disclosure Statement and Second Amended Plan and Second Amended Disclosure Statement, respectively, which primarily provided the GenOn Entities with the flexibility to complete sales of certain assets pursuant to the Amended Plan and removed the GenOn Entities' requirement to conduct a rights offering in connection with the GenOn Entities' exit financing.

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 have 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. The Consenting Holders' consent to the Extended Effective Dates is contingent upon entry of an order as described in the Consent Agreement.

In addition, the GenOn Entities announced that, over the course of the past several weeks, both the principals and advisors of NRG and GenOn have been engaged in lengthy in-person negotiations in an effort to settle certain items that remained open and unresolved after the pre-petition Restructuring Support Agreement negotiations. These arms-length discussions included key topics such as: (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. The agreements reached on these topics will be incorporated into definitive documents for GenOn's emergence from Chapter 11.

On October 30, 2017, the GenOn Entities filed the Plan Supplement Documents, consisting of, among other things, new organizational documents, new exit financing documents, a pension indemnity agreement, an employee matters agreement, schedules of assumed and rejected executory contracts and unexpired leases, and the Backstop Commitment Letter. The Plan Supplement Documents are subject to ongoing review, revision, and further negotiation by the parties to the Restructuring Support Agreement including the GenOn Debtors, Consenting Holders and NRG, who have various consent rights over the final form of the Plan Supplement Documents, and may be amended, modified, supplemented, and revised in accordance with those ongoing negotiations.

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. Completion of the agreed upon terms is contingent upon certain milestones in the Restructuring Support Agreement. Certain principal terms of the Restructuring Support Agreement are detailed below:

1) Full releases from GenOn and GenOn Americas Generation in favor of NRG, including either a full release or indemnification in favor of NRG for any claims relating to GenOn Mid-Atlantic or REMA and the dismissal of all litigation against NRG.
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 September 30, 2017, GenOn owed NRG approximately $125 million under the Intercompany Revolver. See Note 10, 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. 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 2017 pension contributions, for GenOn employees for service provided prior to the completion of the reorganization, which was paid in September 2017 and was reflected as a capital contribution to GenOn. GenOn's pension liability as of September 30, 2017 was approximately $106 million.
5) The shared services agreement between GenOn and NRG will be amended such that (i) GenOn will receive shared services from NRG at an annualized rate of $84 million during the pendency of the Chapter 11 Cases, (ii) if the settlement is approved by the bankruptcy court, GenOn will receive shared services from NRG at no charge for two months, and (iii) NRG will then provide an option for up to two, one-month extensions for shared services at an annualized rate of $84 million. See Note 10, Related Party Transactions, for further discussion of the shared services agreement.
6) GenOn will receive a credit of approximately $28 million from NRG to apply against amounts owed under the shared services agreement upon emergence from bankruptcy. 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 10, Related Party Transactions, for further discussion of the Intercompany Revolver and the letter of credit facility and Note 8, 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.

9) GenOn and NRG have agreed to cooperate in good faith to maximize the value of certain development projects.

In addition to the Restructuring Support Agreement, additional support and other agreements are being negotiated, including a transition services agreement.

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 settlement under the Plan.

The GenOn Entities have filed certain motions with the Bankruptcy Court that have been approved. 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 September 30, 2017, the Intercompany Revolver, GenOn Senior Notes, and GenOn Americas Generation Senior Notes totaled approximately $2.6 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 8, Debt and Capital Leases and Note 11, Commitments and Contingencies.

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. These fees, along with the $28 million that will be reimbursed by NRG, as further described in Note 10, Related Party Transactions, for total of $46 million, are reflected as financing costs in the statement of cash flows.

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 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 September 30, 2017. 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. The Backstop Fee is reflected as financing costs in the statement of cash flows.

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.

Based on the events leading up to the Chapter 11 Cases, including the most recent PJM auction results, the Registrants considered whether it was necessary to impair any of their long-lived assets and concluded that no impairment had occurred as of September 30, 2017.

Liabilities Subject to Compromise

GenOn's and GenOn Americas Generation's condensed consolidated balance sheets as of September 30, 2017 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 September 30, 2017	
	GenOn	GenOn Americas Generation
	(In millions)	
Accounts payable and accrued expenses	$46	$ 9
Long-term debt, including current portion	2,616	695
Accrued interest	56	10
Pension and post-retirement liabilities	131	—
Other	13	7
	$2,862	$ 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 $49 million and $18 million, respectively, for the period from June 14, 2017 through September 30, 2017.

Reorganization Items

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

	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	GenOn	GenOn Americas Generation	GenOn	GenOn Americas Generation
	(In millions)		(In millions)	
Legal and other professional advisory fees	$ (29)	$ —	$(55)	$ (1)
Write-off of debt premiums and credit reserves	—	—	103	43

$ (29)	$ —	$48	$ 42

During the nine months ended September 30, 2017, $32 million of cash payments were made by GenOn for reorganization items.

Note 4 — Dispositions (GenOn and GenOn Americas Generation)

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 certain emission credit allowances for proceeds of $18 million resulting in a gain on the sale of approximately $1 million.

2016 Dispositions

Potrero Disposition (GenOn and GenOn Americas Generation)

On September 26, 2016, NRG Potrero LLC, or Potrero, an indirect wholly owned subsidiary of GenOn Americas Generation, completed the sale of real property at the Potrero generating station located in San Francisco, CA to California Barrel Company, LLC for total consideration of $86 million comprised of $74 million of cash received, which is net of $8 million of closing costs and $4 million to be held in escrow in order to cover post-closing obligations. The sale resulted in a gain of approximately $74 million recognized within GenOn Americas Generation's consolidated results of operations during the third quarter of 2016.

Aurora Disposition (GenOn)

On May 12, 2016, GenOn entered into an agreement with RA Generation, LLC to sell the Aurora Generating Station, or Aurora, for cash consideration of $365 million, subject to adjustments for working capital and the results of the PJM 2019/2020 Base Residual Auction. Aurora is an 878 MW natural gas facility located in Aurora, Illinois. On July 12, 2016, GenOn completed the sale of Aurora for cash proceeds of $369 million, including $4 million in adjustments primarily for the PJM base residual auction results and estimated working capital, which is subject to further adjustment. The sale resulted in a gain of approximately $188 million recognized within GenOn's consolidated results of operations during the quarter ended September 30, 2016. In connection with the sale, GenOn issued a guaranty to RA Generation, LLC for the payment of certain indemnified costs related to any damages, losses, or other expenses arising out of misrepresentation or breach of warranties or covenants under the purchase agreement subject to a cap of $365 million, which is reduced to $183 million on January 1, 2018 and then to $91 million beginning January 1, 2019 and will terminate upon the third anniversary of the sale.

Seward Disposition (GenOn)

On November 24, 2015, GenOn entered into an agreement with Seward Generation, LLC and an affiliate of Robindale Energy Services, Inc. to sell the Seward Generating Station, a 525 MW coal-fired facility in Pennsylvania, for cash consideration of $75 million. On February 2, 2016, GenOn completed the sale of Seward and received gross cash proceeds of $75 million excluding $3 million of cash on hand transferred to the buyer. GenOn will also receive $5 million in deferred cash consideration in five $1 million annual installments, of which $1 million has been received as of September 30, 2017, and $2.5 million in payments contingent upon certain environmental requirements being imposed by August 2017, which has been collected in September 2017. In addition, Robindale committed to future inventory purchases from GenOn of $13 million through 2019.

Shelby Disposition (GenOn)

On November 9, 2015, GenOn entered into an agreement with an affiliate of Rockland Power Partners II, LP and Shelby County Energy Center, LLC to sell the Shelby Generating Station, a 352 MW natural gas-fired facility located in Illinois for cash consideration of $46 million. At December 31, 2015, GenOn had classified on its balance sheet the assets and liabilities of Shelby as held for sale. On March 1, 2016, GenOn completed the sale of Shelby for cash proceeds of $46 million which resulted in a gain of $29 million recognized within GenOn's consolidated results of operations during the first quarter of 2016. In addition, GenOn retained $10 million related to future revenue rights as part of the agreement, which has been collected as of September 30, 2017.

Note 5 — Fair Value of Financial Instruments (GenOn, GenOn Americas Generation and GenOn Mid-Atlantic)

This footnote should be read in conjunction with the complete description under Note 4, Fair Value of Financial Instruments, to the Registrants' 2016 Form 10-K.

For cash and cash equivalents, restricted cash, funds deposited by counterparties, accounts receivable, accounts payable, accrued liabilities, and cash collateral posted and received 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 and GenOn Americas Generation's long-term debt, including current portion, are classified as liabilities subject to compromise as of September 30, 2017.

The estimated carrying amount and fair value of GenOn's long-term debt, including current portion, was $2,752 million and $1,946 million as of December 31, 2016, respectively, of which $1,850 million and $96 million was classified as Level 2 and Level 3, respectively, within the fair value hierarchy. The carrying amount and fair value of long-term debt — affiliate is $125 million as of September 30, 2017 and is classified as Level 3 within the fair value hierarchy.

The estimated carrying amount and fair value of GenOn Americas Generation's long-term debt was $745 million and $570 million as of December 31, 2016, respectively, and is classified as Level 2 within the fair value hierarchy.

The fair value of long-term debt was estimated using reported market prices for instruments that are publicly traded and are classified as Level 2 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 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 September 30, 2017			
	Fair Value			
	Level 1 [(a)]	Level 2 [(a)]	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 56	$ —	$ 56
Derivative liabilities:				
Commodity contracts	$—	$ 36	$ 5	$ 41
Other assets [(b)]	$8	$ —	$ —	$ 8

(a) There were no transfers between Levels 1 and 2 during the three and nine months ended September 30, 2017.

(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, 2016			
	Fair Value			
	Level 1 [(a)]	Level 2 [(a)]	Level 3	Total
	(In millions)			
Derivative assets:				

Commodity contracts	$—	$122	$ 2	$124
Derivative liabilities:				
Commodity contracts	$—	$119	$ 3	$122
Other assets [(b)]	$10	$—	$ —	$10

(a) There were no transfers between Levels 1 and 2 during the year ended December 31, 2016.
(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 and nine months ended September 30, 2017 and 2016, 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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	Derivatives [a]		Derivatives [a]	
	(In millions)			
Beginning balance	$(2)	$(11)	$(1)	$(12)
Total (losses)/gains included in earnings — realized/unrealized	(1)	7	(2)	6
Purchases	(2)	(1)	(2)	1
Transfers out of Level 3 [b]	—	1	—	1
Ending balance	$(5)	$(4)	$(5)	$(4)
(Losses)/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 September 30	$(1)	$5	$(3)	$(3)

(a) Consists of derivative assets and liabilities, net.
(b) Transfers out of Level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period.

GenOn Americas Generation

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

	As of September 30, 2017			
	Fair Value			
	Level 1 [a]	Level 2 [a]	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 89	$ 5	$ 94
Derivative liabilities:				
Commodity contracts	$—	$ 88	$ 6	$ 94

(a) There were no transfers between Levels 1 and 2 during the three and nine months ended September 30, 2017.

	As of December 31, 2016			
	Fair Value			
	Level 1 [a]	Level 2 [a]	Level 3	Total
	(In millions)			

Derivative assets:				
Commodity contracts	$—	$209	$ 5	$214
Derivative liabilities:				
Commodity contracts	$—	$212	$ 5	$217

(a) There were no transfers between Levels 1 and 2 during the year ended December 31, 2016.

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The following table reconciles, for the three and nine months ended September 30, 2017 and 2016, 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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	Derivatives (a)		Derivatives (a)	
	(In millions)			
Beginning balance	$—	$ 1	$—	$ 1
Total losses included in earnings — realized/unrealized	(1)	—	(1)	(1)
Purchases	—	(1)	—	—
Transfers out of Level 3 (b)	—	1	—	1
Ending balance	$(1)	$ 1	$ (1)	$ 1
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of September 30	$(1)	$ —	$ (1)	$ —

(a) Consists of derivative assets and liabilities, net.
(b) Transfers out of Level 3 are related to the availability of external broker quotes and are valued as of the end of the reporting period.

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

	As of September 30, 2017			
	Fair Value			
	Level 1 (a)	Level 2 (a)	Level 3	Total
	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 12	$ —	$ 12
Derivative liabilities:				
Commodity contracts	$—	$ 13	$ 1	$ 14

(a) There were no transfers between Levels 1 and 2 during the three and nine months ended September 30, 2017.

	As of December 31, 2016			
	Fair Value			
	Level 1 (a)	Level 2 (a)	Level 3	Total

	(In millions)			
Derivative assets:				
Commodity contracts	$—	$ 47	$ 1	$ 48
Derivative liabilities:				
Commodity contracts	$—	$ 45	$ 1	$ 46

(a) There were no transfers between Levels 1 and 2 during the year ended December 31, 2016.

The following table reconciles, for the three and nine months ended September 30, 2017 and 2016, the beginning and ending balances for GenOn Mid-Atlantic's derivatives that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	Derivatives [(a)]		Derivatives [(a)]	
	(In millions)			
Beginning balance	$—	$ 1	$—	$ 2
Total losses included in earnings — realized/unrealized	(1)	—	(1)	(1)
Ending balance	$(1)	$ 1	$(1)	$ 1
Losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held as of September 30	$(1)	$ —	$(1)	$ —

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

Derivative Fair Value Measurements

A portion of the Registrants' contracts are exchange-traded contracts with readily available quoted market prices. A majority of the Registrants' contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. The remainder of the assets and liabilities 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 September 30, 2017, contracts valued with prices provided by models and other valuation techniques make up 0% of GenOn's derivative assets and 12% of GenOn's derivative liabilities, 5% of GenOn Americas Generation’s derivative assets and 6% of GenOn Americas Generation's derivative liabilities and 0% of GenOn Mid-Atlantic’s derivative assets and 7% of GenOn Mid-Atlantic's derivative liabilities.

The Registrants' significant positions classified as Level 3 include financial power and 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 power and 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 September 30, 2017 and December 31, 2016:

GenOn

Significant Unobservable Inputs								
September 30, 2017								
	Fair Value				Input/Range			
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average	
	(In millions)							
FTRs	$ —	$ 5	Discounted Cash Flow	Auction Prices (per MWh)	$ (3)	$ 1	$	—
	$ —	$ 5						

Significant Unobservable Inputs							
December 31, 2016							
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
Power Contracts	$ 1	$ —	Discounted Cash Flow	Forward Market Price (per MWh)	$ 29	$ 59	$ 43
Coal Contracts	—	1	Discounted Cash Flow	Forward Market Price (per ton)	42	51	45
FTRs	1	2	Discounted Cash Flow	Auction Prices (per MWh)	(2)	3	—
	$ 2	$ 3					

GenOn Americas Generation

Significant Unobservable Inputs							
September 30, 2017							
	Fair Value				Input/Range		
	Assets	Liabilities	Valuation Technique	Significant Unobservable Input	Low	High	Weighted Average
	(In millions)						
FTRs	$ 5	$ 6	Discounted Cash Flow				