GenOn Energy, Inc.
Form DEF 14A
March 21, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

GENON ENERGY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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3) Filing Party:

4) Date Filed:

Proxy Statement
and
Notice of 2011 Annual Meeting of Stockholders

March 21, 2011

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

You are invited to attend the 2011 Annual Meeting of Stockholders of GenOn Energy, Inc. on Wednesday, May 4, 2011, beginning at 8:00 a.m., Central Time, at our corporate headquarters at 1000 Main Street, Houston, Texas.

At the meeting, stockholders will be asked to:

1. Elect the ten directors nominated by our Nominating and Governance Committee to our Board of Directors to serve until the next annual meeting of stockholders;

2. Ratify the Audit Committee s selection of KPMG LLP as our independent auditors for fiscal year 2011;

3. Adopt an amendment to our Third Restated Certificate of Incorporation to help protect the tax benefits of our net operating losses;

4. Approve the stockholder rights plan, adopted by the Board on January 15, 2001, as amended November 23, 2010;

5. Consider an advisory vote on the compensation of our named executive officers;

6. Consider an advisory vote on the frequency of conducting future advisory votes on the compensation of our named executive officers;

7. Consider a stockholder proposal, if properly presented at the meeting, described in the proxy materials; and

8. Transact such other business that may properly come before the meeting.

This year we are furnishing proxy materials to our stockholders over the Internet. You may read, print and download our proxy statement and annual report at https://www.proxyvote.now/gen. On or about March 21, 2011, we mailed our stockholders a notice containing instructions on how to access our proxy materials and vote online. The notice also provides instructions on how you can request proxy materials to be sent to you by mail or email and how you can enroll to receive proxy materials by mail or email for future meetings.

Stockholders of record at the close of business on March 7, 2011 are entitled to vote. Each share entitles the holder to one vote. You may vote over the Internet by following the instructions provided on the notice or proxy card mailed to you or by telephone by following the instructions found on the Internet site provided on the notice or proxy card. You may also vote in person at the meeting or, if you request to receive proxy materials by mail or email, by completing and returning a proxy card. For specific voting information, see General Information beginning on page 1 of the enclosed proxy statement. **Please vote in advance of the meeting even if you plan to attend.**

Attendance is limited to stockholders of GenOn Energy, Inc., their proxy holders and our guests. Check-in will begin at 7:15 a.m. Stockholders holding stock in brokerage accounts must bring a brokerage statement or other evidence of share ownership as of March 7, 2011 in order to be admitted to the meeting.

Sincerely,

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

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GENON ENERGY, INC.
1000 Main Street
Houston, Texas 77002
(832) 357-3000

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 4, 2011. The proxy statement and annual report are available at https://www.proxyvotenow.com/gen

GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors of GenOn Energy, Inc. for the 2011 Annual Meeting of Stockholders (the Meeting) and for any adjournment or postponement of the Meeting. In this proxy statement, we, us, our and the Company refer to GenOn Energy, Inc. (formerly known as RRI Energy, Inc.). On December 3, 2010, RRI Energy Holdings, Inc., a wholly owned subsidiary of the Company, completed its merger (the Merger) with and into Mirant Corporation (Mirant), as a result of which Mirant (renamed GenOn Energy Holdings, Inc. on the closing date of the Merger) is now our wholly owned subsidiary. The Merger was effected pursuant to the Agreement and Plan of Merger by and among the Company, Mirant and RRI Energy Holdings, Inc. dated as of April 11, 2010.

We are making these proxy materials available to you on the Internet. On or about March 21, 2011, we mailed a notice to our stockholders containing instructions on how to access the proxy materials at https://www.proxyvote.now/gen and vote online. In addition, stockholders may request proxy materials to be sent to them by mail or email.

What is the purpose of the Meeting?

At the Meeting, stockholders will be asked to:

1. Elect the ten directors nominated by our Nominating and Governance Committee to our Board of Directors to serve until the next annual meeting of stockholders;

2. Ratify the Audit Committee s selection of KPMG LLP as our independent auditors for fiscal year 2011;

3. Adopt an amendment to our Third Restated Certificate of Incorporation to help protect the tax benefits of our net operating losses (the Protective Charter Amendment);

4. Approve the stockholder rights plan, adopted by the Board on January 15, 2001, as amended November 23, 2010 (the Stockholder Rights Plan);

5. Consider an advisory vote on the compensation of our named executive officers (the Say on Pay Proposal);

6. Consider an advisory vote on the frequency of conducting future advisory votes on the compensation of our named executive officers (the Say on Frequency Proposal);

7. Consider a stockholder proposal, if properly presented at the meeting, described in this proxy statement (the Stockholder Proposal); and

8. Transact such other business that may properly come before the meeting.

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Who is entitled to vote at the Meeting?

Only stockholders of record at the close of business on March 7, 2011, the record date for the Meeting, are entitled to receive notice of and participate in the Meeting. If you were a stockholder of record on that date, you are entitled to vote all of the shares you held on that date at the Meeting, or any postponements or adjournments of the Meeting.

If your shares are registered directly in your name, you are the holder of record of these shares and the notice was sent directly to you. If you hold your shares in a brokerage account or through a bank or other holder of record, you hold the shares in street name, and your broker, bank or other holder of record sent the voting instructions to you.

If you hold your shares indirectly in the GenOn Energy Savings Plan (formerly the RRI Energy, Inc. Savings Plan) or the GenOn Energy Union Savings Plan (formerly the RRI Energy, Inc. Union Savings Plan, and, together with the GenOn Energy Savings Plan, collectively, the GenOn Benefit Plans), you have the right to direct the trustees of the GenOn Benefit Plans (the Trustee) how to vote your shares as described in the voting materials sent to you by the Trustee.

How many votes do I have?

You have one vote for each share of our common stock you owned as of the record date for the Meeting.

How do I vote?

You may vote over the Internet by following the instructions provided on the notice or proxy card mailed to you or by telephone by following the instructions found on the Internet site provided on the notice or proxy card. You may also vote in person at the Meeting or, if you request (or have previously requested) proxy materials by mail or email, by completing and returning a proxy card.

If you hold your shares in street name, you have the right to direct your broker, bank or other holder of record how to vote by following the instructions sent to you by the holder of record. If you desire to vote in person at the Meeting, as a holder in street name, you must provide a legal proxy from your bank, broker or other holder of record.

If you hold your shares indirectly through the GenOn Benefit Plans, you have the right to direct the Trustee of the GenOn Benefit Plans how to vote your shares as described in the voting materials sent to you by the Trustee.

May I change my vote?

Yes, you may change your vote at any time prior to the vote tabulation at the Meeting by (a) voting in person at the Meeting, (b) casting a vote over the Internet or by telephone at a later date or (c) if your shares are registered in your name, sending a written notice of revocation to our Corporate Secretary by mail to GenOn Energy, Inc., P.O. Box 3795, Houston, Texas 77253 or by facsimile at (832) 357-0140. If you request proxy materials by mail or email, you may also change your vote by mailing a proxy card with a later date. If you recast your vote, only your later dated proxy (whether cast by Internet, telephone, mail or in person) will be counted.

What are the Board s recommendations?

The Board recommends a vote FOR proposals 1 5, for having an advisory vote on say on pay ONCE EVERY YEAR (proposal 6), and AGAINST the Stockholder Proposal (proposal 7). If any other matter properly comes before the

Meeting, Edward R. Muller and Mark M. Jacobs (the Proxy Holders) will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

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How many votes must be present to hold the Meeting?

We will have a quorum, and will be able to conduct the business of the Meeting, if the holders of a majority of shares of common stock outstanding and entitled to vote are represented in person or by proxy at the Meeting. As of the record date, 769,719,065 shares of common stock, representing the same number of votes, were outstanding. The presence of the holders of at least 384,859,534 shares of common stock will be required to establish a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the quorum. For more information regarding broker non-votes, see How are abstentions and broker non-votes treated?

What vote is required to approve each proposal?

Directors are elected if the votes cast for that nominee s election exceed the votes cast against that nominee s election. The affirmative vote of a majority of the shares of common stock represented at the Meeting and entitled to vote is required for: a) ratification of KPMG LLP s appointment, b) approval of the Stockholder Rights Plan, c) approval of the Say on Pay Proposal, and d) approval of the Stockholder Proposal. The adoption of the Protective Charter Amendment requires the affirmative vote of a majority of our outstanding shares of common stock. With respect to the Say on Frequency Proposal, the frequency (every one, two or three years) that receives the highest number of votes cast by stockholders on a plurality basis will be approved (i.e., the frequency with the most votes cast will be approved even if that frequency does not receive a majority of votes cast).

How are abstentions and broker non-votes treated?

If you *ABSTAIN* on voting for any nominee for director, your vote will not be counted as a vote cast and will have no effect on whether such nominee is elected. If you *ABSTAIN* on voting for a) ratification of KPMG LLP s appointment; b) adoption of the Protective Charter Amendment; c) approval of the Stockholder Rights Plan; d) advisory approval of the Say on Pay Proposal; or e) approval of the Stockholder Proposal, that will have the effect of a vote against each of those matters. If you *ABSTAIN* on voting for the Say on Frequency Proposal, your vote will not be counted as a vote cast and will have no effect on the proposal.

A broker non-vote occurs when the broker holding shares in street name is unable to vote on a proposal because the New York Stock Exchange (NYSE) rules prohibit a broker from voting on the matter without owner instructions. Relevant NYSE rules provide that a broker holding shares for an owner in street name may not vote for a non-routine proposal or a stockholder proposal that is opposed by management, without voting instructions, whereas a broker may vote on routine matters without owner instructions. The election of directors, the Protective Charter Amendment proposal, the Stockholder Rights Plan proposal, the Say on Pay Proposal, the Say on Frequency Proposal and the Stockholder Proposal are non-routine items. Except in the case of the Protective Charter Amendment, broker non-votes, if any, will not be counted as having been entitled to vote or as a vote cast and will have no effect on the outcome of the vote on these proposals. Broker non-votes will have the effect as a vote against the Protective Charter Amendment proposal. The ratification of the appointment of KPMG is a routine item.

What if I do not mark a voting choice for some of the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted FOR proposals 1 5, for having an advisory vote on say on pay ONCE EVERY YEAR and AGAINST proposal 7 (the Stockholder Proposal).

Can the shares that I hold in the GenOn Benefit Plans be voted if I do not return my instructions to the Trustee timely?

You must provide voting instructions to the Trustee for the shares you hold indirectly in the GenOn Benefit Plans by 11:59 p.m., Eastern Time, on May 1, 2011. If you do not timely provide voting instructions, then the Trustee will vote your shares in the same proportion as the shares for which timely instructions were received, unless to do so would be prohibited by law.

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Could other matters be decided at the Meeting?

We do not know of any matters that will be considered at the Meeting other than the proposals set forth in this proxy statement. If other matters are properly raised at the Meeting, your proxy authorizes the Proxy Holders to vote as they think best, unless authority to do so is withheld by you in your proxy.

What happens if the Meeting is postponed or adjourned?

If the Meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted at the Meeting.

CORPORATE GOVERNANCE

The following section summarizes information about our corporate governance practices, our Board and its committees and the director nomination process.

Corporate Governance Guidelines

We are committed to sound corporate governance principles. To evidence this commitment, the Board has adopted Corporate Governance Guidelines, which, along with the charters of the Board committees, our Code of Ethics and Business Conduct (the Code of Ethics) and our ethics and compliance program, provide the framework for our corporate governance. Complete copies of our Corporate Governance Guidelines, charters of the Board committees and our Code of Ethics are available on our website at www.genon.com/company/company-governance-ethics.aspx or in print to any stockholder who requests them from our Investor Relations department at 832-357-7000. The Board and management regularly review corporate governance developments and the Board modifies the charters and guidelines and management modifies the Code of Ethics and program as appropriate.

Ethics and Compliance

Our Code of Ethics, which applies to our directors, executives and employees, satisfies the U.S. Securities and Exchange Commission s (SEC) requirements for a code of ethics. The Code of Ethics prohibits our directors, executives and employees from having relationships or engaging in activities which might conflict with, or give the appearance of conflicting with, our interests or which might affect their independence or judgment.

Among other things, the Code of Ethics addresses conflicts of interest, gifts and entertainment, compliance with laws, rules and regulations (including insider trading, financial reporting and antitrust laws), safeguarding corporate resources, and maintaining appropriate government relations. The Code of Ethics also includes procedures to report possible violations of laws, regulations or the Code of Ethics. Reports may be made to an employee s supervisor, our Chief Compliance Officer, any member of the Ethics and Compliance, Legal Services or Human Resources groups, a Risk Area Officer or any other senior company official. Reports may also be made anonymously to the Chief Compliance Officer through a toll-free compliance hotline, a web address, or a mailing address administered by an independent third party. All reported violations are investigated promptly and, to the extent possible, treated confidentially. It is our policy that no individual will face discharge, demotion, suspension, threat, discrimination or any other form of retaliation for reporting a potential violation of the Code of Ethics in good faith, furnishing information or assisting or participating in any manner in an investigation, compliance review or other activity related to the administration of the Code of Ethics.

Our executives and employees are required to annually certify their compliance with the Code of Ethics. The Code of Ethics requires any exception to or waiver of the Code of Ethics for a director or executive be made only by the Board or an independent Board committee and disclosed on our website. To date, we have not received any requests for or granted any waivers of the Code of Ethics for any of our executives or directors. Our Chief Compliance Officer monitors compliance with the Code of Ethics and confirms that our

business practices are consistent with the Code of Ethics. Under our ethics and compliance program, our employees regularly participate in a series of ethics and compliance training courses that define problematic relationships and activities and promote understanding of conflicts of interests and our values. The Audit Committee provides oversight of the ethics and compliance program.

Stock Ownership Guidelines and Mandatory Holding Periods

To align our directors and executives with the interests of our stockholders, we have stock ownership guidelines for our directors and executives. In December 2010, the stock ownership levels in the guidelines were revised to be based on a multiple of annual base salary (in the case of executives) or annual cash retainer (in the case of non-management directors). All non-management directors have an ownership target level of ownership of Company common stock of three times such director s annual cash retainer. The target level of ownership of Company common stock for the following executives is the aggregate of such person s annual salary multiplied by the number in parenthesis following his or her position: Chief Executive Officer (5); President (4); Executive Vice Presidents (3); Senior Vice Presidents (2); and Vice Presidents (1). The target stock ownership levels are to be achieved by December 3, 2015 or within five years of first appointment to the Board or election as an executive, whichever is later.

Policy on Hedging Economic Risk of Securities Ownership

Because speculation in our securities based on fluctuations in the market may cause conflicts of interests with our stockholders, our Insider Trading Policy prohibits trading in options, warrants, puts and calls or similar instruments or derivatives related to our securities and it also prohibits selling our securities short, pledging our securities or holding our securities in margin accounts.

Board Size, Leadership Structure and Role in Risk Oversight

On December 3, 2010, in connection with the Merger, the authorized size of our Board was increased from five members to ten members and Messrs. Dallas, Johnson, Muller, Murray and Thacker, each a former member of the Mirant board of directors, were elected to our Board. The members of our Board prior to the Merger, Ms. Perez and Messrs. Barnett, Jacobs, Miller and Silverstein, have continued as directors. On December 3, 2010, in connection with the Merger, Steven L. Miller resigned as Chairman of the Board and was appointed Lead Director and Edward R. Muller was appointed Chairman of the Board. All members of our Board are non-management directors, except Edward R. Muller, who serves as our Chairman and Chief Executive Officer, and Mark Jacobs, who serves as our President and Chief Operating Officer.

The Board periodically reviews its leadership structure and recognizes that the Company s leadership requirements and Board composition may change over time. The Board thinks that the Company and its stockholders are well-served by the Board s current leadership structure. Having one person serve as both Chairman of the Board and Chief Executive Officer of the Company provides clear leadership for the Company, helps ensure accountability for the successes and failures of the Company, facilitates information flow between management and the Board, and fosters effective decision-making and alignment on corporate strategy. At the same time, having an independent Lead Director vested with key duties and responsibilities and four independent Board committees chaired by independent directors provides a formal structure for strong independent oversight of the Chairman and the rest of the Company s management team.

The Board oversees all areas of major risk exposure for the Company and is assisted in this role by the Risk and Finance Oversight Committee and the Audit Committee. The Risk and Finance Oversight Committee is provided with regular reports from management on our key business risks, and meets periodically with our Chief Risk Officer and management to discuss specific risks and assess the effectiveness of our risk management systems. The Audit Committee is regularly provided with accounting, auditing and other financial information and internal control and

ethics and compliance reports and meets periodically with our internal auditor, independent auditor, Chief Compliance Officer and management to discuss such information. See Summary of Committee Responsibilities.

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Director Independence

At least once a year, the Nominating and Governance Committee reviews all relationships each director has with us, including any charitable contributions we make to organizations where our directors serve as board members. The Nominating and Governance Committee reports the results of its review to the Board, which then determines which directors satisfy our independence standards. Rather than adopting categorical standards of independence, the Board assesses independence on a case-by-case basis, in each case consistent with the legal requirements described in our committee charters and the listing standards of the NYSE. These standards provide that a director cannot be independent unless the Board affirmatively determines that the director has no material relationship with us. In addition, a director is not independent if the director does not meet the objective tests described in the NYSE listing standards. Under the NYSE listing standards, Audit Committee members must also satisfy the SEC rule regarding independence.

The Board determined that Ms. Perez and Messrs. Barnett, Dallas, Johnson, Miller, Murray, Thacker and Silverstein are independent directors. Mr. Muller and Mr. Jacobs are not independent because of their employment with the Company. Each member of our Audit, Nominating and Governance and Compensation Committees is independent under the applicable rules and regulations of the SEC and the listing standards of the NYSE.

In making its determination with respect to Mr. Silverstein, the Board considered his membership on the advisory council of the Electric Power Research Institute (EPRI), a non-profit organization to which the Company provides funding for research projects. In determining that the relationship did not constitute a material relationship, the Board noted that Mr. Silverstein has no interest in the transactions between us and EPRI, he does not serve as an executive, director or employee of EPRI and he has no ownership interest in EPRI.

Under the terms of our Corporate Governance Guidelines, each of our independent directors is required to ensure that he or she does not have any relationships or engage in any activities that would result in the director not being independent. Prior to engaging in any material relationship or activity that could reasonably be expected to affect his or her independence, the director must consult with our General Counsel, who determines whether the relationship or activity is addressed and permitted by our independence standards. Our General Counsel refers the matter to the Board if the specific relationship or activity is not addressed by our independence standards. If our General Counsel or Board determines that the relationship or activity would jeopardize the director s independence, the director is not permitted to engage in the activity or relationship.

Related Person Transactions

We have adopted a written policy and procedures to assess relationships and transactions to which the Company and our directors and executives or their immediate family members are parties to determine if they have a direct or indirect material interest in the transaction. At the first scheduled Nominating and Governance Committee meeting each year, management identifies for the committee any related person transactions to be entered into for that calendar year, including the proposed aggregate value of such transactions. All related person transactions must be approved by the Nominating and Governance Committee and must be on terms comparable to those that could be obtained in arms-length dealings with an unrelated third party. There were no reportable transactions between the Company and related persons in 2010.

Meetings of Non-management Directors

To facilitate candid discussion among our non-management directors, our non-management directors meet at least quarterly in executive session. The agenda for each regularly scheduled Board meeting includes an executive session of non-management directors. The Lead Director presides over meetings of non-management directors and assists in the preparation of the agenda for each meeting.

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Director Attendance at Board Meetings and Annual Meetings

During 2010, the Board met 12 times and all directors attended 100% of the meetings which took place during their tenure on the Board. Although the Company has no formal policy regarding attendance by directors at the Company s annual meetings, all directors on that date attended the 2010 annual meeting and we expect that all directors will attend the 2011 Meeting.

Director Orientation and Continuing Education

We regularly provide updates to the Board on topics relevant to their responsibilities as directors and significant issues, trends and changes in corporate governance. Each director is also encouraged to attend external seminars addressing corporate governance each year. Any new directors will participate in an orientation program on the Company s capital structure and organization, business units, strategic plan, significant financial, accounting and risk management issues, governance policies, Code of Ethics and vision.

Limitation on Number of Public Company Board Memberships

To ensure that each director is able to devote sufficient time to performing his or her duties, our Corporate Governance Guidelines prohibit our directors from serving on the boards of more than three other public companies. In addition, the Board and the Nominating and Governance Committee take into account service on other boards as a factor in evaluating director performance and committee assignments. The Audit Committee s Charter prohibits committee members from serving on the audit committee of more than two other public companies.

Change in Directors Professional or Personal Circumstances

The Nominating and Governance Committee evaluates material changes in the personal or professional status of a director that could be expected to diminish the director s ability to effectively function as a member of the Board. In addition, as part of the annual director evaluation process, the Board considers changes in professional status and health, family, business or personal issues that may bear on effectiveness of Board service. Our Corporate Governance Guidelines require directors to submit a resignation letter if they have a substantial job change. The Board has discretion to accept or reject these resignation letters.

Board and Individual Director Evaluation Process

The Nominating and Governance Committee conducts an annual evaluation to determine whether the Board, its committees and its members are functioning effectively. The evaluation focuses on the Board s (and each Board committee s and member s) contribution as a whole to us and on areas that the Board, any Board committee, any individual director and/or management think can be improved. The Board, at its next regularly scheduled meeting, reviews the conclusions of the evaluation and any recommendations for action.

Succession Planning

Succession planning with respect to the position of Chief Executive Officer is reviewed and evaluated at the Board level. As part of this process, the non-management members of the Board generally evaluate at least annually potential successors to the Chief Executive Officer and executive management and review development plans for candidates, based upon reports and recommendations from the Chief Executive Officer. The Chief Executive Officer is responsible for development and succession of executive management, and the Chief Executive Officer and the

non-management directors are responsible for assuring such succession and development plans are in the best interests of the Company. We have also adopted a policy regarding succession in the event of an emergency involving or the unexpected resignation, retirement or incapacity of our Chief Executive Officer and Chairman of the Board.

In connection with the Merger, Mr. Muller entered into an employment agreement with us, effective as of the completion of the Merger, to serve as the Chief Executive Officer of the Company for a period of up to three years. The Board envisions that Mr. Jacobs will be appointed Chief Executive Officer of the Company

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on the third anniversary of the Merger and in any event not later than the tenth day following any earlier date as of which Mr. Muller ceases to serve as Chief Executive Officer.

Director Elections

Our bylaws provide that, to be elected, each nominee must receive more votes cast for his or her election than votes cast against his or her election. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard will be a plurality of votes cast. These bylaw provisions cannot be changed without stockholder approval.

In addition, our Corporate Governance Guidelines include a director resignation policy, which is summarized as follows:

- nominees must have submitted irrevocable, conditional resignations that become effective if that nominee is not elected by a majority of the votes cast in his or her election at the next annual meeting;

- the Nominating and Governance Committee makes a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken;

- the Board takes action with respect to the resignation within 90 days following the stockholders meeting and publicly discloses its decision and the rationale behind it; and

- if a majority of the members of the Board are not elected by the required vote, then an ad hoc Board committee consisting of the independent directors who were elected will perform the duties described above.

Committee Composition and Meetings

Each of our directors attended all of the meetings held by all Board committees on which they served in 2010, during the period in which they served on such Board committee. The members of the Committees of the Board were as follows:

Committee	**Committee Members (January 1, 2010-December 2, 2010)**	**Number of Meetings in 2010**	**Committee Members (December 3, 2010-present)**	**Number of Meetings in 2010**
Audit Committee	Evan J. Silverstein (Chairperson) E. William Barnett Laree E. Perez	7	Robert C. Murray (Chairperson) Terry G. Dallas Laree E. Perez Evan J. Silverstein William L. Thacker (Chairperson)	0
Compensation Committee	Steven L. Miller (Chairperson) Laree E. Perez Evan J. Silverstein	7	E. William Barnett Thomas H. Johnson Steven L. Miller	1
		4		0

Nominating and Governance Committee	E. William Barnett (Chairperson) Steven L. Miller Laree E. Perez Evan J. Silverstein		Steven L. Miller (Chairperson) E. William Barnett Robert C. Murray William L. Thacker	
Risk and Finance Oversight Committee	Evan J. Silverstein (Chairperson) E. William Barnett Laree E. Perez	6	Evan J. Silverstein (Chairperson) Terry G. Dallas Thomas H. Johnson Laree E. Perez	0

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Summary of Committee Responsibilities

All of our standing committees have charters, which are available at www.genon.com.

Audit Committee

The purposes of the Audit Committee are to assist Board oversight of:

- the quality and integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- our independent auditors qualifications, independence and performance; and
- the performance of our internal audit function.

The Board has determined that each of the current members of the Audit Committee is qualified as an audit committee financial expert under the SEC s rules and regulations and are independent audit committee members under the NYSE listing standards. In addition, the Board has determined that each member of the Audit Committee has the requisite accounting and related financial management expertise under the NYSE listing standards.

Compensation Committee

The purposes of the Compensation Committee are to:

- assist the Board in approving and overseeing the process and substance of the Company s compensation policy, including, but not limited to, compensation philosophy, amounts, plans, and policies and assessment of whether the Company s compensation structure establishes appropriate incentives for management and employees;
- assist the Board in approving and overseeing management development and annual evaluation of the CEO and senior executives; and
- carry out those duties delegated to it under the employee benefit plans for employees of the Company.

The Compensation Committee has discretion to establish and delegate some or all of its authority to subcommittees. During 2010, the Compensation Committee did not establish or utilize a subcommittee for considering or determining executive or director compensation, and it has no current plans to do so. For information regarding the Compensation Committee and its independent consultant s role in setting compensation, see Executive Compensation Compensation Discussion and Analysis and Director Compensation.

Nominating and Governance Committee

The purposes of the Nominating and Governance Committee are to:

- assist the Board in identifying qualified individuals to become Board members;

- recommend to the Board the selection of director nominees for election at the annual meeting of stockholders;
- make recommendations to the Board regarding the composition of the Board and its committees;
- assess director independence and Board effectiveness; and
- develop and implement the Company s Corporate Governance Guidelines.

In addition, the Nominating and Governance Committee reviews all relationships each director has with us and reports the results of its review to the Board.

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Risk and Finance Oversight Committee

The purposes of the Risk and Finance Oversight Committee are to assist Board oversight of:

the Company s financial and risk profile;

the Company s financial and risk management policies and activities (other than managing and assessing risks with respect to financial reporting and tax-related issues, which are the responsibility of the Audit Committee); and

the activities of the Chief Risk Officer.

In addition, the Risk and Finance Oversight Committee reviews our environmental, health and safety policies and initiatives with management at least annually.

Compensation Committee Interlocks and Insider Participation

Ms. Laree E. Perez and Messrs. Steven L. Miller (Chairperson) and Evan J. Silverstein served on the Company s Compensation Committee between January 1, 2010 and December 2, 2010. Between December 3, 2010 and December 31, 2010 Messrs. E. William Barnett, Thomas H. Johnson, Steven L. Miller and William L. Thacker (Chairperson) served on the Company s Compensation Committee. During 2010, all members of the Compensation Committee were independent directors and no member is or was an employee. During 2010, none of our executives served on a compensation committee (or equivalent) or a board of directors of another entity that had an executive serving on our Compensation Committee or Board.

Director Qualifications, Diversity and Nomination Process

From time to time, the Nominating and Governance Committee considers prospective nominees for Board membership suggested by Board members, management or stockholders. The Committee may also retain a third-party executive search firm to assist it in identifying prospective nominees.

Once the Nominating and Governance Committee has identified a prospective nominee, it decides whether to conduct a full evaluation of the candidate. This decision is based on information provided to the Committee with the recommendation of the candidate, the Committee s knowledge of the candidate and possible inquiries to the person making the recommendation or others. The Committee s primary considerations are the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the candidate can satisfy the evaluation factors described below. As stated in the Corporate Governance Guidelines, the Committee also considers the diversity of and the optimal mix of talent and experience on the Board. This may include professional experience and industry background, the need for expertise in particular areas, geographic location, the balance of management and independent directors, gender, race, age and other factors as the Committee deems relevant.

The Committee next evaluates the candidate s standards and qualifications, including the candidate s experience, independence, knowledge, commitment to our values, skills, expertise, independence of mind, integrity, service on the boards of other public companies, openness, ability to work as part of a team, willingness to commit the required time and familiarity with our business. Following an evaluation and interviews, the Committee makes a recommendation to the Board regarding the candidate. After considering the recommendation, the Board determines whether or not to extend an offer to the candidate for Board membership.

Submission of Stockholder Director Recommendations

A stockholder who wishes to recommend an individual to serve on the Board should notify us at GenOn Energy, Inc., P.O. Box 3795, Houston, Texas 77253. The notice should be addressed to the attention of the Corporate Secretary or the Chairman of the Nominating and Governance Committee in care of the Corporate Secretary. The notice should include whatever supporting material the stockholder considers appropriate. The Nominating and Governance Committee will also consider whether to nominate any person nominated by a

stockholder pursuant to the provisions of our bylaws relating to stockholder nominations as described in Dates for Submission of Stockholder Proposals & Nominations for 2012 Annual Meeting below.

Stockholder Communications to the Board

Stockholders and other parties interested in communicating directly with the Lead Director, the Chairman of the Board, the non-management directors as a group or the Board may do so by writing in care of the Corporate Secretary at P.O. Box 3795, Houston, Texas 77253. Instructions on how to communicate with the Board are also available on our website at www.genon.com.

Additionally, under the terms of our Code of Ethics, anyone desiring to raise a complaint or concern directly with the Audit Committee has the ability to do so by contacting EthicsPoint, Inc., a third-party vendor, at the following mailing address, web address or toll free number:

GenOn Energy, Inc. Audit Committee
c/o EthicsPoint, Inc.
P.O. Box 230369
Portland, OR 97281-0369
Attention: Audit Committee
www.guideline.lrn.com
Toll Free Number: (866) 693-8442

Such complaints and concerns will be forwarded directly to the Chairman of the Audit Committee.

The Nominating and Governance Committee has approved a process for handling correspondence received by us and addressed to non-management members of the Board. Our Corporate Secretary reviews all correspondence that, in his opinion, deals with the functions of the Board or otherwise requires their attention. The Corporate Secretary has the discretion not to forward unsolicited marketing materials, mass mailings, unsolicited publications, surveys and questionnaires, resumes and other forms of job inquiries and requests for business contacts or referrals. In addition, the Corporate Secretary may, in his discretion, handle any director communication that is an ordinary course of business matter, including routine questions, complaints, comments and related communications that can appropriately be handled by management. However, directors may at any time request copies of all correspondence that is addressed to members of the Board. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal audit department or Chief Compliance Officer and handled in accordance with our Code of Ethics.

PROPOSALS TO BE VOTED ON BY STOCKHOLDERS

PROPOSAL ONE
ELECTION OF DIRECTORS

RECOMMENDATION: OUR BOARD RECOMMENDS A VOTE *FOR* EACH OF THE NOMINEES LISTED ABOVE

The first proposal to be voted on at the Meeting is the election of ten directors for a term of office expiring at our 2012 annual meeting. The Board, based on recommendations from the Nominating and Governance Committee, nominated and recommends each of the ten directors named below. Each of the directors named below has exhibited a commitment to our values, integrity, independence of mind, openness, the ability to work as part of a team, a willingness to commit their time and familiarity with our business. In addition, prior to the Merger, half of the directors served as directors of Mirant and half of the directors served as directors of RRI Energy. It is because of these qualifications, as well as the skills, expertise, professional experiences and industry background noted below that we think each of these directors should serve on our Board.

We have no reason to think that any of the nominees will be unavailable for election. If any nominee becomes unavailable for election, the Board can name a substitute nominee and proxies will be voted for the substitute nominee, unless discretionary authority has been withheld.

*E. William Barnett, Age 78** *Director since October 2002*

Mr. Barnett is a member of the Board of Directors of Enterprise Products GP, LLC, the general partner of Enterprise Products Partners L.P., and is a member of its Audit, Conflicts and Governance Committee. Mr. Barnett also serves on the Board of Directors of Westlake Chemical Corporation and is Chairman of its Nominating and Governance Committee and a member of its Audit Committee. Mr. Barnett retired from the law firm Baker Botts LLP in December 1997 where he served as its managing partner for 14 years. From 1996 to 2005, he served as Chairman of the Board of Trustees of Rice University. In 2005, Mr. Barnett was honored as Director of the Year by the National Association of Corporate Directors. Through his extensive managerial experience and experience with legal and corporate governance matters, we think Mr. Barnett has strong qualifications relevant to service on our Board.

*Terry G. Dallas, Age 61** *Director since December 2010*

Mr. Dallas served as a member of the Board of Directors of Mirant from 2006 until the completion of the Merger, when he joined the Company s Board. Mr. Dallas was also the former Executive Vice President and Chief Financial Officer (2000-2005) of Unocal Corporation, an oil and gas exploration and production company prior to its merger with Chevron Corporation. Prior to that, Mr. Dallas held various executive finance positions in his 21-year career with Atlantic Richfield Corporation, an oil and gas company with major operations in the United States, Latin America, Asia, Europe and the Middle East. He is an audit committee financial expert. Mr. Dallas experience as Chief Financial Officer of a petroleum company provides the Board a perspective of someone with direct responsibility for financial and accounting issues as well as an understanding of issues involving fossil fuels.

*Mark M. Jacobs, Age 49** *Director since May 2007*

Mr. Jacobs is the President and Chief Operating Officer of the Company. Prior to completion of the Merger, he served as our President and Chief Executive Officer from May 2007 until December 3, 2010. He served as our Executive Vice President and Chief Financial Officer from July 2002 to May 2007. Prior to joining the Company, Mr. Jacobs was a managing director with Goldman, Sachs and Co. and had a long-standing advisory relationship with us, serving in both the Mergers and Acquisitions and Energy and Power groups. He has played a major role in key initiatives during his tenure with the Company and with Goldman. Because of this experience and his role as our Chief Operating Officer, and his envisioned future appointment to the role of Chief Executive Officer (as discussed above in Succession Planning) we think Mr. Jacobs continued membership is important to our Board.

*Thomas H. Johnson, Age 61** *Director since December 2010*

Mr. Johnson served as a member of the Board of Directors of Mirant from 2006 until the completion of the Merger, when he joined the Company s Board. Mr. Johnson is the President and Managing Partner (2005 Present) of THJ Investments, LP, a private investment entity, and Chief Executive Officer (2009 Present) of The Taffrail Group, LLC, a private strategic advisory firm. He was formerly the Chairman (2000-2005) and President and Chief Executive Officer (1997-2005) of Chesapeake Corporation, a specialty packaging manufacturer; and the President and Chief Executive Officer (1989-1997) of Riverwood International Corporation, an integrated forest products company. He is also a director of Coca-Cola Enterprises Inc, Universal Corporation and ModusLink Global Solutions, Inc. and was formerly a director of Superior Essex Inc. Mr. Johnson s more than 15 years of experience as a chief executive of several large corporations and extensive service on the boards of leading multinational corporations provides the Board a valuable perspective on governance best practices and executive leadership. Mr. Johnson s service on the boards of other large public companies, including such companies audit, nominating and governance, and compensation committees, provides our Board with financial, operational and strategic expertise.

*Steven L. Miller, Age 65** *Director since August 2003*

Mr. Miller serves as our Lead Director. Prior to the Merger, Mr. Miller served as our Chairman of the Board. Mr. Miller has served as Chairman and President of SLM Discovery Ventures, Inc., a company pursuing commercial ventures in support of volunteerism, social outreach and higher education academic achievement, since September 2002. He retired as Chairman, President and Chief Executive Officer of Shell Oil Company in September 2002, following a long career at Shell beginning in 1967 that involved extensive experience in plant operations, trading and commodities, marketing and regulatory activities. Mr. Miller also served as a director of Applied Materials, Inc. from 1999 through 2005 and chaired their Compensation Committee from 2003 to 2005. Mr. Miller s extensive industry experience and leadership skills lead us to think that he should serve as our director.

*Edward R. Muller, Age 58** *Director since December 2010*

Mr. Muller is the Company s Chairman and Chief Executive Officer. Prior to the Merger, Mr. Muller served as the Chairman, President and Chief Executive Officer of Mirant (2005-2010). He is the former President and Chief Executive Officer (1993-2000) of Edison Mission Energy, a California-based independent power producer. Mr. Muller is also a director of Transocean Ltd. and was previously a director of GlobalSantaFe Corporation prior to its merger with Transocean Ltd. Mr. Muller s experience as a chief executive provides him with deep knowledge of the challenges and opportunities faced by a larger company. With over 19 years of energy industry experience, Mr. Muller is very qualified to lead our management team and provide essential insight and guidance to our Board.

*Robert. C. Murray, Age 65** *Director since December 2010*

Mr. Murray served as a member of the Board of Directors of Mirant from 2006 until the completion of the Merger, when he joined the Company s Board. Mr. Murray is a retired executive who most recently served as the former Chairman (2002-2004) and Interim Chief Executive Officer (2002-2003) of Pantellos Corporation, an e-commerce procurement marketplace for the utility industry, and former Chief Financial Officer (1992-2001) of Public Service Enterprise Group, an energy and energy services company. Mr. Murray also served as a Managing Director of Morgan Stanley & Co., Inc (1987-1991). He is an audit committee financial expert. Mr. Murray s extensive leadership and financial experience, as a chief financial officer and an investment banker in the energy and energy services industries,

provides the Board with insight into the challenges facing energy companies.

*Laree E. Perez, Age 57** *Director since April 2002*

Ms. Perez has served as an independent financial consultant with The Medallion Company, LLC, an investment advisory/consultation and professional money management company, since September 2002. Ms. Perez also serves on the Board of Directors of Martin Marietta Materials, Inc., a leading producer of construction aggregates, including those used for emission controls. She serves as Chair of its Finance

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Committee and a member of its Audit Committee and its Ethics, Environment, Safety and Health Committee. She is an audit committee financial expert. These experiences lead us to think that Ms. Perez is well-qualified to serve on our Board.

*Evan J. Silverstein, Age 56** *Director since August 2006*

Mr. Silverstein served as General Partner and Portfolio Manager of SILCAP LLC, a market-neutral hedge fund that principally invests in utilities and energy companies, from January 1993 until his retirement in December 2005. Previously, he served as portfolio manager specializing in utilities and energy companies and as senior equity utility analyst. Mr. Silverstein has given numerous speeches and has testified before Congress on a variety of energy-related issues. He is an audit committee financial expert. These experiences, Mr. Silverstein s extensive industry knowledge and his success as the head of a major investment fund in the utility and merchant power sector lead us to think that he brings an important perspective to our Board.

*William L. Thacker, Age 65** *Director since December 2010*

Mr. Thacker served as a member of the Board of Directors of Mirant from 2006 until the completion of the Merger, when he joined the Company s Board. Mr. Thacker is the former President, Chief Executive Officer, Chairman and Advisor to the President and Chief Executive Officer (1992-2002) of Texas Eastern Products Pipeline Company, LLC, owner and operator of petroleum product pipelines in the United States. He is also Chairman of the Board and a director of Copano Energy, LLC, a director of Kayne Anderson Energy Development Co. and The Kayne Anderson Midstream Energy Fund and was formerly a director of Pacific Energy Management, LLC. Mr. Thacker s experience as a chief executive of a petroleum product pipeline company provides our Board with insight into the unique concerns of an energy company. His experience serving on the boards of other energy companies brings operational and corporate governance expertise to the Board.

* As of March 21, 2011.

PROPOSAL TWO
RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

RECOMMENDATION: THE BOARD AND THE AUDIT COMMITTEE RECOMMEND A VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS INDEPENDENT AUDITORS

The Audit Committee annually reviews the qualifications, performance and independence of our independent auditors in accordance with regulatory requirements and guidelines and evaluates whether to change our independent auditors. Based on this review, the Audit Committee decided to appoint KPMG LLP as our independent auditors to conduct our audit for 2011.

Although stockholder ratification is not required for the appointment of KPMG LLP, the Board and the Audit Committee have determined that it is a good corporate governance practice. Ratification requires the affirmative vote of a majority of the shares entitled to vote on the matter and represented in person or by proxy at the Meeting. If our stockholders do not ratify the appointment, the Audit Committee may reconsider the appointment. However, even if the appointment is ratified, the Audit Committee, in its discretion, may select different independent auditors if it subsequently determines that such a change would be in the best interest of us and our stockholders.

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PROPOSALS THREE AND FOUR
THE PROTECTIVE CHARTER AMENDMENT AND THE STOCKHOLDER RIGHTS PLAN

BACKGROUND

General

Under the Internal Revenue Code of 1986, as amended (IRC), companies can, under certain circumstances, offset taxable income with net operating loss carry forwards and other tax attributes (NOLs) from losses that they incurred in previous years. Section 382 of the IRC, however, limits the amount of NOLs that can be used in any one year following an ownership change, as defined under Section 382. In general, an ownership change occurs when the amount of stock owned (or deemed to be owned under Section 382) by large stockholders increases by more than 50 percentage points over the amount of stock owned by such stockholders during the prior three year period or since the date of the most recent previous ownership change. Large stockholders are generally individuals or entities, or groups thereof, that own at least 5% of outstanding stock, as determined under Section 382. See Section 382 Ownership Calculations below.

Historically, both RRI Energy and Mirant have had NOLs that, subject to the provisions of the IRC, could be used to offset taxable income. One of our key business objectives is to maximize the use of the NOLs. To the extent that we are able to avoid annual use limitations, the NOLs may be used in part or in full to offset our taxable income in any taxable year up to the date of their expiration. However, if we experience an ownership change with respect to this portion of the NOLs prior to their expiration, an annual use limitation will apply to any remaining unused part of this portion of the NOLs subsequent to such change. Such annual use limitation could materially restrict the amount of these NOLs that can be used to offset our taxable income and may result in our paying greater amounts of federal income tax than we would have if no such change had taken place. To the extent that we are unable to offset taxable income with NOLs, we would have less cash available for other corporate purposes.

Following completion of the Merger between Mirant and RRI Energy, the companies became members of the same consolidated federal income tax group. Pursuant to the limitation contained in Section 382, our ability to offset Mirant s pre-Merger NOLs against the post-merger taxable income of the consolidated group will be substantially limited as a result of the ownership change of Mirant that occurred in connection with the Merger. In the case of RRI Energy s pre-Merger NOLs, however, we have determined that, based on guidance received from the Internal Revenue Service (IRS), because of the overlapping stock ownership of Mirant and RRI Energy at the time of the Merger, RRI Energy did not experience an ownership change in connection with the Merger. Accordingly, RRI Energy s pre-Merger NOLs may be available to GenOn Energy in the future. At December 31, 2010, these pre-Merger RRI Energy NOLs were approximately $1.3 billion.

Calculating whether an ownership change has occurred is subject to inherent uncertainty. This uncertainty results from the complexity and ambiguity of the Section 382 provisions, as well as the limited knowledge and timeliness of the information that a publicly traded company can have about the ownership of and transactions in its securities. We and our advisors have analyzed the information available, along with various scenarios of possible future changes of ownership. In light of this analysis, we concluded that we are subject to the risk that future transactions involving our stock could result in an ownership change that would subject those RRI Energy NOLs to significant limitations. See Section 382 Ownership Calculations below.

Because the amount and timing of our future taxable income, if any, cannot be accurately predicted, we cannot estimate the exact amount of NOLs that we would ultimately be able to use to reduce our income tax liability.

Nevertheless, we believe that our NOLs are a very valuable asset and our Board believes it is in our best interests to take measures to preserve them. Our Board believes that the most effective way to preserve the benefit of our NOLs is to adopt both the Protective Charter Amendment and the Stockholder Rights Plan. The Protective Charter Amendment, which is designed to block transfers of our common stock that could result in an ownership change, is described below under Proposal Three, and its full terms can be found in the accompanying Annex A. The Stockholder Rights Plan, which is designed to deter transfers of our common

stock that could result in an ownership change, is described below under Proposal Four, and its full terms can be found in the accompanying Annex B.

The Board unanimously approved both measures, but the Protective Charter Amendment requires stockholder adoption to be put into effect, and the Stockholder Rights Plan requires stockholder approval to remain effective after the Meeting. Before voting on the proposals, the Board urges stockholders to carefully read (i) each proposal, (ii) the full terms of both the Protective Charter Amendment and the Stockholder Rights Plan and (iii) the matters discussed below under the heading Certain Considerations Related to the Protective Charter Amendment and the Stockholder Rights Plan.

Stockholders should be aware that neither measure offers a complete solution and an ownership change may occur even if the Protective Charter Amendment is adopted and the Stockholder Rights Plan is approved. There are potential limitations on the enforceability of the Protective Charter Amendment against stockholders who do not vote to adopt it that may allow an ownership change to occur, and the Stockholder Rights Plan may deter, but ultimately cannot block, transfers of our common stock that might result in an ownership change. See Certain Considerations Related to the Protective Charter Amendment and the Stockholder Rights Plan below. The potential limitations of these measures are described in more detail below. Because of their individual limitations, the Board believes that both measures are needed and that they will serve as important tools to help prevent an ownership change that could substantially reduce or eliminate the significant long-term potential benefits of our NOLs. Accordingly, the Board strongly recommends that stockholders adopt the Protective Charter Amendment and approve the Stockholder Rights Plan.

Section 382 Ownership Calculations

As discussed above, an ownership change can occur through one or more acquisitions or dispositions (including normal market trading) if the result of such acquisitions is that the percentage of our outstanding stock held by stockholders or groups of stockholders owning at least 5% our stock, as determined under Section 382 of the IRC, is more than 50 percentage points higher than the lowest percentage of our outstanding stock owned by such stockholders or groups within the prior three-year period. The amount of the change in the percentage of stock ownership (measured as a percentage of the value of our outstanding shares rather than voting power) of each stockholder is computed separately, and each such increase is then added together with any other such increases to determine whether an ownership change has occurred.

For example, if a single investor acquired 50.1% of our stock in a three-year period, an ownership change would be deemed to occur. Similarly, if ten unrelated persons, none of whom owned our stock, each acquired slightly over 5% of our stock within a three-year period (so that such persons owned, in the aggregate, more than 50%), an ownership change would be deemed to occur.

In determining whether an ownership change has occurred, the rules of Section 382 of the IRC are very complex, and are beyond the scope of this summary discussion. Some of the factors that must be considered in making a Section 382 ownership change calculation include the following:

All holders who each own less than 5% of a company s stock are generally treated as a single public group. Transactions in the public markets among stockholders who are not 5% stockholders are generally excluded from the calculation.

There are several rules regarding the aggregation and segregation of stockholders who otherwise do not qualify as 5% stockholders. Ownership of stock is generally attributed to its ultimate economic beneficial owner without regard to ownership by nominees, trusts, corporations, partnerships or other entities.

The redemption or buyback of shares by an issuer may increase the ownership of any 5% stockholders (including groups of stockholders who are not themselves 5% stockholders) and can contribute to an ownership change. In addition, it is possible that a redemption or buyback of shares could cause a holder of less than 5% to become a 5% stockholder, resulting in a 5 percentage point (or more) change in ownership.

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The determination of a particular stockholder s ownership level may be affected by certain constructive ownership rules, which generally attribute ownership of stock by estates, trusts, corporation, partnerships or other entities to the ultimate indirect individual owner of the shares, or to related individuals.

A stockholder s acquisition of a very small number of shares can cause such holder to become a 5% stockholder and result in a 5 percentage point (or more) ownership shift.

PROPOSAL THREE

RECOMMENDATION: OUR BOARD RECOMMENDS THAT YOU VOTE *FOR* ADOPTION OF THE PROTECTIVE CHARTER AMENDMENT

For the reasons discussed above under Background, the Board recommends that stockholders adopt the Protective Charter Amendment. The Protective Charter Amendment is designed to prevent certain transfers of our common stock that could result in an ownership change under Section 382 of the IRC and, therefore, significantly inhibit our ability to use our NOLs to reduce our future income tax liability. The Board believes it is in our and our stockholders best interests to adopt the Protective Charter Amendment to help avoid this result.

The purpose of the Protective Charter Amendment is to assist us in protecting long-term value to the Company of its accumulated NOLs by limiting direct or indirect transfers of our common stock that could affect the percentage of stock that is treated as being owned by a holder of 4.99% of our stock. In addition, the Protective Charter Amendment includes a mechanism to block the impact of such transfers while allowing purchasers to receive their money back from prohibited purchases. In order to implement these transfer restrictions, the Protective Charter Amendment must be adopted. The Board has adopted resolutions approving and declaring the advisability of amending the Third Restated Certificate of Incorporation as described below and as provided in the accompanying Annex A, subject to stockholder adoption.

Description of Protective Charter Amendment

The following description of the Protective Charter Amendment is qualified in its entirety by reference to the full text of the Protective Charter Amendment, which is contained in a proposed new Article Twelve of our Third Restated Certificate of Incorporation and can be found in the accompanying Annex A. **Please read the Protective Charter Amendment in its entirety as the discussion below is only a summary**.

Restricted Transfers. The Protective Charter Amendment generally will restrict any direct or indirect transfer (such as transfers of our stock that result from the transfer of interests in other entities that own our stock) if the effect would be to:

increase the direct or indirect ownership of our stock by any Person (as defined below) from less than 4.99% to 4.99% or more of our common stock, as determined under Section 382 of the IRC; or

increase the percentage of our common stock owned directly or indirectly by a Person owning or deemed to own 4.99% or more of our common stock, as determined under Section 382 of the IRC.

Person means any individual, firm, corporation or other legal entity, including persons treated as an entity pursuant to Treasury Regulation § 1.382-3(a)(1)(i), and includes any successor (by merger or otherwise) of such entity.

Restricted transfers include sales to Persons whose resulting percentage ownership (direct or indirect) of our common stock would exceed the 4.99% thresholds discussed above, or to Persons whose direct or indirect ownership of our common stock would by attribution cause another Person to exceed such threshold. Complicated common stock ownership rules prescribed by the IRC (and regulations promulgated thereunder) will apply in determining whether a Person is a 4.99% stockholder under the Protective Charter Amendment. A transfer from one member of a public group (as determined under Section 382) to another member of the same public group does not increase the percentage of our common stock owned directly or indirectly by the

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public group and, therefore, such transfers are not restricted. For purposes of determining the existence and identity of, and the amount of our common stock owned by, any stockholder, we will be entitled to rely on the existence or absence of certain public securities filings as of any date, subject to our actual knowledge of the ownership of our common stock. The Protective Charter Amendment includes the right to require a proposed transferee, as a condition to registration of a transfer of our common stock, to provide all information reasonably requested regarding such person s direct and indirect ownership of our common stock.

These transfer restrictions may result in the delay or refusal of certain requested transfers of our common stock, or prohibit ownership (thus requiring dispositions of any prohibited acquisitions) of our common stock because of a change in the relationship between two or more persons or entities or to a transfer of an interest in an entity other than us that, directly or indirectly, owns our common stock. The transfer restrictions will also apply to proscribe the creation or transfer of certain options (which are broadly defined by Section 382 of the IRC) with respect to our common stock to the extent that, in certain circumstances, the creation, transfer or exercise of the option would result in a proscribed level of ownership.

Consequences of Restricted Transfers. Upon adoption of the Protective Charter Amendment, any direct or indirect transfer attempted in violation of the Protective Charter Amendment would be void as of the date of the restricted transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of our common stock would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as the owner of the shares owned in violation of the Protective Charter Amendment for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such common stock, or in the case of options, receiving our common stock in respect of their exercise. In this proxy statement, our common stock purportedly acquired in violation of the Protective Charter Amendment is referred to as excess stock.

In addition to a restricted transfer being void as of the date it is attempted, upon demand, the purported transferee must transfer the excess stock to our agent along with any dividends or other distributions paid with respect to such excess stock. Our agent is required to sell such excess stock in an arm s-length transaction (or series of transactions) that would not constitute a violation under the Protective Charter Amendment. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by our agent, after deduction of all costs incurred by the agent, will be distributed first to the purported transferee in an amount, if any, up to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the restricted transfer) incurred by the purported transferee to acquire such excess stock, and the balance of the proceeds, if any, will be distributed to a charitable beneficiary. If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to our agent, except to the extent we grant written permission to the purported transferee to retain an amount not to exceed the amount such person otherwise would have been entitled to retain had our agent sold such shares.

To the extent permitted by law, any stockholder who knowingly violates the Protective Charter Amendment will be liable for any and all damages we suffer as a result of such violation, including damages resulting from any limitation in our ability to use our NOLs and any professional fees incurred in connection with addressing such violation.

With respect to any restricted transfer that does not involve a transfer of our securities within the meaning of the Delaware General Corporation Law but that does involve a transfer for purposes of Section 382 of the IRC, such as an indirect transfer of our securities, the following procedure will apply in lieu of those described above: In such case, such stockholder and/or any person whose ownership of our securities is attributed to such stockholder will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such holder not to be in violation of the Protective Charter Amendment, and such securities will be treated as excess stock to be disposed of through the agent under the provisions summarized above, with the maximum amount payable

to such stockholder or such other person that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the restricted transfer.

Public Groups. In order to facilitate sales by stockholders into the market, the Protective Charter Amendment permits otherwise restricted transfers of our common stock where the transferee is a public group. These permitted transfers include transfers to new public groups that would be created by the transfer and would be treated as a 4.99% stockholder.

Waiver. In addition, the Board will have the discretion to approve a transfer of our common stock that would otherwise violate the transfer restrictions if it determines that the transfer is in our and our stockholders best interests. If the Board decides to permit such a transfer, that transfer or later transfers may result in an ownership change that could limit our use of our NOLs. The Board may request relevant information from the acquirer and/or selling party in order to determine compliance with the Protective Charter Amendment or the status of our federal income tax benefits, including an opinion of counsel selected by the Board (the cost of which will be borne by the transferor and/or the transferee) that the transfer will not result in a limitation on the use of the NOLs under Section 382 of the IRC. If the Board decides to grant a waiver, it may impose conditions on the acquirer or selling party.

Implementation and Expiration of the Protective Charter Amendment

If our stockholders adopt the Protective Charter Amendment, we intend to promptly file the Protective Charter Amendment with the Secretary of State of the State of Delaware, whereupon the Protective Charter Amendment will become effective. We intend to immediately thereafter enforce the restrictions in the Protective Charter Amendment to preserve our NOLs. We also intend to disclose such restrictions to persons holding our common stock in uncertificated form, and will include a legend reflecting the transfer restrictions included in the Protective Charter Amendment on any newly issued or transferred certificated shares. We also intend to disclose such restrictions to the public generally.

The Protective Charter Amendment would expire on the earliest of (i) the close of business on May 3, 2014, (ii) the date on which the Board determines that the Protective Charter Amendment is no longer necessary or desirable for the preservation of our NOLs or other tax benefits because of the repeal of Section 382 of the IRC or any successor statute, (iii) the date on which the Board determines that none of our NOLs or other tax benefits may be carried forward, and (iv) such date as the Board otherwise determines that the Protective Charter Amendment is no longer necessary or desirable.

PROPOSAL FOUR

RECOMMENDATION: OUR BOARD RECOMMENDS THAT YOU VOTE *FOR* APPROVAL OF THE STOCKHOLDER RIGHTS PLAN

On November 23, 2010, the Company entered into an amendment to the Rights Agreement, dated as of January 15, 2001, among RRI Energy and JPMorgan Chase Bank, N.A., successor to The Chase Manhattan Bank and resigning as rights agent pursuant to the amendment, and Computershare Trust Company, N.A., as successor rights agent (as amended, the Stockholder Rights Plan). The amendment to the Stockholder Rights Plan was approved in an effort to preserve certain of our NOLs from the substantial limitations contained in Section 382 of the IRC. Subject to certain limited exceptions, the Stockholder Rights Plan is designed to deter any person from buying our common stock (or any interest in our common stock) if the acquisition would result in a stockholder or several stockholders acting in concert owning 4.99% or more of our then-outstanding common stock. If not approved by our stockholders, the rights issued under the Stockholder Rights Plan will expire on the Meeting date.

The Stockholder Rights Plan is intended to protect stockholder value by attempting to preserve our ability to use our NOLs to offset our future income tax liability. Because of the limitations of the Protective Charter Amendment in preventing transfers of our common stock that may result in an ownership change, as further described above under

Proposal Three, the Board believes that continuation of the Stockholder Rights Plan is in our and our stockholders best interests.

Description of Stockholder Rights Plan

The following description of the Stockholder Rights Plan is qualified in its entirety by reference to the text of the Stockholder Rights Plan, which is attached to this proxy statement as Annex B. All capitalized terms not otherwise defined herein have a definition set forth in the Stockholders Rights Plan. **We urge you to read carefully the Stockholder Rights Plan in its entirety as the following discussion is only a summary of its material terms.**

The Rights; Exercisability. Since January 15, 2001, each then outstanding share of common stock of the Company and each subsequently issued share of common stock of the Company, has entitled the holder of such common stock to the right, at any time after a Distribution Date, to purchase, for an exercise price of $150, one one-thousandth of a share of Series A Preferred Stock of the Company upon the terms and subject to the conditions set forth in the Stockholder Rights Plan.

A Distribution Date will occur, subject to certain exceptions, on the earlier of: (i) ten days following a public announcement that a Person or group of Affiliated or Associated persons, who we refer to collectively as an Acquiring Person, has acquired, or obtained the right to acquire, beneficial ownership of 4.99% or more of the outstanding shares of our common stock; or (ii) ten business days following the start of a tender offer or exchange offer that would result in a Person becoming an Acquiring Person.

If a Distribution Date occurs, the Rights Agent will mail certificates representing the rights to holders of record of common stock as of the close of business on the Distribution Date, which shall reflect the exercise price relevant to the rights. From that date on, only separate rights certificates will represent the rights.

Definition of Acquiring Person and Beneficial Owner. Under the Stockholder Rights Plan, an Acquiring Person means any Person who or which is the Beneficial Owner of 4.99% or more of the common stock of the Company then outstanding, subject to certain exceptions. Beneficial Ownership under the Stockholder Rights Plan is determined by the definition of that term under Section 382 of the IRC, which differs from the definition of that term under the federal securities laws. As used in the Rights Agreement, certain institutional holders, such as mutual fund companies that hold common stock of the Company on behalf of several individual mutual funds where no single fund owns 4.99% or more of our common stock, are not covered by the definition of Beneficial Owners.

Inadvertent acquisitions of our common stock will not result in a Person becoming an Acquiring Person, provided that the acquisition does not result in the loss or impairment of Tax Benefits and the Person promptly divests itself of sufficient common stock. Further, a Person will not be an Acquiring Person as a result of a transaction for which it obtained the prior written approval of the Company, or if the Board determines, in light of the intent and purposes of the Stockholder Rights Plan or other circumstances facing the Company, that such Person should not be deemed to be an Acquiring Person.

Triggering Events.

Flip-In Event; Exchange of Rights. A flip-in event will occur when a person becomes an Acquiring Person other than pursuant to a Permitted Offer. A Permitted Offer is a tender or exchange offer for all outstanding shares of our common stock at a price and on terms that a majority of the independent directors of our Board determines to be fair to and otherwise in our best interests and the best interest of our stockholders. If a flip-in event occurs, each right, other than any right beneficially owned by an Acquiring Person, will become exercisable. On exercise of the right, in lieu of shares of Class A Preferred Stock, the holder of each exercised right will receive the number of shares of our common stock arrived at by dividing the exercise price by 50% of the Current Market Price per share of common

stock.

As an alternative, at any time after the occurrence of a flip-in event and prior to a person s becoming the Beneficial Owner of 50% or more of our outstanding common stock or the occurrence of a flip-over event, the Board may, at its option, exchange all or part of the then outstanding rights, other than any right beneficially owned by an Acquiring Person, in whole or in part, at an exchange ratio of one share of our common stock, and/or other equity securities deemed to have the same value as one share of our common stock, per right, subject to adjustment from time to time as provided in the Stockholder Rights Plan. If a person becomes an

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Acquiring Person, such person may experience substantial dilution to its holdings through the exercise of rights by the holders of rights or the exchange, if elected by the Board, of rights for common stock.

Flip-Over Event. A flip-over event will occur when, at any time from and after the time a person becomes an Acquiring Person: (i) we are acquired or we acquire another person in a merger or other business combination transaction, other than specified mergers that follow a Permitted Offer; or (ii) 50% or more of our assets, cash flow or earning power is sold, leased or transferred. If a flip-over event that is not in connection with a Permitted Offer occurs, each holder of a right, other than any right beneficially owned by an Acquiring Person, will thereafter have the right to receive on exercise of the right, in lieu of shares of Series A Preferred Stock or common stock of the Company, a number of shares of common stock of the acquiring company arrived at by dividing the exercise price by 50% of the Current Market Price per share of common stock of the acquiring party.

When a flip-in event or a flip-over event occurs, all rights that then are, or, under the circumstances the Stockholder Rights Plan specifies previously were, beneficially owned by an Acquiring Person will become null and void in the circumstances the Stockholder Rights Plan specifies.

Anti-Dilution Provisions. The number of rights associated with a share of outstanding common stock, the number of fractional shares of Series A preferred stock issuable upon exercise of a right and the exercise price of the right are subject to adjustment in the event of a stock dividend on, or a subdivision, combination or reclassification of, our common stock occurring prior to the Distribution Date. The exercise price of the rights and the number of fractional shares of Series A preferred stock or other securities or property issuable on exercise of the rights are subject to adjustment from time to time to prevent dilution in the event of certain specified transactions affecting the Series A preferred stock. With some exceptions, we will not be required to adjust the exercise price of the rights until cumulative adjustments amount to at least 1% of the exercise price.

Redemption of Rights. At any time prior to the time a person becomes an Acquiring Person, we may redeem the rights in whole, but not in part, at the Redemption Price (which is currently $.005 per right and subject to adjustment), payable, at our option, in cash, shares of common stock or such other consideration as our Board may determine. Upon such redemption, the rights will terminate and the only right of the holders of rights will be to receive the Redemption Price.

Substitution. If we have an insufficient number of authorized but unissued shares of common stock available to permit an exercise or exchange of rights upon the occurrence of a flip-in event, we may substitute other specified types of property for common stock so long as the total value received by the holder of the rights is equivalent to the value of the common stock that the stockholder would otherwise have received. We may substitute cash, property, equity securities or debt, reduce the exercise price of the rights or use any combination of the foregoing.

No Rights as a Stockholder; Taxes. Until a right is exercised, a holder of rights will have no rights to vote or receive dividends or any other rights as a stockholder of our common stock. Stockholders may, depending upon the circumstances, recognize taxable income in the event that the rights become exercisable for our common stock, or other consideration, or for the common stock of an acquiring company or are exchanged as described above.

Amendment of Terms of Rights. Our Board may amend any of the provisions of the Stockholder Rights Plan, other than certain specified provisions relating to the principal economic terms of the rights and the expiration date of the rights, at any time prior to the time a person becomes an Acquiring Person. Thereafter, our Board may only amend the Stockholder Rights Plan in order to cure any ambiguity, defect or inconsistency or to make changes that do not materially and adversely affect the interests of holders of the rights, excluding the interests of any Acquiring Person.

Expiration of the Rights. The rights will expire on the earliest of: (i) the close of business on November 23, 2013, (ii) the adjournment of the Meeting, if the stockholders have not approved the Stockholder Rights Plan, (iii) the repeal of Section 382 of the IRC or any successor statute if the Board determines that the Stockholder Rights Plan is no longer necessary for the preservation of NOLs or other tax benefits, (iv) the date on which the Board determines that no NOLs or other tax benefits may be carried

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forward, and (v) the time at which the rights are redeemed or exchanged by the Company, or expire following certain transactions with persons who have acquired our common stock pursuant to a Permitted Offer.

CERTAIN CONSIDERATIONS RELATED TO THE PROTECTIVE CHARTER AMENDMENT AND THE STOCKHOLDER RIGHTS PLAN

The Board believes that attempting to protect the tax benefits of our NOLs as described above under Background to Proposals Three and Four is in our and our stockholders best interests; however, we cannot eliminate the possibility that an ownership change will occur even if the Protective Charter Amendment is adopted and the Stockholder Rights Plan is approved. Please consider the items discussed below in voting on Proposals Three and Four.

The IRS could challenge the amount of our NOLs or claim we have already experienced an ownership change, which could reduce the amount of our NOLs that we can use or eliminate our ability to use them altogether.

The IRS has not audited or otherwise validated the amount of our NOLs. The IRS could challenge the amount of our NOLs, which could limit our ability to use our NOLs to offset our future income tax liability. In addition, the complexity of Section 382 s provisions and the limited knowledge any public company has about the ownership of its publicly traded stock make it difficult to determine whether an ownership change has occurred. Therefore, we cannot assure you that the IRS will not claim that we have already experienced an ownership change and attempt to reduce or eliminate the benefit of our NOLs even if the Protective Charter Amendment and the Stockholder Rights Plan are in place.

Continued Risk of Ownership Change

Although the Protective Charter Amendment and the Stockholder Rights Plan are intended to reduce the likelihood of an ownership change, we cannot assure you that they would prevent all transfers of our common stock that could result in such an ownership change. In particular, absent a court determination, we cannot assure you that the Protective Charter Amendment s restrictions on acquisition of our common stock will be enforceable against all our stockholders, and they may be subject to challenge on equitable grounds.

In addition, neither the Protective Charter Amendment nor the Stockholder Rights Plan would protect our NOLs from an ownership change that may have occurred prior to their respective dates of implementation and which we are not aware.

Potential Effects on Liquidity

The Protective Charter Amendment will restrict a stockholder s ability to acquire, directly or indirectly, additional shares of our common stock in excess of the specified limitations for up to three years from the date of adoption of the Protective Charter Amendment. Furthermore, a stockholder s ability to dispose of our common stock may be limited by reducing the class of potential acquirers for such common stock. In addition, a stockholder s ownership of our common stock may become subject to the restrictions of the Protective Charter Amendment upon actions taken by persons related to, or affiliated with, them. Stockholders are advised to carefully monitor their ownership of our stock and consult their own legal advisors and/or us to determine whether their ownership of our stock approaches the restricted levels.

Potential Impact on Value

If the Protective Charter Amendment is adopted, the Board intends to disclose such restrictions to persons holding our common stock in uncertificated form and to include a legend reflecting the transfer restrictions on certificates

representing newly issued or transferred shares. We also intend to disclose such restrictions to the public generally. Because certain buyers, including persons who wish to acquire more than 4.99% of our common stock and certain institutional holders who may not be comfortable holding our common stock with restrictive legends, may not be able to purchase our common stock, the Protective Charter Amendment could

depress the value of our common stock. The Stockholder Rights Plan could have a similar effect if investors object to holding our common stock subject to the terms of the Stockholder Rights Plan.

Anti-Takeover Impact

The reason the Board adopted the Protective Charter Amendment and the Stockholder Rights Plan is to preserve the long-term value of our NOLs. Each of these measures, however, could be perceived to have an anti-takeover effect because, among other things, they will affect the ability of a person, entity or group to accumulate more than 4.99% of our common stock without the approval of the Board. Accordingly, if Proposals 3 and/or 4 are approved, the overall effect may be to render more difficult, or discourage, a merger, tender offer, proxy contest or assumption of control by a substantial holder of our securities. The Protective Charter Amendment and the Stockholder Rights Plan proposals are not part of a plan by us to adopt a series of anti-takeover measures, and we are not presently aware of any potential takeover transaction.

Effect of the Protective Charter Amendment on your ability to transfer our common stock

If you already own more than 4.99% of our common stock, you would be able to transfer shares of our common stock only if the transfer does not increase the percentage of stock ownership of another holder of 4.99% or more of our common stock or create a new holder of 4.99% or more of our common stock. You will also be able to transfer your shares of our common stock through open-market sales to a public group, including a new public group. Shares acquired in any such transaction will be subject to the Protective Charter Amendment s transfer restrictions.

If you own less than 4.99% of our common stock you can transfer your shares to a purchaser who, after the sale, also would own less than 4.99% of our common stock.

Effect of the Protective Charter Amendment under Delaware Law

Delaware law provides that transfer restrictions of the Protective Charter Amendment will be effective as to (i) shares issued prior to the adoption of the restrictions if holders of the shares voted in favor of the restriction and (ii) shares held by purported transferees of such shares if (A) the transfer restrictions are conspicuously noted on the certificate(s) representing such shares or (B) the transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). We intend to cause shares of our common stock issued after the effectiveness of the Protective Charter Amendment to be issued with the relevant transfer restrictions conspicuously noted on the certificate(s) representing such shares, and therefore under Delaware law such newly issued shares will be subject to the transfer restrictions in the Protective Charter Amendment. We also intend to disclose such restrictions to persons holding our common stock in uncertificated form. For the purpose of determining whether a stockholder is subject to the Protective Charter Amendment, we intend to take the position that all shares issued prior to the effectiveness of the Protective Charter Amendment that are proposed to be transferred were voted in favor of the Protective Charter Amendment, unless the contrary is established. We may also assert that a stockholder has waived the right to challenge or otherwise cannot challenge the enforceability of the Protective Charter Amendment, unless such stockholder establishes that it did not vote in favor of the Protective Charter Amendment. Nonetheless, a court could find that the Protective Charter Amendment is unenforceable, either in general or as applied to a particular stockholder or fact situation.

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PROPOSAL FIVE
ADVISORY (NON-BINDING) VOTE APPROVING COMPENSATION OF NAMED EXECUTIVE OFFICERS

RECOMMENDATION: THE BOARD RECOMMENDS A VOTE *FOR* THE SAY ON PAY PROPOSAL

The SEC recently adopted rules to implement the provisions of Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted in July 2010 (the Dodd-Frank Act), and entitles the stockholders of the Company to an advisory vote on the compensation of the Company s named executive officers, as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables contained in this proxy statement. Our executive compensation program is designed to prudently use our resources while meeting the following objectives:

Securing Talent: attract and retain the talent that we feel is required to successfully execute our business strategy;

Alignment: align the interests of our executives with the interests of our stockholders; and

Pay for Performance: provide a strong incentive to our executives to achieve their potential and our goals and long-term success; and reinforce expectations of leadership and achievement, consistent with our values and our mission to create value for our owners through the generation and marketing of electricity in a safe, reliable and environmentally responsible manner.

The Compensation Committee regularly reviews the compensation program for our named executive officers and believes that the program is well tailored to achieve these objectives. Recent examples of actions related to executive compensation include:

Securing Talent:

Given the unusual circumstances in 2009, including the review of strategic alternatives, the sale of our retail business and the volatility and decline in our stock price, the Compensation Committee opted in 2009 to focus the long-term incentive awards on retention and include only time-based award vehicles, rather than performance-based award vehicles.

In 2010, the Compensation Committee adopted updated stock ownership guidelines based on a multiple of each executive s annual base salary.

In 2010, the Compensation Committee reviewed change in control triggering events and, based on that review, Mr. Jacobs agreed that acceptance of his ongoing position with the Company upon completion of the merger would not constitute a triggering event under his change in control agreement.

Alignment:

In 2009, following the sale of our retail business, the Compensation Committee re-evaluated the Company s peer companies to ensure appropriate alignment with the nature of our business.

In 2010, in connection with the merger, the Compensation Committee amended the terms of RRI Energy s stock options so that they would vest and remain outstanding rather than settle in cash upon completion of the merger. Similarly, the Compensation Committee amended the terms of some of RRI Energy s restricted stock units so that they would settle in stock rather than in cash upon completion of the merger.

In 2010, golden parachute tax gross ups for Messrs. Muller, Jacobs and Jines were eliminated.

Effective January 1, 2011, the Compensation Committee eliminated the financial planning and estate planning perquisite previously available to executives.

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Pay for Performance:

- The Compensation Committee made no increases in 2009 base pay in light of the Company s performance in 2008 being below expectations, the economic climate and trends relative to base pay.
- In 2009, the Compensation Committee, in its discretion, elected not to approve 2008 annual incentive award payouts for the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer, even though the applicable performance metrics were satisfied.
- Following the sale of the Company s retail business in 2009, the Compensation Committee approved revised annual incentive award metrics that emphasized performance, efficiency and effectiveness, the factors that we believe are important in driving our success and that we can control despite the cyclical nature of our business and the economy.
- Following entry into the merger agreement in 2010, the Compensation Committee added to the performance, efficiency and effectiveness metrics an annual incentive award metric related to the timely consummation of the merger.
- In early 2010, the Compensation Committee approved a return to a long-term incentive award structure that included a performance-based award vehicle that paid out based on the level of our three-year average total stockholder return relative to the composite average of our peer group.

Please read the Executive Compensation Compensation Discussion and Analysis section of this proxy statement and the accompanying Summary Compensation Table and related footnotes for additional details about our executive compensation program, including information about the 2010 compensation of our named executive officers and anticipated changes to the 2011 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal gives our stockholders the opportunity to express their views on our named executive officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our stockholders to vote *FOR* the following resolution at the Meeting:

RESOLVED, that the stockholders of GenOn Energy, Inc. approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company s proxy statement for the 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2010 Summary Compensation Table and the other related tables and disclosures.

This vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. The vote will not be construed to create or imply any change to the fiduciary duties of Board, or to create or imply any additional fiduciary duties for the Board. However, our Board and our Compensation Committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions.

PROPOSAL SIX
ADVISORY (NON-BINDING) VOTE DETERMINING THE FREQUENCY OF ADVISORY VOTES ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

RECOMMENDATION: THE BOARD RECOMMENDS A VOTE FOR HAVING AN ADVISORY VOTE ON SAY ON PAY *ONCE EVERY YEAR*

The new proxy disclosure rules adopted by the SEC to implement the Dodd-Frank Act enables our stockholders to indicate how frequently we should seek an advisory vote on the compensation of our named executive officers. By voting on this Proposal Six, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every year, two years, or three years.

Our Board has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for GenOn, and therefore our Board recommends that you vote for a one-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board considered that an annual advisory vote on executive compensation will allow our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years or three years or you may abstain from voting when you vote in response to the resolution set forth below.

RESOLVED, that the stockholders of GenOn Energy, Inc. determine, on an advisory basis, that the frequency with which the stockholders of the Company shall have an advisory vote on the compensation of the Company s named executive officers set forth in the Company s proxy statement is:

Choice 1 every year;
Choice 2 every two years;
Choice 3 every three years; or
Choice 4 abstain from voting.

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, because this vote is advisory and not binding on the Board or the Company, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

PROPOSAL SEVEN
STOCKHOLDER PROPOSAL

RECOMMENDATION: THE BOARD RECOMMENDS THAT YOU VOTE *AGAINST* THE STOCKHOLDER PROPOSAL FOR THE REASONS STATED BELOW UNDER THE BOARD S STATEMENT IN OPPOSITION OF THE PROPOSAL

We expect the following proposal to be presented by the Office of the Comptroller of New York City at the Meeting. Following SEC rules, we are reprinting the proposal and supporting statement as they were submitted to us. We take no responsibility for them. On written request to the Corporate Secretary at the address listed under the Dates for Submission of Stockholder Proposals & Nominations for 2012 Annual Meeting section of this proxy statement or oral request to the Corporate Secretary, we will provide the New York City Comptroller s address and number of shares it beneficially owns.

STOCKHOLDER PROPOSAL

GHG GOALS

WHEREAS:

In October 2006, a report authored by former chief economist of the World Bank, Sir Nicolas Stern, estimated that climate change will cost between 5% and 20% of global domestic product if greenhouse gas (GHG) emissions are not reduced, and that GHG s can be reduced at a cost of approximately 1% of global GDP per year.

In October 2009, a National Academy of Sciences report stated that the burning of coal to generate electricity in the U.S. causes about $62 billion a year in hidden costs for environmental damage, not including the costs for damage associated with GHG emissions. According to the U.S. EPA, monetized costs and benefits of complying with the Clean Air Act and its amendments total over $700 billion and $23 trillion, respectively.

The electric generating industry accounts for more carbon dioxide emissions than any other sector, including the transportation and industrial sectors. U.S. fossil fueled power plants account for nearly 40% of domestic and 10% of global carbon dioxide emissions.

In spring 2010 the Environmental Protection Agency took steps to implement Clean Air Act requirements for large new or modified stationary sources, including power plants, to obtain permits that include greenhouse-gas emission limitations. These requirements are scheduled to take effect in the first half of 2011.

In July 2010, the EPA issued its draft Transport Rule and is expected to issue its Air Toxics Rule in March of 2011. These rules will set significantly more stringent limits on emissions of sulfur dioxide, nitrogen oxide, mercury and acid gases from power plants. Bernstein Research estimates that by 2015, when both rules take effect, 15% of coal fired power plants will be unable to meet these regulations and will be retired, and numerous others will require substantial investments to achieve compliance.

Many utilities, including Xcel Energy, Calpine Corporation, and Progress Energy are planning to replace some of their coal-fired power plants, having determined that alternative such as natural gas, efficiency and renewable energy are more cost-effective than retrofitting the coal plants to comply with anticipated standards.

The Tennessee Valley Authority (TVA) has announced plans to, over the next five years, idle 1000 MW of coal generating capacity and add 1000 MW of gas and 1140 MW of nuclear generating capacity along with 1900 MW of energy efficiency and distributed renewable resources.

Some of RRI Energy, Inc. s electric industry peers that have set absolute GHG emissions reduction targets include American Electric Power, Entergy, Duke Energy, Exelon, National Grid and Consolidated Edison. Others have set GHG intensity targets, including CMS Energy, PSEG, NiSource and Pinnacle West.

RESOLVED:

Shareholders request that the Company adopt quantitative goals for the reduction of greenhouse gas and other air emissions in anticipation of emerging EPA regulations; and that the Company report to shareholders by September 30, 2011, on its plans to achieve this goal, including plans to retrofit or retire its existing coal plants. Such a report may omit proprietary information and be prepared at reasonable cost.

BOARD S STATEMENT IN OPPOSITION OF THE STOCKHOLDER PROPOSAL

The Board recommends a vote AGAINST this Proposal Seven. The stockholders are correct that we are in the midst of regulatory and legislative developments with respect to the emerging area of climate change and various air emissions. The substantial uncertainties as to what the Congress, the U.S. Environmental Protection Agency (EPA), the state and local jurisdictions and the courts will require is why we need to maintain flexibility with respect to our strategies. Until we know what the substantive and procedural requirements are, when these requirements will take effect, and how the market will react to the requirements, it would be premature and unwise to adopt quantitative goals for the reduction of greenhouse gas or carbon dioxide (GHG) or other air emissions. Any commitments made by the Company regarding such goals would likely result in the Company making imprudent decisions that would be unnecessary or wasteful should EPA adopt requirements that are either *more* or *less* stringent than anticipated. We refer to our most recently filed Annual Report on Form 10-K and our other SEC filings for a discussion of existing and proposed environmental regulation of our business and our efforts to reduce the environmental impact of our operations.

Pending Regulations. There are several regulatory efforts at different stages in the regulatory and judicial processes that, if finalized, would impose additional regulation on our air emissions, water use and discharge and ash handling. With respect to GHG, and as noted in the stockholder s proposal, current EPA regulations require industry participants to consider, on a case-by-case basis, best achievable control technology for GHG emissions in connection with the construction of new power generating facilities or significant modifications of existing facilities. It should be noted that these regulations, which are subject to pending legal challenge in the U.S. federal court of appeals, do not impose any requirements on existing facilities that are not significantly modified. In addition, the EPA has recently announced that it intends to propose new source performance standards (for new and existing electrical generating units) with respect to

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GHG emissions in 2011 and to finalize such regulations by 2012. The ultimate implementation, and timing, of these regulations will be determined by the ability of the EPA to maintain its announced schedule for publishing these regulations, the impact of any superseding legislative activity and the impact of any judicial challenges to the regulation.

The cumulative effect on our business of these unresolved regulatory efforts is uncertain. The content and timing of any final regulations will have important impacts on wholesale power prices and emission allowance prices, as well as the cost of controls. As an operator of capital intensive infrastructure in competitive markets, it would be imprudent to assume particular regulatory outcomes. With greater regulatory clarity, we may choose to retire certain of our units rather than install additional controls. Implementation of a GHG cap-and-trade program in addition to other emission control requirements could increase the likelihood of coal-fired generating facility retirements.

Environmental Responsibility. One of our principal responsibilities is to provide reliable and competitive electricity. In doing so, we recognize the importance of minimizing environmental impact. For example, we:

- expect to invest, including amounts already invested to date, $1.674 billion on emissions reduction controls to comply with the Maryland Healthy Air Act, including controls, completed in 2009, capable of reducing emissions of SO_2, NO_x and mercury by approximately 98%, 90% and 80%, respectively, for three of our largest coal-fired units in Maryland;

- completed the installation of scrubbers at our Keystone and Cheswick coal-fired units for an investment of $418 million; these controls are capable of reducing emissions of SO_2 and mercury by approximately 98% and 80%, respectively at these significant coal-fired units; these units had previously been retrofitted with selective catalytic reduction emission controls to reduce NO_x emissions;

- participate in the Regional Greenhouse Gas Initiative, a multi-state effort in the Northeast and the Mid-Atlantic, which calls for the stabilization of GHG emissions at current levels from 2009 through 2014, followed by a 2.5% reduction each year from 2015 through 2018; and

- recently announced our Marsh Landing Project in California, which will consist of new, efficient peaking units designed in part to dovetail with the episodic nature of producing electricity with renewables. After the Marsh Landing facility is complete, we expect to retire (subject to any regulatory approvals) the Contra Costa generation facility adjacent to the Marsh Landing facility.

Although there is no existing, cost-effective technology to reduce emissions of GHG from generation facilities fueled by coal, oil or gas,we are exploring ways to mitigate emissions by, among other things, maintaining the efficiency of our plants, recycling operational byproducts like gypsum and ash and seeking offsets. We think that we have taken a reasonable and practical approach to manage GHG and other air emissions and have estimated and disclosed our existing and future GHG emissions and described our emissions reduction efforts in our SEC filings. We think our approach adequately prepares us to react to any legislative or regulatory reduction targets. As stated above, we think that the request that we adopt quantitative goals for reducing GHG and other air emissions in advance of such mandates would unnecessarily and imprudently limit our current and future operations.

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STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Directors and Executives

The following table shows the number of shares of our common stock beneficially owned as of March 11, 2011 by each director, the executives and the former executives named in the Summary Compensation Table and all directors, executives and former executives named in the Summary Compensation Table as a group. Each person listed below has sole voting and dispositive rights (or shares such rights with his or her spouse). None of these shares are pledged as security.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)*
E. William Barnett	170,745
David Brast[3]	284,124
Terry G. Dallas	88,719
Rick Dobson[3]	355,612
David S. Freysinger	109,029
D. Rogers Herndon[3]	281,187
J. William Holden III	473,316
Mark Jacobs	2,876,818
Michael Jines	496,612
Thomas H. Johnson	83,048
Thomas C. Livengood	291,944
Steven Miller	153,710
Edward R. Muller	5,316,360
Robert C. Murray	85,883
Laree E. Perez	70,612
Evan J. Silverstein	83,718
William L. Thacker	83,049
All directors and executives as a group (19 individuals)	11,717,422(4)

* Unless otherwise indicated, the number of shares beneficially owned represents less than 1% of our outstanding common stock as of March 11, 2011.

(1) Includes the number of outstanding stock options that the directors, executives or former executives held as follows: Mr. Barnett 15,000; Mr. Brast 222,433; Mr. Dallas 34,083; Mr. Dobson 257,634; Mr. Freysinger 76,041; Mr. Herndon 133,838; Mr. Holden 301,837; Mr. Jacobs 1,741,136; Mr. Jines 389,896; Mr. Johnson 34,083; Mr. Livengood 222,914; Mr. Miller 10,000; Mr. Muller 4,125,788; Mr. Murray 34,083; Ms. Perez 15,000; Mr. Thacker 34,083 and all directors and executives as a group 7,925,969.

(2) Includes shares allocated to executives under the GenOn Energy Savings Plan as follows: Mr. Freysinger 715; Mr. Jacobs 537; Mr. Jines 776; Mr. Livengood 254 and all executives as a group 2,282.

(3) Messrs. Brast, Dobson and Herndon departed the Company in December 2010. Information regarding their beneficial ownership is based on Company records regarding employee awards and information supplied by the former executives.

(4) The number of shares beneficially owned by all directors and executives as a group represents approximately 1.5% of our outstanding common stock as of March 11, 2011.

Principal Stockholders

The following table sets forth information about persons whom we know to be the beneficial owners of more than 5% of our issued and outstanding common stock based solely on our review of the Schedule 13G or Schedule 13D Statement of Beneficial Ownership filed by these persons with the SEC as of the date of such filing:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class	Date of Filing
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	46,189,782	6.0%	02/04/2011
Orbis Investment Management Limited Orbis Asset Management Limited 34 Bermudiana Road Hamilton HM 11, Bermuda	50,320,162	6.6	01/11/2011
Owl Creek I, L.P. Owl Creek II, L.P. Owl Creek Advisors, LLC Owl Creek Asset Management, L.P. Jeffrey A. Altman 640 Fifth Avenue, 20th Floor New York, NY 10019	40,972,173	5.3	02/14/2011
Paulson & Co. Inc. 1251 Avenue of the Americas New York, New York 10020	51,606,409	6.7	02/15/2011
T. Rowe Price Associates, Inc.(1) 100 E. Pratt Street Baltimore, Maryland 21202	64,834,829	8.4	02/09/2011

(1) According to T. Rowe Price Associates, Inc. (Price Associates), these securities are owned by various individual and institutional investors, for whom Price Associates serves as an investment advisor. Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors, executives and persons who own more than 10% of our outstanding common stock to file initial reports of ownership and reports of changes in ownership of our common stock with the SEC. Based on our review of the reports submitted to us and representations from reporting persons that they have complied with the applicable filing requirements, we believe that during 2010, all of our directors, executives and greater than 10% stockholders complied with the reporting requirements of Section 16(a) of the Exchange Act.

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EXECUTIVE OFFICERS

Our executives are elected by the Board annually to hold office until their successors are elected and qualified. The following sets forth the names, ages, titles and business experience of our current executives. Additional biographical information is available on our website at www.genon.com.

Name	Age[1]	Position and Experience
Edward R. Muller	58	Mr. Muller has served as our Chairman and Chief Executive Officer since December 2010. Mr. Muller served as Chairman, President and Chief Executive Officer of Mirant Corporation from 2005 until its merger with RRI Energy in 2010. Mr. Muller is also a director of Transocean Ltd. and was previously a director of GlobalSantaFe Corporation prior to its merger with Transocean.
Mark M. Jacobs	49	Mr. Jacobs has served as our President and Chief Operating Officer since December 2010. Prior to completion of the Merger, Mr. Jacobs served as our President and Chief Executive Officer since May 2007. He served as our Executive Vice President and Chief Financial Officer from July 2002 to May 2007. Prior to joining the Company, Mr. Jacobs was a managing director with Goldman, Sachs and Co. and had a long-standing advisory relationship with us, serving in both the Mergers and Acquisitions and Energy and Power groups.
J. William Holden, III	50	Mr. Holden has served as our Executive Vice President and Chief Financial Officer since December 2010. Prior to serving in this role, Mr. Holden served as Mirant s Senior Vice President and Chief Financial Officer since 2009 and Senior Vice President and Treasurer from 2002 until 2009. Mr. Holden held various positions at Mirant and its predecessor and subsidiary companies since 1985.
Michael L. Jines	52	Mr. Jines has served as our Executive Vice President, General Counsel and Corporate Secretary since May 2003. In June 2009, he was appointed our Chief Compliance Officer. He served as our Senior Vice President, General Counsel and Corporate Secretary from May 2003 to June 2009. Prior to that, Mr. Jines held various positions with the Company and its predecessor and subsidiary companies since May 1982.
Anne M. Cleary	50	Ms. Cleary has served as our Senior Vice President of Asset Management since December 2010. Prior to serving in this role, she served as Mirant s Senior Vice President, Asset Management since May 2009, Senior

Vice President of Administration from August 2008 until May 2009, and Vice President and Chief Risk Officer from June 2005 to August 2008. Prior to that, Ms. Cleary held various positions at Mirant and its predecessor and subsidiary companies since 1983.

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Name	Age[1]	Position and Experience
David S. Freysinger	51	Mr. Freysinger has served as our Senior Vice President of Plant Operations since December 2010. Prior to serving in this role, he served as our Senior Vice President of Generation Operations from January 2004 until December 2010.
Robert J. Gaudette	38	Mr. Gaudette has served as our Senior Vice President and Chief Commercial Officer since December 2010. Prior to serving in this role, Mr. Gaudette served as Vice President of Mirant s Mid-Atlantic business unit since 2009. Prior to that, Mr. Gaudette held various positions with Mirant since 2001, including director of west power, director of NYMEX trading and assistant to the chief operating officer.
Thomas C. Livengood	55	Thomas C. Livengood has served as our Senior Vice President and Controller since May 2005. Prior to serving in this role, Mr. Livengood held other positions with the Company and its predecessor companies since 2001.

(1) As of March 21, 2011.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

What compensation is covered by this Compensation Discussion and Analysis?

This Compensation Discussion and Analysis relates primarily to compensation decisions affecting the 2010 compensation of our named executive officers. We have provided some discussion of compensation decisions taken in 2011.

For purposes of this Compensation Discussion and Analysis, our named executive officers are anyone who served in 2010 as our Chief Executive Officer or Chief Financial Officer, the three other most highly compensated executives who were serving at the end of 2010, and two additional former executives who would have been among our most highly compensated executives in 2010 had they been with the Company at the end of 2010. For this purpose, compensation from Mirant before the closing of the Merger is not taken into account and is not a subject of this Compensation Discussion and Analysis. While Messrs. Muller and Holden are named executive officers (because they served as our Chief Executive Officer and Chief Financial Officer, respectively, for the period in 2010 after the Merger), no other legacy Mirant employees are named executive officers. The compensation of Messrs. Muller and Holden after the Merger was determined pursuant to the terms of their employment agreements, which are described below under What are the terms of the employment agreements with Messrs. Muller and Holden? Messrs. Muller and Holden are otherwise generally not a subject of this Compensation Discussion and Analysis. The subjects of this Compensation Discussion and Analysis are Mr. Jacobs (who served as our Chief Executive Officer before the Merger and our President and Chief Operating Officer thereafter), Mr. Dobson (who served as our Chief Financial Officer before the Merger), three GenOn executives who were our most highly compensated executives serving at the end of 2010 (Messrs. Jines, Freysinger and Livengood, each a legacy RRI Energy executive), and two former RRI Energy executives (Messrs. Herndon and Brast) who would otherwise have been among our most highly compensated executives in 2010 had they been with the Company at the end of 2010.

How did the Merger affect compensation decisions?

Equity Awards.

One of the effects of the Merger was that all of the equity compensation awards held by our employees (both legacy RRI Energy and legacy Mirant employees) before the Merger vested. Upon completion of the Merger, the restricted stock units settled in stock or cash and the stock options became exercisable, subject to the same terms and conditions as otherwise applied prior to the Merger. Nevertheless, these equity compensation awards no longer had any incentive or retentive effect upon closing of the Merger. Upon execution of the merger agreement, we entered into agreements with Messrs. Muller and Jacobs (in the case of Mr. Muller, as part of his employment agreement that is described more fully below) pursuant to which they were granted new equity compensation incentive awards upon completion of the Merger.

Mr. Muller. To induce Mr. Muller to relocate his employment to Houston, to not resign for good reason under his prior employment agreement, and to relinquish the golden parachute excise tax gross-up provision included in his prior employment agreement, Mr. Muller was granted restricted stock units with a value equal to two times the sum of his annual base salary and annual target bonus. These 1,220,432 shares will vest in two equal installments on the first and second anniversaries of completion of the Merger, subject to Mr. Muller s continued employment through the vesting date. Upon Mr. Muller s retirement (defined as any termination on or after December 3, 2013 or such earlier

date as the Board may determine) or earlier termination of his employment by us without cause or by him for good reason, all of his outstanding equity compensation will vest in full, become immediately exercisable and remain exercisable for the remaining term of the award.

Mr. Jacobs. As an inducement for Mr. Jacobs to continue his employment with us after the Merger as our President and Chief Operating Officer, to not assert good reason for termination under his change in control agreement, and to relinquish his right to a golden parachute excise tax gross-up, Mr. Jacobs was

granted restricted stock units with a value equal to two times his annual base salary and annual target bonus as in effect immediately before completion of the Merger. These 1,022,100 shares will vest in equal amounts on the first and second anniversaries of the Merger, provided that if his employment is terminated prior to the award becoming fully vested under circumstances entitling him to severance benefits under his change in control agreement, the award will vest pro rata for each month he was employed following completion of the Merger. Mr. Jacobs compensation was not otherwise adjusted when he became the President and Chief Operating Officer upon completion of the Merger because of the importance of his ongoing role at the Company. Mr. Jacobs change in control agreement is described more fully in Potential Payments upon Termination or Change in Control.

Cash Incentive Awards.

In addition to its effect on equity compensation, the Merger also affected the legacy RRI Energy annual incentive program (which is described more fully below). In May 2010, the Compensation Committee (the Committee) revised the 2010 performance metrics for executive officers under the program to include a metric related to completion of the Merger. The metric was to be considered 100% achieved if the Merger was completed during the fourth quarter of 2010 (as actually occurred) and 150% achieved if the Merger was completed during the third quarter of 2010. Achievement of this metric was given 20% weighting relative to the other performance metrics.

What are the terms of our employment agreements with Messrs. Muller and Holden?

Upon execution of our merger agreement with Mirant, Messrs. Muller and Holden entered into employment agreements with us, effective as of the completion of the Merger, as described below:

Mr. Muller

Our employment agreement with Mr. Muller provides for compensation and benefits during the three-year term of the agreement, which began upon completion of the Merger. Under the terms of the agreement, Mr. Muller s initial base salary is $1.135 million and his target annual incentive level is 100% of his base salary with a maximum of 200% of his base salary. The agreement provides for an initial equity grant as described above and for additional annual equity grants beginning in 2011 in the Board s discretion. The agreement also provides that Mr. Muller be provided relocation benefits in accordance with Mirant s relocation policy for senior executives as in effect at completion of the Merger or such more favorable expense reimbursement policies as may be adopted by us from time to time. The severance benefits provided under the agreement are described in Potential Payments upon Termination or Change in Control below.

Mr. Holden

Under the terms of Mr. Holden s agreement, he is entitled to a base salary of $540,000 with annual target bonus and long term incentive opportunities of no less than 75% and 185% of his base salary, respectively, and his employee benefits are to be no less favorable than those provided to similarly situated executives generally. Mr. Holden is also entitled to reimbursement of commuting, living (including temporary housing costs) and relocation expenses in connection with the relocation of his employment from Atlanta, Georgia to Houston, Texas in connection with the Merger. Mr. Holden has agreed to waive his entitlement to benefits under Mirant s Change in Control Severance Plan (which is described below in Potential Payments upon Termination or Change in Control), but as an inducement for him to relocate his employment and not to resign for good reason under that plan, on December 3, 2012, Mr. Holden will be paid, generally subject to his continued employment, a cash retention bonus in an amount equal to the amount of severance that he would have been paid under the Change in Control Severance Plan upon a qualifying employment termination, provided that if, prior to December 3, 2012, Mr. Holden dies, terminates as a result of disability, is terminated without cause, resigns following a material breach by us of his employment agreement or

terminates for any reason following a termination of Mr. Muller s employment as our Chief Executive Officer, Mr. Holden (or his beneficiaries) will be paid the retention bonus.

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What are the elements and objectives of our executive compensation program?

Our direct compensation program for executives consists of base salary, annual incentive awards and long-term incentive awards. Our executives may also be eligible for benefits under our severance plans and change-in control-agreements. See How were payment amounts and trigger events determined for termination and change in control? and Potential Payments upon Termination or Change in Control. Using these elements, the Committee has approved a compensation program that is designed to prudently use our resources while meeting the following objectives:

Securing Talent: attract and retain the talent that we feel is required to successfully execute our business strategy;

Alignment: align the interests of our executives with the interests of our stockholders; and

Pay for Performance: provide a strong incentive to our executives to achieve their potential and our goals and long-term success; and reinforce expectations of leadership and achievement, consistent with our values and our mission to create value for our owners through the generation and marketing of electricity in a safe, reliable and environmentally responsible manner.

What is the role of the compensation consultant?

In 2010, the Committee retained Towers Watson & Co. (Towers Watson), a nationally recognized independent compensation consultant, to provide competitive market data for base salary, target annual incentive awards and expected value of target long-term incentive awards. In conducting the competitive analysis, Towers Watson gathered information from us, public filings and appropriate survey sources. Towers Watson reported the results of the competitive analysis to the Committee but did not make recommendations. The Committee considered these data for general market movement and trends and the positioning of our executives relative to the market. See How are executive compensation amounts determined for additional information

In late 2010, the Committee s primary advisor with Towers Watson and his supporting team joined Pay Governance, LLC, an executive compensation consulting firm that specializes in advising compensation committees and boards of directors. Pay Governance is fully independent from Towers Watson and all other firms to ensure it has no conflicts of interest. The Committee retained Pay Governance to maintain the continuity of service and experience of its primary advisor and his supporting team. Following the Committee s retention of Pay Governance in 2010, Pay Governance advised on revised stock ownership guidelines for our directors and executives. See Corporate Governance Stock Ownership Guidelines and Mandatory Holding Periods. Pay Governance has also advised on the 2011 compensation elements described below under Why do we choose to pay each element?

What was the role of our executives in the executive compensation process?

In setting the Chief Executive Officer s compensation, the Committee consults with the non-management directors for their views of the Chief Executive Officer s performance and compensation. In setting the other executives compensation, our Chief Executive Officer has access to the internal and external compensation information described below, and conducts each of our other executive s annual performance review. Our Senior Vice President, Human Resources and Administration provides input and makes recommendations to our Chief Executive Officer regarding compensation philosophy and structure, the structure and design of annual incentive awards and long-term incentive awards, and our executive severance plan and change-in-control agreements. Other members of our management team

may also give input or make recommendations to our Chief Executive Officer regarding these matters. Using all of that information, our Chief Executive Officer makes recommendations to the Committee regarding the compensation of our other executives. In each case, the Committee independently reviews the data, considers the Chief Executive Officer s proposals, may request further proposals from the Chief Executive Officer, consults with its independent compensation consultant as needed, and makes its own determinations for our executives. For additional information regarding the compensation consultant s role in the compensation process, see How are executive compensation amounts determined?

How are executive compensation amounts determined?

In determining target compensation levels for each executive, the Committee considers market data, individual performance, corporate performance, compensation history, and internal equity. None of these factors are weighted, but are considered together.

Market Data

Market data is a key consideration for the Committee. The Committee reviewed and considered market data as prepared by Towers Watson for the following groups:

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

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

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

Towers Watson prepared the market data on a composite basis and the Committee did not review individual company data. The two broader groups were surveyed because we do not compete exclusively within our peer group for leadership talent and they represented a talent market for non-industry specific positions. The market data for these two groups was size-adjusted to our revenue size by Towers Watson to provide appropriate comparisons. All three reference groups where available were included in the consideration of each element of 2010 compensation for each legacy RRI Energy executive.

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

Individual Performance

The Committee also considered individual performance, including achievement of individualized goals, current and potential impact on corporate performance, reputation, skills, experience, criticality and demonstration of our values as important factors. Our values include acting with integrity, focusing on safety, working collaboratively and treating others with respect and committing to operational excellence.

Corporate Performance

Significant portions of our annual incentive awards and long-term incentive awards are tied to corporate and operational results, which must be achieved in order for any payout to be earned. See Why do we choose to pay each element?

Compensation History

In determining an executive s compensation, the Committee considered the base salary and the annual incentive target and payout history of each executive. The Committee also considered each executive s equity holdings, including the date of any grants, the types of awards (restricted stock, restricted stock units, stock options or cash-based), the vesting provisions, the expiration dates, the exercise prices, if applicable, and the

number of units or shares granted. The Committee reviewed these historical awards to ensure an appropriate portion of executive compensation provides retention value, but no formula was used.

Internal Equity

Differences in levels of compensation among our executives exist because of differences in their roles and responsibilities and based on all of the factors discussed above. The Committee did not use formulas in determining compensation amounts, but was mindful of internal equity and the impact of perceived fairness related to its decisions.

How does each element and our decisions regarding that element fit into our compensation program s objectives and affect other elements?

To achieve our compensation program s objectives, the Committee thinks that a significant portion of executive compensation should be composed of variable, at risk elements, with the majority of these elements being based on alignment with our stockholders and achievement of our long-term success. Base salaries attract and retain the talent we need to lead our business. The Committee strives for a balanced and effective mix of elements, which are not weighted in any particular manner.

The table below sets forth the allocation range of fixed and variable compensation for our executives based on the Committee s determinations during 2010. See Summary Compensation Table and 2010 Grants of Plan-Based Awards.

	Fixed Percentage of Total Compensation	Variable Percentage of Total Compensation	
Executive	**Cash Base Salary**	**Cash Annual Incentive Award[(1)]**	**Equity/Equity-Based Long-Term Incentive Awards[(2)]**
Mark Jacobs[(3)]	20%	20%	60%
Rick Dobson	25	18	57
Michael Jines	30	19	51
David Freysinger	40	22	38
Thomas Livengood	45	25	31
Rogers Herndon	30	18	52
David Brast	39	22	39

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

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

(3) Excludes Mr. Jacobs inducement award granted in connection with the Merger. See How did the Merger affect compensation decisions?

Why do we choose to pay each element?

Base Salary

Base salary is paid in cash commensurate with the responsibilities of each individual s position. The Committee annually reviews base salary and approves adjustments based on the factors discussed under How are executive compensation amounts determined? The Committee thinks the base salaries provide a competitive level of fixed compensation based on the individual s experience and performance as well as the position s market value. For 2010 base salaries, see Summary Compensation Table.

Annual Incentive Awards

We encourage pay for performance with annual incentive awards that are paid in cash and are tied to annual achievement of the performance metrics described below. The purpose of our annual incentive awards is to encourage superior performance on key corporate and employee metrics that we think are critical to our

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business. Annual incentive awards are defined as a specified target percentage of base salary. These target percentages for executives are approved by the Committee based on the market data surveys prepared by Towers Watson and internal equity. The table below reflects the percentage of 2010 base salary that the executives were eligible to receive.

	Percent of Base Salary[1]		
Executive	**Threshold**	**Target**	**Maximum**
Mark Jacobs	20%	100%	200%
Rick Dobson	14	70	140
Michael Jines	13	65	130
David Freysinger	11	55	110
Thomas Livengood	11	55	110
Rogers Herndon	12	60	120
David Brast	11	55	110

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

As a general rule, the Committee approves the structure of the annual incentive awards for the current year during the first quarter. In March 2010, the Committee approved metrics that emphasized profitability (30%), effectiveness (20%) and efficiency (20%), each of which is a factor that we think is important in driving our success and that we can control despite the cyclical nature of our business and the uncertain economy. In addition, in March 2010, the Committee approved a pilot program metric that would recognize the successful implementation of business model initiatives relating to improving profitability (30%). In May 2010, in light of the importance of the proposed Merger to the Company s ongoing business, the Committee approved revised metrics that eliminated the pilot program metric and factored in the timely completion of the Merger. The Committee concluded that a 20% weighting for the Merger metric was appropriate and increased the weighting of the effectiveness and efficiency metrics (to 25% each). The table below reflects the initial and revised 2010 metrics.

Revised 2010 Metrics (effective May 2010)	**Prior 2010 Metrics**
Profitability Metric adjusted EBITDA	Profitability Metric adjusted EBITDA
Effectiveness Metric total margin capture factor	Effectiveness Metric total margin capture factor
Efficiency Metrics total cost per MWh generation; total cost per MW	Efficiency Metrics total cost per MWh generation; total cost per MW
Merger Metric completion of the Merger in the third or fourth quarter of 2010	Pilot Program Metric business model redesign initiative

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

- the estimated likelihood of achievement;
- the volatility of performance, based on past history as well as projections;

the degree of difficulty associated with achievement;

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

any other relevant data.

Generally, the target level is consistent with our annual operating plan, with threshold and opportunity levels that take into account the types of factors listed above. The weighting of the different performance metrics is recommended by management and approved by the Committee based on the assessment of the relative priorities of the specific performance metrics. In October 2010, in light of the pending Merger, which

closed on December 3, 2010, the Compensation Committee determined to calculate annual incentive award results based on actual results through November 30, 2010 and adjusted the performance targets accordingly.

Revised 2010 Metrics	Threshold (20%)	Target (100%)	Maximum (200%)	Actual Results	Achievement of Target	Weight
Profitability Metric[1] ($ millions)	$ 133	$ 300	$ 467	$ 285	92.8%	30%
Effectiveness Metric[2]	86.9%	89.9%	92.9%	86.6%	0.0	25%
Efficiency Metrics[3] ($ per MWh)	$ 29	$ 26	$ 23	$ 31.18	0.0	12.5%
($ per MW)	$ 43,800	$ 41,500	$ 39,200	$ 43,200	40.9	12.5%
Merger Metric[4]	n/a	4Q 2010	n/a	4Q 2010	100.0	20%
Total						100%

(1) The profitability metric (adjusted EBITDA) is considered an important financial metric for valuation of our performance and our stock. It represents earnings before interest, taxes, depreciation and amortization, adjusted for unrealized gains/losses on energy derivatives, western states litigation and similar settlements, merger-related costs, and long-lived assets impairments and debt extinguishments losses.

(2) The effectiveness metric (total margin capture factor) measured how effective we were at operating our generating facilities to capture available gross margin. It was calculated by dividing open gross margin generated by the facilities by the total available open gross margin assuming 100% availability. Open gross margin consists of open energy gross margin and other margin. Open energy gross margin was calculated using the day-ahead and real-time market power sales prices received by the facilities less market-based delivered fuel costs. Open gross margin excludes the effects of hedges and other items and unrealized gains/losses on energy derivatives.

(3) The efficiency metrics (total cost per MWh generation and total cost per MW) measured how efficiently we managed our facilities and operated the business. Total cost includes operation and maintenance expense (excluding the REMA lease expense and severance), general and administrative expense (excluding severance), and maintenance capital expenditures.

(4) As established by the Committee, this metric was to be considered 100% achieved if the Merger was completed during the fourth quarter of 2010 (as actually occurred) and 150% achieved if the Merger was completed during the third quarter of 2010.

See non-equity incentive plan compensation in the Summary Compensation Table for valuation disclosure related to 2010 annual incentive awards for each executive.

In February 2011, the Committee approved a new short-term incentive structure and goals for 2011. Two-thirds of the payout factor will be based on achieving an adjusted EBITDA target amount, as follows: $470 million (threshold/50%); $570 million (target/100%), and $630 million (maximum/200%). For 2011, adjusted EBITDA will represent earnings before interest, taxes, depreciation and amortization, eliminating the effects of unrealized gains/losses on derivative financial instruments, items related to the Merger, as well as net lower of cost or market adjustments to our commodity inventories and certain other items. The level of adjusted EBITDA necessary to earn 50%, 100% and 200% of the target payout was set in February 2011, taking into consideration our projected adjusted

EBITDA under our 2010 operating plan. The remaining one-third of the payout factor will be based on achieving the following seven operational and strategic goals and metrics:

- achieve top quartile safety performance based on number of incidents;
- achieve top quartile safety performance based on lost time rates;
- achieve top quartile environmental performance based on number of incidents;
- achieve total margin capture factor of at least 88%;
- progress towards the successful post-merger integration of Mirant and RRI Energy s businesses and realization of cost savings;
- on-budget and on-schedule implementation of ash beneficiation project in Maryland; and
- on-budget and on-schedule construction of Marsh Landing facility in California.

The payout amounts for the strategic and operational goals are as follows: 50% of target equals achievement of three goals (threshold); 100% of target equals achievement of four goals; 150% of target equals achievement of five goals; and 200% of target equals achievement of six goals (maximum).

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Long-Term Incentive Awards

In March 2010, the Committee granted the legacy RRI Energy executives long-term incentive awards structured as follows:

Award Vehicle	Vesting Period	Percentage of Targeted LTI Value
Restricted Stock Units	Time-based; three-year cliff vesting; common stock settled	30%
Performance-based Cash Units	Performance-based; cash-settled cash units that pay out based on the level of our three-year average total stockholder return relative to the composite average of our peer group	35%
Nonqualified Options	Time-based; vest ratably each year over three-year period	35%

The Committee approved the awards following its review of management s proposals, which considered market data prepared by Towers Watson, individual performance, long-term potential, retention risk, difficulty of replacement, long-term impact of position and internal equity. These factors were not weighted but were considered in the aggregate.

See How does each element and our decisions regarding that element fit into our compensation program s objectives and affect other elements? above for each executive s targeted allocation of long-term incentive compensation, and see Summary Compensation Table and 2010 Grants of Plan-Based Awards for valuation disclosure related to 2010 long-term incentive awards for each executive. All of these awards vested pursuant to their terms upon completion of the Merger.

In February 2011, the Committee granted our executives long-term incentive awards structured with one-third of the economic value of the grants delivered from each of the following:

Award Vehicle	Vesting Period	Percentage of Targeted LTI Value
Time-based Restricted Stock Units	Vest ratably each year over a three-year period; common stock settled	33.3%
Performance-based Restricted Stock Units	Linked to the 2011 short-term incentive plan performance goals, with performance measured at the end of the first year to determine multiplier; Vest ratably each year over three-year period; common stock settled	33.3%
Nonqualified Options	Time-based; vest ratably each year over three-year period	33.4%

Executive Perquisites

With the exception of executive relocation in connection with the Merger, we do not provide substantial personal benefits or perquisites. In 2010, we allowed up to $5,000 per year for each executive in reimbursement for specified financial planning services and a one-time allowance of $5,000 for estate planning and financial planning services. Effective January 1, 2011 except for expenses previously incurred, the Board eliminated the financial planning and estate planning reimbursement program.

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

We provide for payments and benefits if an executive is terminated without cause or resigns for good reason in connection with a change in control. In addition, under our executive severance plan and severance pay plan, we provide for payments and other benefits if an executive s employment is involuntarily terminated other than by reason of death, disability, cause or a change in control. Furthermore, Messrs. Muller and Holden are entitled to certain severance protections pursuant to their employment agreements with us.

The Committee periodically reviews the payment multiples and the triggering events for receipt of these payments and benefits with our compensation consultant to ensure consistency with market practice. The change in control triggering events were selected so that our executives can evaluate potential change in control triggering events impartially and without self-interest and so that our executives would be encouraged to continue their attention and dedication to us without regard to the security of their employment following a change in our control. We choose to provide severance benefits for termination in these circumstances to provide financial assistance and resolve any possible related claims against us that may arise. The potential payments under these arrangements do not affect the other elements of the executives compensation.

As introduced above and in more detail below, Messrs. Muller and Holden are entitled to special severance protections under their employment agreements with us, including in connection with the Merger, and the legacy RRI Energy executives likewise are entitled to severance protection in connection with the Merger, all as more fully described below in Potential Payments upon Termination or Change in Control.

What are our equity and security ownership requirements?

We encourage stock ownership by executives through the use of equity awards and mandatory holding periods. In addition, the Board has adopted stock ownership guidelines for our directors and executives. In December 2010, the stock ownership levels in the guidelines were revised to be based on a multiple of each executive s annual base salary. See Corporate Governance Stock Ownership Guidelines and Mandatory Holding Periods.

When are awards granted and base salaries approved?

As a general rule, the Committee approves our executives base salaries, payout of annual incentive awards for the prior year, and annual and long-term incentive awards for the current year at its first regular quarterly meeting (generally in February or March). In light of the Merger, which was completed in the fourth quarter of 2010, the Committee approved revised annual incentive metrics in May 2010.

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

As described above, upon execution of the merger agreement, Messrs. Muller and Jacobs each negotiated and entered into agreements pursuant to which they were granted equity incentive compensation awards upon completion of the Merger. Otherwise, our executives do not have any role in establishing the timing of grants or vesting of equity or equity-based awards. We do not have any program, plan or practice to time grants of equity or equity-based awards in coordination with the release of material non-public information and we do not set grant dates for new executives in coordination with the release of such information. We have not timed, and do not intend to time, our release of material non-public information for the purpose of affecting the value of executive compensation. See 2010 Grants of Plan-Based Awards.

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

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

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Compensation Committee Report

The Compensation Committee oversees the compensation plans, policies and programs of GenOn Energy, Inc. on behalf of the Board. In performing its oversight function, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis. Based on these reviews and discussions, the Compensation Committee recommended to the Board, and the Board approved, that the Compensation Discussion and Analysis be included in the Company s proxy statement and Annual Report on Form 10-K.

The undersigned members of the Compensation Committee have submitted this Report to the Board of Directors.

Compensation Committee,

William L. Thacker (Chairperson)
E. William Barnett
Thomas H. Johnson
Steven L. Miller

Summary Compensation Table

The following table sets forth the compensation of our named executive officers. Except for Messrs. Muller, Jacobs and Holden, none of our named executive officers has an employment agreement or arrangement, other than certain severance protections described below in Potential Payments upon Termination or Change-in-Control. The information set forth in the Summary Compensation Table below and in the additional tables that follow it relate, in the case of Messrs. Muller and Holden, only to compensation earned from us after the Merger and not to any compensation earned from Mirant before the Merger. For further discussion of executive compensation, see Compensation Discussion and Analysis.

and pal Position	Year	Salary	Bonus	Stock Awards[1]	Option Awards[1]	Non-Equity Incentive Plan Compensation[2]	Change in Pension Value And Nonqualified Deferred Compensation Earnings[3]	All Other Compensation[4]	Tot
d R.[5] han and Executive r	2010	$ 86,973	$	$ 4,540,007	$ 1,331,937	$	$	$ 129,926	$ 6,08
M. Jacobs[5] ent and Chief ing Officer;	2010	921,250		5,704,939	2,482,908	488,173		102,577	9,69
	2009	910,000		2,446,250		527,838		61,362	3,94

r President hief tive Officer	2008	895,000		2,880,887	1,180,918	600		117,959	5,07
iam n, III[5] tive Vice ent and Chief ial Officer	2010	41,379					69,603	1,688	11
Dobson[6]	2010	514,023		831,839	675,597			4,492,390	6,51
r Executive resident and	2009	515,000		901,250		209,127		35,688	1,66
Financial r	2008	511,251		1,062,015	435,326	600		88,263	2,09
el L. Jines	2010	441,250		540,198	643,359	151,952	13,166	41,866	1,83
tive Vice	2009	430,000		515,000		149,678	18,869	76,906	1,19
ent, General el and rate ary; Compliance r	2008	422,750		542,019	222,182	91,914	14,159	47,850	1,34
S. Freysinger Vice ent Plant ions	2010	317,500		222,539	187,334	92,517		30,954	85
s C. good Vice ent and ller	2010	310,730		153,271	270,288	90,553		30,363	85
gers on[6]	2010	352,826		439,699	360,533			1,426,413	2,57
r Executive resident	2009	350,000		515,000		121,838		44,177	1,03
gic Planning usiness opment	2008	347,500		393,927	161,469	75,660		49,375	1,02
D. Brast[6][7]	2010	300,973		217,155	314,995			1,184,120	2,01
r Senior Vice ent ercial ions and ation	2009	302,500	101,667	257,500		96,536		41,962	80

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(1) Represents the aggregate grant date fair value of the awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 Share Based Payment (FASB ASC Topic 718). The amounts reported in these columns do not represent amounts actually received by our named executive officers.

The amounts shown in the Option Awards column for fiscal year 2010 include the incremental value of modifying options granted in 2010 and prior years computed as of the modification date in accordance with FASB ASC Topic 718. The assumptions used for calculating the fair value of the 2010 equity awards are provided under 2010 Grants of Plan-Based Awards. The assumptions used for calculating the fair value of the 2009 and 2008 equity awards are provided in note 10 to RRI Energy s consolidated financial statements in its Forms 10-K for the fiscal years ended December 31, 2009 and December 31, 2008, respectively.

(2) Represents the annual incentive awards earned by each named executive officer based on the achievement level of annual performance goals in each respective year. Messrs. Jacobs and Dobson did not receive annual incentive awards for 2008. Messrs. Muller and Holden were not eligible for annual incentive awards from the Company in 2010.

(3) The amount shown for Mr. Holden represents the post-Merger actuarial increase in the present value of his benefits under the GenOn Mirant Pension Plan (formerly the Mirant Services Pension Plan), the GenOn Mirant Supplemental Benefit (Pension) Plan, the Supplemental Executive Retirement Plan and his Supplemental Pension Benefit Agreement. The aggregate annual increase in the actuarial present value of his benefits, including the increase attributable to pre-Merger predecessor plan present value was $828,757. The amounts shown for Mr. Jines represent the above-market interest (more than 120% of the applicable federal rate) earned on his deferred compensation balance in the GenOn Energy, Inc. Successor Deferral Plan.

(4) The amounts shown as All Other Compensation for each executive in 2010 are composed of the following items:

Name	Savings Plan[a]	Nonqualified Deferred Compensation[b]	Payments for Unused Vacation[c]	Severance Payments[d]	Tax Gross Ups[e]	Total
Edward R. Muller	$ 919	$ 129,007	$	$	$	$ 129,926
Mark M. Jacobs	19,286	83,291				102,577
J. William Holden, III	919	769				1,688
Rick J. Dobson	16,836	29,485	15,289	3,063,836	1,366,944	4,492,390
Michael L. Jines	15,679	26,187				41,866
David S. Freysinger	19,286	11,668				30,954
Thomas C. Livengood	19,286	11,077				30,363
D. Rogers Herndon	16,836	14,539	14,038	1,381,000		1,426,413
David D. Brast	16,836	16,609	23,846	1,126,829		1,184,120

(a) Represents Company contributions to the GenOn Energy Savings Plan and for Messrs. Muller and Holden, the amounts shown represent post-Merger contributions to the Mirant Services Employee Savings Plan.

(b) Represents Company contributions to the savings restoration component of the GenOn Energy Deferral and Restoration Plan and for Messrs. Muller and Holden, the amounts shown represent post-Merger contributions to

the Mirant Services Supplemental Benefit (Savings) Plan.

(c) Represents accrued, but unused, vacation that was paid under our terms of our vacation policy in connection with the resignations of Messrs. Dobson, Herndon and Brast.

(d) Represents change in control cash payments paid to the executives under the terms of their respective agreements.

(e) Represents a tax gross-up for the excise tax imposed on Mr. Dobson s change-in-control payment under Section 4999 of the IRC, including all applicable taxes on this gross-up itself.

(5) Upon completion of the Merger on December 3, 2010, (i) Mr. Muller became Chief Executive Officer and Chairman of the Board of the Company, (ii) Mr. Jacobs resigned as Chief Executive Officer and became President and Chief Operating Officer of the Company, and (iii) Mr. Holden became Executive Vice President and Chief Financial Officer of the Company.

(6) Upon completion of the Merger on December 3, 2010, Mr. Dobson resigned as Executive Vice President and Chief Financial Officer of the Company, Mr. Herndon resigned as Executive Vice President Strategic Planning and Business Development and Mr. Brast resigned as Senior Vice President Commercial Operations and Origination.

(7) Mr. Brast was appointed as an executive in May 2009.

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2010 Grants of Plan-Based Awards

Other than the grants to Mr. Muller on December 6, 2010 and to Mr. Jacobs on December 3, 2010, all awards were granted under the GenOn Energy, Inc. 2002 Long-Term Incentive Plan, which was terminated in connection with the Merger. Messrs. Muller and Jacobs awards were granted under the GenOn Energy, Inc. 2010 Omnibus Incentive Plan.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[(1)]			Estimated Possible Payouts Under Equity Incentive Plan Awards[(2)]			All Other Stock Awards; Number of Shares of Stock or Units[(3)]	All Other Option Awards; Number of Securities Underlying Options	Exercise or Base Price of Option
	Grant Date	Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	Awards[(4)]
	12/3/10	$	$	$						$
	12/6/10							1,220,432		
		181,415	907,077	1,814,154						
	3/4/10					231,250	231,250			
	3/4/10							198,214		
	3/4/10								462,500	4.20
	4/9/10									
	12/3/10							1,022,100		
n										
	3/3/10					94,758	94,758			
	3/3/10							81,221		
	3/3/10								189,516	4.28
	4/9/10									
		56,480	282,400	564,800						
	3/3/10					61,536	61,536			
	3/3/10							52,745		
	3/3/10								123,072	4.28
	4/9/10									
er		34,388	171,938	343,877						
	3/3/10					25,350	25,350			
	3/3/10							21,729		
	3/3/10								50,700	4.28
	4/9/10									
good		33,654	168,272	336,544						
	3/3/10					17,460	17,460			
	3/3/10							14,965		
	3/3/10								34,920	4.28
	4/9/10									

n	3/3/10	50,088	50,088			
	3/3/10			42,932		
	3/3/10				100,176	4.28
	4/9/10					
	3/3/10	24,737	24,737			
	3/3/10			21,203		
	3/3/10				49,474	4.28
	4/9/10					

(1) Represents the range of payouts possible under our annual incentive plan. The actual amounts paid in 2011 based on 2010 performance are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Except in the case of death, disability or retirement following five years of service, the executive must be employed by us on the payment date to receive payment of the award.

(2) Represents long-term incentive awards of performance-based cash units. Each unit represented the right to receive a cash payment equal to the fair market value of one share of our common stock for each unit earned upon the achievement of the performance goal. The change in control triggered by the Merger accelerated the vesting of the cash units and they vested pursuant to their terms on a pro rata basis at the greater of target or actual performance (in this case, target performance).

(3) Represents long-term incentive awards of time-based restricted stock units. Each award (other than the awards granted to Messrs. Muller and Jacobs on December 6, 2010 and December 3, 2010, respectively) vested and was settled upon completion of the Merger. The December 6, 2010 award granted to Mr. Muller vests in two equal installments on the first and second anniversaries of completion of the Merger, subject to his continued employment through the vesting date. Upon Mr. Muller s retirement (defined as any termination on or after December 3, 2013 or such earlier date as the Board may determine) or earlier termination of his employment by us without cause or by him for good reason, these awards will vest in full, become immediately exercisable and remain exercisable for the remaining term. The December 3, 2010 award granted to Mr. Jacobs vests in equal amounts on the first and second anniversaries of the Merger, provided that if his employment is terminated prior to the award becoming fully vested under circumstances entitling him to severance benefits under his change in control agreement (which is described more fully below), the award will vest pro rata for each month he was employed following completion of the Merger and prior to such termination.

(4) The exercise or base price is the average of the high and low sales prices of our common stock on the grant date. The closing sales prices of our common stock on March 3, 2010 and March 4, 2010 were $4.21 and $4.18, respectively.

(5) The amounts shown in this column are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The performance-based cash unit values were determined using a Monte Carlo simulation valuation model with a risk-free interest rate assumption of 1.34% and expected volatilities of 81.1% and 53.8% for the Company and our comparator group, respectively. The time-based restricted stock unit values were based on the fair value of our common stock on each respective grant date. The stock option values were determined using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate 1.81%, dividend yield 0.00%, expected volatility 65.58% and expected term of 4 years.

(6) Effective upon completion of the Merger, the terms of the stock options granted to Mr. Muller by Mirant before the Merger were extended beyond their initial expiration date to allow him to exercise them during the remaining initial term of the awards. The grant date fair market values for these awards represent the incremental fair value computed as of the modification date in accordance with FASB ASC Topic 718.

(7) Before their amendment in connection with the Merger, the terms of the stock options provided that upon completion of the Merger they would vest and be settled entirely in cash based on the excess value of the common stock over the respective stock option exercise prices on that date. As amended, the stock options vested in full upon completion of the Merger and remain outstanding subject to the same terms and conditions as otherwise applied prior to the Merger. The grant date fair market values for these awards represent the incremental fair value computed as of the modification date in accordance with FASB ASC Topic 718.

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Outstanding Equity Awards at 2010 Fiscal Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested[1]	Market Value of Shares or Units of Stock that Have Not Vested[2]	Equity Incentive Plan Awards; Number Of Unearned Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested
Edward Muller[3]	1,150,567			$ 8.700	1/13/2016	1,220,432	$ 4,649,846		
	1,131,737			8.840	2/17/2016				
	272,899			13.310	3/8/2012				
	370,653			13.060	3/7/2013				
	628,459			3.670	3/3/2019				
	571,473			4.660	3/11/2020				
Mark Jacobs	318,667			4.790	7/28/2012	1,022,100	3,894,201		
	212,000			3.505	3/10/2013				
	489,600			8.135	2/12/2014				
	58,026			16.260	2/19/2017				
	80,663			26.365	5/15/2017				
	119,680			23.375	2/18/2018				
	462,500			4.200	3/3/2016				
William Holden[3]	22,371			8.700	1/13/2016				
	22,005			8.840	2/17/2016				
	29,957			13.310	3/8/2012				
	44,489			13.060	3/7/2013				
	81,058			3.670	3/3/2019				
	101,957			4.660	3/11/2020				

Rick Dobson	24,000	26.955	12/22/2011
	44,118	23.375	12/22/2011
	189,516	4.280	12/22/2011
Michael Jines	52,520	30.000	3/5/2011
	217,600	8.135	2/12/2014
	26,707	16.260	2/19/2017
	22,517	23.375	2/18/2018
	123,072	4.280	3/2/2016
David Freysinger	9,284	30.000	3/5/2011
	3,800	3.505	3/30/2013
	11,915	16.260	2/19/2017
	9,626	23.375	2/18/2018
	50,700	4.280	3/2/2016
Thomas Livengood	30,000	4.950	9/2/2012
	33,500	3.505	3/10/2013
	108,800	8.135	2/12/2014
	9,106	16.260	2/19/2017
	6,588	23.375	2/18/2018
	34,920	4.280	3/2/2016
Rogers Herndon	17,298	16.260	12/22/2011
	16,364	23.375	12.22/2011
	100,176	4.280	12/22/2011
David Brast	20,690	30.000	3/5/2011
	20,000	10.900	3/22/2011
	13,065	3.505	3/22/2011
	136,000	8.135	3/22/2011
	7,814	16.260	12/22/2011
	9,145	23.375	12/22/2011
	49,474	4.280	12/22/2011

(1) These awards are described further under 2010 Grants of Plan-Based Awards.

(2) The market value is based on the December 31, 2010 closing price of our common stock ($3.81).

(3) The stock option awards and related exercise prices for Messrs. Muller and Holden give effect to the conversion of such awards into Company stock options in connection with the Merger.

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2010 Option Exercises and Stock Vested

The following table provides information regarding the number of shares vested and the pretax value realized by each executive from the exercise of stock options or vesting of stock awards in 2010. All stock awards held by the executives before the Merger vested and became exercisable in connection with the Merger. See Compensation Discussion and Analysis How did the Merger affect 2010 compensation decisions?

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting[(1)]	Value Realized on Vesting[(2)]
Mark Jacobs		$	942,544	$ 3,357,493
Michael Jines			209,275	752,179
David Freysinger			95,887	344,438
Thomas Livengood			61,970	223,477
Rick Dobson			345,784	1,217,516
Rogers Herndon			184,376	658,817
David Brast			92,683	330,631

(1) Shares were settled in a mix of stock and cash. Of the amounts shown in this column, the following shares were settled in cash: Mr. Jacobs 391,660 shares, Mr. Jines 83,558 shares, Mr. Freysinger 39,106 shares, Mr. Livengood 24,681 shares, Mr. Dobson 146,774 shares, Mr. Herndon 75,735 shares and Mr. Brast 38,565 shares.

(2) Represents the product of the number of shares acquired and the fair market value of our common stock on the vesting date.

2010 Pension Benefits

The following table sets forth information about pension benefits for Mr. Holden determined as of December 31, 2010 under the GenOn Mirant Pension Plan (formerly the Mirant Services Pension Plan (the Pension Plan), the GenOn Mirant Supplemental Benefit (Pension) Plan (formerly the Mirant Services Supplemental Benefit (Pension) Plan) (the SBP), the GenOn Mirant Supplemental Executive Retirement Plan (formerly the Mirant Services Supplemental Executive Retirement Plan) (the SERP) and a Supplemental Pension Benefit Agreement (SPBA). No other named executive officers had or accrued any pension benefits during 2010.

Name	Plan Name	Years Of Credited Service	Present Value of Accumulated Benefit[(1)]	Payments During Last

				Fiscal Year
William Holden	Pension Plan	24.583	$ 599,870	$
	SBP	24.583	665,399	
	SERP	24.583	315,858	
	SBPA	29.583	879,315	

(1) Present values are based on the same assumptions as used in our financial statements except that no pre-retirement mortality is assumed. The discount rate for the Pension Plan as of December 31, 2010 is 5.17%. The discount rates for the SBP and the SERP as of December 31, 2010 is 4.46%. The mortality table for all plans as of December 31, 2010 is the RP 2000 Combined Healthy Mortality Table projected 11 years to 2011 with Scale AA. Benefits for Mr. Holden are assumed to commence at age 60 because he receives credit for an additional five years of age and five years of service in accordance with his SPBA (described below). Benefits payable from the Pension Plan are assumed to be paid as a single life annuity. Benefits payable from the SBP and SERP are assumed to be paid as a series of ten annual installments.

Pension Plan

The Pension Plan is a tax-qualified defined benefit pension plan that covers a portion of our non-union legacy Mirant workforce. Mr. Holden is the only named executive officer who is a participant. Participation in this plan is closed to employees hired after April 2, 2000 or employees rehired after April 2, 2001. Normal retirement benefits become payable when participants both attain age 65 and complete five years of participation. The plan benefit formula may vary according to a participant s grandfathered status and location. Mr. Holden s benefit is the greater of (i) his years of service

multiplied by 1.7% of his average monthly base pay minus a social security offset or (ii) his years of service multiplied by 1.25% of his average monthly base plus incentive pay.

Early retirement benefits become payable once plan participants have both attained age 50 and completed ten years of service. Participants who retire early from active service receive benefits equal to the amounts computed using the same formulas employed at normal retirement. However, a 0.3% reduction applies for each month (3.6% for each year) prior to normal retirement that participants elect to have their benefits payments commence. As of December 31, 2010, Mr. Holden was not eligible for early retirement.

Participants vest in the Pension Plan after completing five years of service and Mr. Holden is vested. Participants who terminate employment after vesting can elect to have their pension benefits commence at age 50 if they participated in the plan for ten years. If such an election is made, the early retirement reductions that apply are actuarially determined factors which are larger than 0.3% per month.

If a participant dies while actively employed, benefits will be paid to a surviving spouse. Payments to a surviving spouse of a participant who could have retired will begin immediately. Payments to a survivor of a participant who was not retirement eligible begin when the deceased participant would have attained age 50.

SBP

The SBP is a non-qualified plan intended to pay benefits that the tax-qualified Pension Plan cannot pay due to statutory pay/benefit limits. Additionally, the SBP compensates participants for lost benefits resulting from participation in the Mirant Corporation Deferred Compensation Plan or, beginning in 2011, the Deferral and Restoration Plan, each of which is described under 2010 Non-Qualified Deferred Compensation below. The SBP s vesting, early retirement, and disability provisions mirror those of the tax-qualified Pension Plan. The amounts paid by the SBP are based on the additional monthly benefit that the Pension Plan would pay if the statutory limits and pay deferrals were ignored. When an SBP participant separates from service, vested monthly benefits provided by the benefit formulas are converted into a series of ten annual installments using the actuarial equivalence basis of the Pension Plan.

SERP

The SERP is a non-qualified plan designed to provide deferred compensation benefits primarily for a select group of management or highly compensated employees which are not otherwise payable from the Pension Plan as a result of the exclusion of incentive pay from certain definitions of earnings set forth under such plan. The SERP provides highly paid employees additional benefits that the Pension Plan and SBP would pay if the 1.70% offset formula calculations reflected a portion of annual cash incentives.

SPBA

SPBAs are individual agreements providing for additional pension benefits. These agreements provide certain executives the benefits that the other three defined benefit pension plans would pay if the participant had worked an additional number of years. These contracts are usually entered into on an as needed basis to attract and retain executives. Mr. Holden is the only executive who has an SPBA. His SPBA provides for an additional five years of both age and service for purposes of determining pension benefits in the Pension Plan, SBP and SERP.

2010 Nonqualified Deferred Compensation

During 2010, we sponsored a Deferral and Restoration Plan for the benefit of our legacy RRI Energy executives and a Successor Deferral Plan for Mr. Jines. In addition, in connection with the Merger, we assumed the Mirant Corporation Deferred Compensation Plan (Mirant Deferred Compensation Plan) and the Mirant Services Supplemental Benefit (Savings) Plan (Mirant Supplemental Savings Plan) for the period from December 3, 2010 to December 31, 2010 for the benefit of our legacy Mirant executives. Mr. Muller participated in the Mirant Deferral Compensation Plan during 2010 and Messrs. Muller and Holden participated in the Mirant Supplemental Savings Plan during 2010.

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Deferral and Restoration Plan

We sponsor the GenOn Deferral and Restoration Plan to permit executives to defer compensation and to provide for Company contributions that cannot be made to our qualified plans because of Internal Revenue Service (IRS) limits. The Deferral and Restoration Plan and its predecessor plan are referred to collectively as the Deferral Plan. Under the Deferral Plan, executives accounts are deemed to be invested among a group of designated mutual funds as directed by the executive. The investment elections can be changed at any time. Earnings credited to the executives accounts reflect the earnings of the deemed investment. We have established a rabbi trust to which we have contributed amounts we expect to use to pay benefits under the Deferral Plan programs. For 2010, our Deferral Plan has two separate programs, a deferred compensation program and a savings restoration program.

Deferred Compensation Program

Under the deferred compensation program, executives may elect to defer payment of up to 80% of their base salary and/or up to 100% of their annual incentive award. The deferred amounts are always 100% vested. Executives may elect a distribution year for each year s deferred amounts, which must be at least three years after the deferral year, or may elect payment in five annual installments beginning the fourth year after deferral. If the executive terminates before distribution is complete, the entire balance will be paid in a lump sum six months after termination. Beginning in 2011, executives may elect up to ten annual installments upon termination of employment.

Savings Restoration Program

The savings restoration program of the Deferral Plan permits us to provide contributions that cannot be made on an executive s behalf to the tax-qualified GenOn Energy Savings Plan because of IRS limits. The savings restoration benefit is an amount equal to 6% (8% beginning in 2011, with the exception of Mr. Holden who accrues a pension benefit) of the difference between the IRS compensation limit ($245,000 for 2010) and the executive s compensation plus an amount equal to this difference times the annual discretionary contribution percentage applicable to the qualified savings plan.

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

Deferral Restoration Program

Beginning in 2011, in recognition of benefits provided under Mirant s deferral plan (which was terminated in connection with the Merger), we will provide a contribution to the Deferral Plan with respect to an executive s deferred compensation under the Deferral Plan using the same formula used for the savings restoration benefit. Distribution will be made in a lump sum six months after termination of employment.

Successor Deferral Plan

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

Distribution will be made in a lump sum or annual installments upon termination of employment. Distribution elections can be changed subject to a 12-month waiting period. Mr. Jines has elected payment in 15 annual installments. We have established a rabbi trust to which we have contributed the amounts we expect to use to pay benefits under this plan.

> 5.29%

The net periodic benefit costs were determined utilizing the following beginning-of-the-year assumptions:

	2012	2011	2010
Discount rate	**5.29%**	5.21%	6.34%
Expected long-term return on plan assets	**7.00%**	7.00%	8.00%

In determining the long-term expected return on plan assets, we consider our related investment guidelines, our expectations of long-term rates of return by asset category, our target asset allocation weighting and historical rates of return and volatility for equity and fixed income investments. The investment strategy for plan assets is to control and manage investment risk through diversification among asset classes, investment managers/funds and investment styles. The plans investment guidelines have been designed to meet the intended objective that plan assets earn at least nominal returns equal to or in excess of the plans liability growth rate. In consideration of the current average age of the plans participants, the investment guidelines are based upon an investment horizon of at least 10 years.

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The target and actual asset allocations for our plans at June 30 by asset category were as follows:

	Target Percentage of Plan Assets at June 30	Actual Percentage of Plan Assets	
	2012	2012	2011
Cash and equivalents	0-10%	2%	1%
Equity securities	30-70%	50%	50%
Fixed income	30-70%	48%	49%
Total		100%	100%

Our target asset allocations are maintained through ongoing review and periodic rebalancing of equity and fixed income investments with assistance from an independent outside investment consultant. Also, the plan assets are diversified among asset classes, asset managers or funds and investment styles to avoid concentrations of risk. We expect that a modest allocation to cash will exist within the plans because each investment manager is likely to hold limited cash in a portfolio.

There were no plan asset investments in shares of our common stock at June 30, 2012 and 2011.

We categorize our plan assets within a three-level fair value hierarchy as follows:

Level 1 Quoted market prices in active markets for identical assets.

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

The following table summarizes the fair values and levels, within the fair value hierarchy, for our plan assets at June 30, 2012 and 2011:

	June 30, 2012			
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and equivalents	$ 168	$	$	$ 168
Money market funds	488			488
U.S. government obligations		4,707		4,707
Corporate obligations		2,196		2,196
Mortgage obligations		1,958		1,958
Mutual funds fixed income	8,054			8,054
Mutual funds equity	17,564			17,564
Total	$ 26,274	$ 8,861	$	$ 35,135

Asset Category	June 30, 2011 Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 264	$	$	$ 264
Money market funds	97			97
U.S. government obligations		3,825		3,825
Corporate obligations		1,918		1,918
Mortgage obligations		2,562		2,562
Mutual funds fixed income	9,088			9,088
Mutual funds equity	17,592			17,592
Total	$ 27,041	$ 8,305	$	$ 35,346

The plan assets classified at Level 1 include money market funds, common stock and mutual funds. Quoted market prices in active markets for identical assets are available for investments in this category.

The plan assets classified at Level 2 include fixed income securities consisting of government securities, corporate obligations, mortgage obligations and other asset backed securities. For these types of securities, market prices are observable for identical or similar investment securities but not readily accessible for each of those investments individually at the measurement date. For these assets, we obtain pricing information

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from an independent pricing service. The pricing service uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the model of the pricing service are derived from market observable sources including as applicable: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable structure and quality, and other market-related data.

Relevant information with respect to our pension benefits as of June 30 can be summarized as follows:

	2012	2011
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 37,639**	$ 38,464
Interest cost	**1,933**	1,947
Actuarial loss (gain)	**6,966**	(481)
Benefits paid	**(2,220)**	(2,291)
Benefit obligation at end of year	**$ 44,318**	$ 37,639

	2012	2011
Change in plan assets		
Fair value of plan assets at beginning of year	**$ 35,346**	$ 30,043
Actual return on plan assets	**997**	5,802
Employer contributions	**1,012**	1,792
Benefits paid	**(2,220)**	(2,291)
Fair value of plan assets at end of year	**$ 35,135**	$ 35,346

	2012	2011
Reconciliation of funded status		
Net accrued benefit cost	**$ (9,183)**	$ (2,293)

	2012	2011
Amounts recognized in the consolidated balance sheets consist of		
Prepaid benefit cost (noncurrent assets)	**$**	$ 117
Accrued benefit liability (noncurrent liabilities)	**(9,183)**	(2,410)
Net amount recognized	**$ (9,183)**	$ (2,293)

	2012	2011
Accumulated benefit obligation	**$ 44,318**	$ 37,639

The following table discloses, in the aggregate, those plans with benefit obligations in excess of the fair value of plan assets at the June 30 measurement date:

	2012	2011
Benefit obligations	**$ 44,318**	$ 33,990
Fair value of plan assets at end of year	**$ 35,135**	$ 31,580

Amounts recognized in accumulated other comprehensive loss at June 30 were as follows:

	2012	2011
Net actuarial loss	**$ 19,957**	$ 11,945
Net transition asset	**(1)**	(2)
Income taxes	**(7,374)**	(4,413)
Total	**$ 12,582**	$ 7,530

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Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during the next fiscal year are as follows:

	2013
Net actuarial loss	$ 687
Net transition asset	(1)
Total	$ 686

The following table summarizes the components of net periodic benefit (income) cost at June 30:

	2012	2011	2010
Components of net periodic benefit (income) cost			
Service cost	**$**	$	$ 45
Interest cost	**1,933**	1,947	2,118
Expected return on plan assets	**(2,397)**	(2,027)	(2,150)
Curtailment charges			349
Amortization of unrecognized net loss	**355**	546	496
Amortization of prior service cost			5
Amortization of unrecognized net asset existing at transition	**(1)**	(1)	(1)
Net periodic benefit (income) cost	**$ (110)**	$ 465	$ 862

In 2010, one of our plans became subject to curtailment accounting. This resulted in the immediate recognition of all of the outstanding prior service cost of the plan, which was approximately $0.3 million. This charge was included in our Specialty Foods segment.

We have not yet finalized our anticipated funding level for 2013, but, based on initial estimates, we anticipate funding approximately $1.0 million.

Benefit payments estimated for future years are as follows:

2013	$ 2,258
2014	$ 2,238
2015	$ 2,209
2016	$ 2,220
2017	$ 2,261
2018 2022	$ 12,618

Note 8 Postretirement Benefits

Postretirement Medical and Life Insurance Benefit Plans

We and certain of our operating subsidiaries provide multiple postretirement medical and life insurance benefit plans. We recognize the cost of benefits as the employees render service. Postretirement benefits are funded as incurred. At the end of the year, we discount our plan liabilities using an assumed discount rate. In estimating this rate, we, along with our third-party actuaries, review bond indices, consider yield curve analysis results and the past history of discount rates.

The actuarial present value of benefit obligations summarized below was based on the following assumption:

	2012	2011
Weighted-average assumption as of June 30		
Discount rate	**3.78%**	5.29%

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The net periodic benefit costs were determined utilizing the following beginning-of-the-year assumptions:

	2012	2011	2010
Discount rate	**5.29%**	5.21%	6.34%
Health care cost trend rate	**10.00%**	10.00%	10.00%

Relevant information with respect to our postretirement medical and life insurance benefits as of June 30 can be summarized as follows:

	2012	2011
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 2,881**	$ 2,707
Service cost	**25**	24
Interest cost	**147**	137
Actuarial loss	**70**	220
Benefits paid	**(69)**	(207)
Benefit obligation at end of year	**$ 3,054**	$ 2,881

	2012	2011
Change in plan assets		
Employer contributions	**$ 69**	$ 207
Benefits paid	**(69)**	(207)
Fair value of plan assets at end of year	**$**	$

	2012	2011
Reconciliation of funded status		
Accrued benefit cost	**$ (3,054)**	$ (2,881)

	2012	2011
Amounts recognized in the consolidated balance sheets consist of		
Current accrued benefit liability	**$ (191)**	$ (203)
Noncurrent accrued benefit liability	**$ (2,863)**	$ (2,678)

	2012	2011
Accumulated benefit obligation	**$ (3,054)**	$ (2,881)

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Amounts recognized in accumulated other comprehensive loss at June 30 were as follows:

	2012	2011
Net actuarial gain	**$ (644)**	$ (745)
Prior service benefit	**(23)**	(28)
Income taxes	**247**	286
Total	**$ (420)**	$ (487)

Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during the next fiscal year are as follows:

	2013
Prior service asset amortization	$ (5)
Unrecognized gain amortization	(22)
Total	$ (27)

The following table summarizes the components of net periodic benefit cost at June 30:

	2012	2011	2010
Components of net periodic benefit cost			
Service cost	**$ 25**	$ 24	$ 17
Interest cost	**147**	137	193
Amortization of unrecognized net gain	**(31)**	(46)	(14)
Amortization of prior service asset	**(5)**	(5)	(5)
Net periodic benefit cost	**$ 136**	$ 110	$ 191

We expect to contribute approximately $0.2 million to our postretirement benefit plans in 2013.

Benefit payments estimated for future years are as follows:

2013	$ 191
2014	$ 186
2015	$ 184
2016	$ 191
2017	$ 183

2018	2022	$ 921

For other postretirement benefit measurement purposes, annual increases in medical costs for 2012 for pre-medicare eligible claims were assumed to total approximately 10% per year and gradually decline to 5% by approximately the year 2017 and remain level thereafter. However, for medicare eligible claims, the annual increases in medical costs for 2012 were assumed to total approximately 7% per year and gradually decline to 5% by approximately the year 2016 and remain level thereafter. Annual increases in medical costs for 2011 were assumed to total approximately 10% per year and gradually decline to 5% by approximately the year 2016 and remain level thereafter.

Assumed health care cost rates can have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 8	$ (7)
Effect on postretirement benefit obligation as of June 30, 2012	$ 221	$ (193)

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Note 9 Defined Contribution and Other Employee Plans

We sponsored four defined contribution plans established pursuant to Section 401(k) of the Internal Revenue Code during 2012. Contributions are determined under various formulas, and we contributed to three of the plans in 2012. Costs related to such plans for each of the years ending June 30 were as follows:

	2012	2011	2010
Costs related to defined contribution plans	**$ 859**	$ 820	$ 782

Certain of our subsidiaries participate in multiemployer plans that provide pension benefits to retiree union workers at such locations. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining agreement, based on specific eligibility/participation requirements, vesting periods and benefit formulas. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects: 1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if we choose to stop participating in any of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Our participation in these plans for the annual period ended June 30, 2012 is reflected in the following table. All information in the table is as of December 31 of the relevant year, except contributions which are based on our fiscal year, or except as otherwise noted. The EIN-PN column provides the Employer Identification Number (EIN) and the Plan Number (PN). The pension protection act zone status is based on information that we received from the plan. Among other factors, generally, plans in critical status (red zone) are less than 65 percent funded, plans in endangered or seriously endangered status (yellow zone or orange zone, respectively) are less than 80 percent funded, and plans at least 80 percent funded are said to be in the green zone. The FIP/RP status pending/implemented column indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented by the trustees of each plan. There have been no significant changes that affect the comparability of 2012, 2011 or 2010 contributions.

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		Pension Protection Act Zone Status			Fiscal Year Contributions				
Plan Name	EIN/PN	2011	2010	FIP/RP Status Pending / Implemented	**2012**	2011	2010	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Cleveland Bakers and Teamsters Pension Fund	34-0904419-001	Red 12/31/2010	Red 12/31/2009	Yes, Implemented	**$ 1,311**	$ 1,212	$ 1,190	Yes[1]	11/1/2013
Western Conference of Teamsters Pension Plan	91-6145047-001	Green 12/31/2010	Green 12/31/2009	No	**416**	426	431	No	12/14/2013
Total contributions to multiemployer plans					**$ 1,727**	$ 1,638	$ 1,621		

(1) A surcharge of 10% of required employer contributions under the collective bargaining agreement.

Our contributions to the Cleveland Bakers and Teamsters Pension Fund exceeded 5% of the total contributions to the plan in the plan year ended December 31, 2010.

We contribute to two multiemployer postretirement benefit plans other than pensions under the terms of collective bargaining agreements that cover active union workers. These benefits are not vested. As we are unable to separate contribution amounts to multiemployer postretirement benefit plans other than pensions from contribution amounts paid to active benefit plans, the aggregate contributions required by our participation in the multiemployer plans for these postretirement health and welfare benefits for each of the years ending June 30 were as follows:

	2012	2011	2010
Multiemployer health and welfare plan contributions, including postretirement contributions	**$ 3,659**	$ 3,437	$ 3,194

We offer a deferred compensation plan for select employees who may elect to defer a certain percentage of annual compensation. We do not match any contributions. Each participant earns interest based upon the prime rate of interest, adjusted semi-annually, on their respective deferred compensation balance. Participants are paid out upon retirement or termination. The following table summarizes our liability for total deferred compensation and accrued interest at June 30:

	2012	2011
Liability for deferred compensation and accrued interest	**$ 3,395**	$ 2,950

Deferred compensation expense for each of the years ending June 30 was as follows:

	2012	2011	2010
Deferred compensation expense	**$ 101**	$ 88	$ 80

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Note 10 Commitments

We have operating leases with initial noncancelable lease terms in excess of one year covering the rental of various facilities and equipment, which expire at various dates through fiscal year 2019. Certain of these leases contain renewal options, some provide options to purchase during the lease term and some require contingent rentals based on usage. The future minimum rental commitments due under these leases are summarized as follows:

2013	$ 4,147
2014	$ 3,690
2015	$ 2,190
2016	$ 594
2017	$ 303
Thereafter	$ 605

Total rent expense, including short-term cancelable leases, during the years ended June 30 is summarized as follows:

	2012	2011	2010
Operating leases:			
Minimum rentals	**$ 4,709**	$ 4,491	$ 4,336
Contingent rentals	**274**	217	456
Short-term cancelable leases	**1,407**	1,621	1,253
Total	**$ 6,390**	$ 6,329	$ 6,045

Note 11 Contingencies

In addition to the items discussed below, at June 30, 2012, we were a party to various claims and litigation matters arising in the ordinary course of business. Such matters did not have a material effect on the current-year results of operations and, in our opinion, their ultimate disposition will not have a material effect on our consolidated financial statements.

Approximately 19% of our employees are represented under various collective bargaining agreements. A collective bargaining agreement within our Specialty Foods segment will expire in fiscal year 2013. Our other collective bargaining agreements will expire in fiscal year 2014. While we believe that labor relations with unionized employees are good, a prolonged labor dispute could have a material effect on our business and results of operations.

CDSOA provides for the distribution of monies collected by U.S. Customs from anti-dumping cases to qualifying domestic producers. Our reported CDSOA receipts totaled approximately $2.7 million, $14.4 million and $0.9 million in 2012, 2011 and 2010, respectively. CDSOA remittances have related to certain candles being imported from the People s Republic of China.

CDSOA provisions for remittances apply only to duties collected on products imported prior to October 2007. Accordingly, we may receive some level of annual distributions for an undetermined period of years in the future as the monies collected that relate to entries filed prior to October 2007 are administratively finalized by U.S. Customs. Without further legislative action, we expect these distributions will eventually cease.

Cases have been brought in U.S. courts challenging certain aspects of CDSOA. In two separate cases, the U.S. Court of International Trade (CIT) ruled that the procedure for determining recipients eligible to receive CDSOA distributions is unconstitutional. The U.S. Court of Appeals for the Federal Circuit reversed both CIT decisions and the U.S. Supreme Court did not hear either case. This allowed the appellate court decisions to stand, but other legal challenges to CDSOA are still pending.

We are unable to determine, at this time, what the ultimate outcome of other litigation will be, and it is possible that further legal action, potential additional changes in the law and other factors could affect the

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amount of funds available for distribution, including funds relating to entries prior to October 2007. Accordingly, we cannot predict the amount of future distributions, if any, we may receive. Any change in CDSOA distributions could affect our earnings and cash flow.

Note 12 Restructuring and Impairment Charges

In 2010, we closed our dressings and sauces manufacturing operation located in Wilson, New York. During 2010, we recorded restructuring charges of approximately $2.3 million ($1.5 million after taxes) within the Specialty Foods segment. This closure was essentially complete at December 31, 2009. We do not expect any other costs or cash expenditures related to this closure.

Note 13 Business Segments Information

We have evaluated our operations and have determined that the business was separated into two distinct operating and reportable segments: Specialty Foods and Glassware and Candles.

Specialty Foods includes the production, marketing and sale of a family of pourable and refrigerated produce salad dressings, croutons, sauces, fruit glazes, refrigerated produce vegetable and fruit dips, chip dips, dry and frozen pasta and egg noodles, caviar, frozen hearth-baked breads, frozen yeast rolls, sweet rolls and biscuits. Salad dressings, sauces, croutons, frozen pasta and egg noodles, frozen bread products and frozen yeast rolls are sold to both retail and foodservice markets. The remaining products of this business segment are primarily directed to retail markets.

Glassware and Candles includes the production and marketing of candles in a variety of popular sizes, shapes and scents and other home fragrance products, as well as the distribution of various commercial products, including glassware and candles. This segment s products are sold primarily to retail markets such as mass merchandisers and food and drug stores, but also, to a lesser extent, to commercial markets.

The following table sets forth reportable segment information with respect to the amount of net sales contributed by each class of similar products of our consolidated net sales in each of the years ending June 30:

	2012	2011	2010
Specialty Foods			
Non-frozen	**$ 621,497**	$ 570,547	$ 547,704
Frozen	**367,440**	352,309	345,552
Total Specialty Foods	**$ 988,937**	$ 922,856	$ 893,256
Glassware and Candles			
Consumer table and giftware	**$ 137,526**	$ 161,635	$ 158,327
Nonconsumer ware and other	**4,896**	5,455	5,025
Total Glassware and Candles	**$ 142,422**	$ 167,090	$ 163,352
Total	**$ 1,131,359**	$ 1,089,946	$ 1,056,608

Corporate Expenses include various expenses of a general corporate nature, as well as costs related to certain divested or closed nonfood operations, including the expense associated with retirement plans applicable to those closed units and any real property held for sale. These corporate expenses are generally not directly attributable to the reportable operating segments and therefore have not been allocated to those segments.

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The following sets forth certain additional financial information attributable to our reportable segments for the years ended June 30 and certain items retained at the corporate level:

	2012	2011	2010
Net Sales(1)			
Specialty Foods	**$ 988,937**	$ 922,856	$ 893,256
Glassware and Candles	**142,422**	167,090	163,352
Total	**$ 1,131,359**	$ 1,089,946	$ 1,056,608
Operating Income(2)			
Specialty Foods	**$ 151,479**	$ 155,218	$ 176,194
Glassware and Candles	**2,105**	3,764	9,445
Corporate Expenses	**(10,297)**	(11,978)	(11,440)
Total	**$ 143,287**	$ 147,004	$ 174,199
Identifiable Assets(1)(3)			
Specialty Foods	**$ 384,604**	$ 385,470	$ 362,844
Glassware and Candles	**85,714**	87,452	105,537
Corporate	**212,317**	149,167	118,072
Total	**$ 682,635**	$ 622,089	$ 586,453
Capital Expenditures			
Specialty Foods	**$ 15,080**	$ 34,292	$ 11,321
Glassware and Candles	**841**	948	1,340
Corporate	**426**	103	172
Total	**$ 16,347**	$ 35,343	$ 12,833
Depreciation and Amortization			
Specialty Foods	**$ 17,512**	$ 15,435	$ 15,832
Glassware and Candles	**2,677**	3,427	4,601
Corporate	**77**	78	100
Total	**$ 20,266**	$ 18,940	$ 20,533

(1) Net sales and long-lived assets are predominantly domestic.

(2) Operating income represents net sales less operating expenses related to the business segments. All intercompany transactions have been eliminated, and intersegment revenues are not significant.

(3)

Identifiable assets for each segment include those assets used in its operations and intangible assets allocated to purchased businesses.

Corporate assets consist principally of cash and equivalents, deferred income taxes and certain real property that is held for sale.

Combined net sales from the two segments attributable to Wal-Mart Stores, Inc. (Wal-Mart) for each of the years ending June 30 were as follows:

	2012	2011	2010
Net sales to Wal-Mart.	**$ 238,719**	$ 243,064	$ 246,759
As a percentage of consolidated net sales	**21%**	22%	23%

Combined accounts receivable for the two segments attributable to Wal-Mart at June 30 as a percentage of consolidated accounts receivable were as follows:

	2012	2011
Accounts receivable due from Wal-Mart as a percentage of consolidated accounts receivable	**41%**	35%

LANCASTER COLONY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands, except per share data)

Note 14 Selected Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2012					
Net Sales	**$ 274,516**	**$ 311,786**	**$ 271,098**	**$ 273,959**	**$ 1,131,359**
Gross Margin	**$ 55,430**	**$ 69,859**	**$ 53,802**	**$ 61,020**	**$ 240,111**
Net Income	**$ 21,258**	**$ 30,373[1]**	**$ 18,222**	**$ 25,955**	**$ 95,808**
Diluted Net Income per Share[2]	**$ .78**	**$ 1.11[1]**	**$ .67**	**$ .95**	**$ 3.51**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2011					
Net Sales	$ 265,051	$ 316,238	$ 252,623	$ 256,034	$ 1,089,946
Gross Margin	$ 58,071	$ 78,244	$ 52,534	$ 53,580	$ 242,429
Net Income	$ 22,767	$ 34,863[3]	$ 19,441	$ 29,293[4]	$ 106,364
Diluted Net Income per Share[2]	$ .81	$ 1.25[3]	$ .71	$ 1.07[4]	$ 3.84

(1) Included in the second quarter earnings is income of approximately $1.8 million, net of taxes, or approximately $.06 per share, related to funds received under CDSOA.

(2) Diluted net income per share amounts are calculated independently for each of the quarters presented. Accordingly, the sum of the quarterly net income per share amounts may not agree with the fiscal year.

(3) Included in the second quarter earnings is income of approximately $0.6 million, net of taxes, or approximately $.02 per share, related to funds received under CDSOA.

(4) Included in the fourth quarter earnings is income of approximately $8.9 million, net of taxes, or approximately $.33 per share, related to additional funds received under CDSOA.

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Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management must apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by Securities and Exchange Commission Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2012.

REPORT OF MANAGEMENT

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and

3. Provide reasonable assurance regarding prevention or timely detection of an unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has used the framework set forth in the report entitled *Internal Control Integrated Framework* published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission to evaluate the effectiveness of our internal control over financial reporting. Management has concluded that our internal control over financial reporting was effective as of the end of the most recent year. Deloitte & Touche LLP has issued a report on the effectiveness of our internal control over financial reporting. This report is set forth on the following page.

There has been no change in our internal control over financial reporting during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Lancaster Colony Corporation

We have audited the internal control over financial reporting of Lancaster Colony Corporation and subsidiaries (the Company) as of June 30, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended June 30, 2012 of the Company and our report dated August 29, 2012, expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Columbus, Ohio

August 29, 2012

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Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information regarding our directors and executive officers, including the identification of the Audit Committee and the Audit Committee financial expert, is incorporated by reference to the information contained in our definitive proxy statement for our November 2012 Annual Meeting of Shareholders (2012 Proxy Statement).

The information regarding Section 16(a) beneficial ownership reporting compliance is incorporated by reference to the material under the heading Section 16(a) Beneficial Ownership Reporting Compliance in our 2012 Proxy Statement.

The information regarding changes, if any, in procedures by which shareholders may recommend nominees to our Board of Directors is incorporated by reference to the information contained in our 2012 Proxy Statement.

The information regarding our Code of Business Ethics is incorporated by reference to the information contained in our 2012 Proxy Statement.

Item 11. ***Executive Compensation***

The information regarding executive officer and director compensation is incorporated by reference to the information contained in our 2012 Proxy Statement.

The information regarding Compensation Committee interlocks and insider participation and the Compensation Committee Report is incorporated by reference to the information contained in our 2012 Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information regarding security ownership of certain beneficial owners and management and securities authorized for issuance under our equity compensation plans is incorporated by reference to the information contained in our 2012 Proxy Statement.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information regarding certain relationships and related transactions and director independence is incorporated by reference to the information contained in our 2012 Proxy Statement.

Item 14. ***Principal Accounting Fees and Services***

Information regarding fees paid to and services provided by our independent registered public accounting firm during the fiscal years ended June 30, 2012 and 2011 and the pre-approval policies and procedures of the Audit Committee is incorporated by reference to the information contained in our 2012 Proxy Statement.

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PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) (1) *Financial Statements*. The following consolidated financial statements as of June 30, 2012 and 2011 and for each of the three years in the period ended June 30, 2012, together with the report thereon of Deloitte & Touche LLP dated August 29, 2012, are included in Item 8 of this report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of June 30, 2012 and 2011

Consolidated Statements of Income for the years ended June 30, 2012, 2011 and 2010

Consolidated Statements of Cash Flows for the years ended June 30, 2012, 2011 and 2010

Consolidated Statements of Shareholders Equity for the years ended June 30, 2012, 2011 and 2010

Notes to Consolidated Financial Statements

(a) (2) *Financial Statement Schedules.* Included in Part IV of this report is the following additional financial data that should be read in conjunction with the consolidated financial statements included in Item 8 of this report:

Schedule II - Valuation and Qualifying Accounts.

Supplemental schedules not included with the additional financial data have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(a) (3) *Exhibits Required by Item 601 of Regulation S-K and Item 15(b)*. See Index to Exhibits following Schedule II Valuation and Qualifying Accounts.

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SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANCASTER COLONY CORPORATION
(Registrant)

By: /s/ JOHN B. GERLACH, JR.
John B. Gerlach, Jr.
Chairman, Chief Executive Officer, President and Director

Date: August 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ JOHN B. GERLACH, JR. John B. Gerlach, Jr.	Chairman, Chief Executive Officer, President and Director (Principal Executive Officer)	August 29, 2012
/s/ JOHN L. BOYLAN John L. Boylan	Treasurer, Vice President, Assistant Secretary, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	August 29, 2012
/s/ JAMES B. BACHMANN James B. Bachmann	Director	August 20, 2012
/s/ NEELI BENDAPUDI Neeli Bendapudi	Director	August 21, 2012
/s/ KENNETH L. COOKE Kenneth L. Cooke	Director	August 22, 2012
/s/ ROBERT L. FOX	Director	August 20, 2012

ROBERT L. FOX		
/s/ ALAN F. HARRIS	Director	August 21, 2012
Alan F. Harris		
/s/ EDWARD H. JENNINGS	Director	August 21, 2012
Edward H. Jennings		
/s/ ZUHEIR SOFIA	Director	August 17, 2012
Zuheir Sofia		

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LANCASTER COLONY CORPORATION AND SUBSIDIARIES

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

For each of the three years in the period ended June 30, 2012

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions(A)	Balance at End of Year
Reserves deducted from asset to which they apply Allowance for doubtful accounts (amounts in thousands):				
Year ended June 30, 2010	$ 942	$ (51)	$ 375	$ 516
Year ended June 30, 2011	$ 516	$ 65	$ 11	$ 570
Year ended June 30, 2012	$ 570	$ 128	$ 20	$ 678

Notes:

(A) Represents uncollectible accounts written-off net of recoveries.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES

FORM 10-K

JUNE 30, 2012

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of Lancaster Colony Corporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q (000-04065), filed February 9, 2009).
3.2	Amended and Restated Regulations of Lancaster Colony Corporation (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q (000-04065), filed February 9, 2009).
4.1	Specimen Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K (000-04065), filed August 25, 2010).
10.1	Credit Agreement, dated as of April 18, 2012, by and among Lancaster Colony Corporation, the Lenders (as defined therein) and JPMorgan Chase Bank, NA (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (000-04065), filed April 23, 2012).
10.2[a]	Lancaster Colony Corporation Executive Employee Deferred Compensation Plan (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K (000-04065), filed September 26, 2000).
10.3[a]	2004 Amendment to Lancaster Colony Corporation Executive Employee Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (000-04065), filed January 3, 2005).
10.4[a]	Lancaster Colony Corporation 2005 Executive Employee Deferred Compensation Plan (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K (000-04065), filed February 25, 2005).
10.5[a]	Lancaster Colony Corporation Amended and Restated 2005 Stock Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (000-04065), filed November 19, 2010).
10.6[a]	Form of Restricted Stock Award Agreement for Directors under the Lancaster Colony Corporation 2005 Stock Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (000-04065), filed February 9, 2011).
10.7[a]	Form of Stock Appreciation Rights Award Agreement for employees and consultants under the Lancaster Colony Corporation 2005 Stock Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (000-04065), filed May 10, 2011).
10.8[a]	Form of Restricted Stock Award Agreement for employees and consultants under the Lancaster Colony Corporation 2005 Stock Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (000-04065), filed May 10, 2011).
10.9[a]	Amended and Restated Key Employee Severance Agreement, dated December 3, 2008, between Lancaster Colony Corporation and John L. Boylan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (000-04065), filed February 9, 2009).
10.10[a]	Amended and Restated Key Employee Severance Agreement, dated December 3, 2008, between Lancaster Colony Corporation and Bruce L. Rosa (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (000-04065), filed February 9, 2009).
10.11[a]	Description of Executive Bonus Arrangements (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K (000-04065), filed September 10, 2004).
21	Subsidiaries of Registrant.
23	Consent of Independent Registered Public Accounting Firm

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Exhibit Number	Description
31.1	Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS[b]	XBRL Instance Document
101.SCH[b]	XBRL Taxonomy Extension Schema Document
101.CAL[b]	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF[b]	XBRL Taxonomy Definition Linkbase Document
101.LAB[b]	XBRL Taxonomy Extension Label Linkbase Document
101.PRE[b]	XBRL Taxonomy Extension Presentation Linkbase Document

[a] Indicates a management contract or compensatory plan, contract or arrangement in which any Director or any Executive Officer participates.

[b] Furnished herewith.