MIRANT CORP
Form 10-Q
December 22, 2003

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2003

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____________ to _____________

Mirant Corporation

(Exact name of registrant as specified in its charter)

Delaware	**001-16107**	**58-2056305**
(State or other jurisdiction of Incorporation or Organization)	*(Commission File Number)*	*(I.R.S. Employer Identification No.)*

1155 Perimeter Center West, Suite 100, Atlanta, Georgia	**30338**
(Address of Principal Executive Offices)	*(Zip Code)*
(678) 579-5000	**www.mirant.com**
(Registrant's Telephone Number, Including Area Code)	*(Web Page)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. o Yes ý No

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). ý Yes o No

The number of shares outstanding of the Registrant's Common Stock, par value $0.01 per share, at December 10, 2003 was 405,468,084.

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DEFINITIONS

Term	Meaning
Brazos	Brazos Electric Power Cooperative
LIBOR	London InterBank Offered Rate
MMBtu	Million British thermal unit
MW	Megawatts
MWh	Megawatt-hour
Mirant Americas Energy Marketing	Mirant Americas Energy Marketing, L.P.
Mirant Americas Generation	Mirant Americas Generation, LLC
Mirant Mid-Atlantic	Mirant Mid-Atlantic, LLC
Mirant New York	Mirant New York, Inc.
Perryville	Perryville Energy Partners, LLC

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information presented in this Form 10-Q includes forward-looking statements in addition to historical information. These statements involve known and unknown risks and relate to future events, our future financial performance or our projected business results. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "targets," "potential" or "continue" or the negative of these terms or other comparable terminology.

Forward-looking statements are only predictions. Actual events or results may differ materially from any forward-looking statement as a result of various factors, which include:

General Factors

legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the electric utility industry; changes in state, federal and other regulations (including rate and other regulations); changes in, or application of, environmental and other laws and regulations to which we and our subsidiaries and affiliates are subject;

the failure of our assets to perform as expected;

our pursuit of potential business strategies, including the disposition of assets, termination of construction of certain projects or internal restructuring;

changes in market conditions, including developments in energy and commodity supply, demand, volume and pricing or the extent and timing of the entry of additional competition in the markets of our subsidiaries and affiliates;

weather and other natural phenomena;

war, terrorist activities or the occurrence of a catastrophic loss;

deterioration in the financial condition of our counterparties and the resulting failure to pay amounts owed to us or perform obligations or services due to us; and

the disposition of the pending litigation described in this Form 10-Q as well as the Company's Form 10-K for the year ended December 31, 2002 and Forms 10-Q for the quarterly periods ended March 31, 2003 and June 30, 2003;

Bankruptcy-Related Factors

the actions and decisions of creditors of Mirant and of other third parties with interests in the voluntary petitions for reorganization filed on July 14, 2003, July 15, 2003, August 18, 2003, October 3, 2003 and November 18, 2003, by Mirant Corporation and substantially all of its wholly-owned and certain non-wholly-owned U.S. subsidiaries under Chapter 11 of the Bankruptcy Code;

the effects of the Chapter 11 filings on our liquidity and results of operations;

the instructions, orders and decisions of the bankruptcy court and other effects of legal and administrative proceedings, settlements, investigations and claims;

the ability of Mirant to operate pursuant to the terms of the debtor-in-possession financing agreement; and

the ability of Mirant to obtain and maintain normal terms with vendors and service providers and to maintain contracts that are critical to our operations.

The ultimate results of the forward looking statements and the terms of any reorganization plan ultimately confirmed can affect the value of our various pre-petition liabilities, common stock and/or other securities. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies. A plan of reorganization could result in holders of the liabilities and/or securities of the Company, Mirant Americas Generation and Mirant Mid-Atlantic receiving no value for their interests. Because of such possibilities, the value of these liabilities and/or securities is highly speculative. Accordingly, we urge that caution be exercised with respect to existing and future investments in any of these liabilities and/or securities.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. We expressly disclaim a duty to update any of the forward-looking statements.

MIRANT CORPORATION AND SUBSIDIARIES
(Debtor-in-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002 (Restated)	2003	2002 (Restated)
	(In millions, except per share data)			
Operating Revenues:				
Generation	**$ 1,477**	$ 1,247	**$ 3,928**	$ 2,937
Integrated utilities and distribution	**134**	128	**390**	362
Net trading revenue (loss)		(5)	**39**	147
Total operating revenues	**1,611**	1,370	**4,357**	3,446
Cost of fuel, electricity and other products	**1,004**	726	**2,767**	1,674
Gross Margin	**607**	644	**1,590**	1,772
Operating Expenses:				
Operations and maintenance	**264**	316	**882**	900
Depreciation and amortization	**90**	73	**266**	216
Impairment losses and restructuring (credits) charges	**(2)**	167	**2,086**	1,063
Gain on sales of assets, net	**(23)**	(4)	**(49)**	(32)
Total operating expenses	**329**	552	**3,185**	2,147
Operating Income (Loss)	**278**	92	**(1,595)**	(375)
Other (Expense) Income, net:				
Interest expense	**(54)**	(129)	**(349)**	(347)
Interest rate hedging losses	**(94)**	(2)	**(110)**	(7)
(Loss) gain on sales of investments, net		(3)		238
Equity in income of affiliates	**8**	24	**23**	148
Other, net	**(8)**	(6)	**24**	23
Minority interest	**(15)**	(20)	**(43)**	(56)
Interest income	**5**	18	**22**	32
Total other (expense) income, net	**(158)**	(118)	**(433)**	31
Income (Loss) From Continuing Operations Before Reorganization Items and Income Taxes	**120**	(26)	**(2,028)**	(344)
Reorganization Items, net	**182**		**182**	
Provision (Benefit) for Income Taxes	**(27)**	(18)	**5**	(139)
Loss From Continuing Operations	**(35)**	(8)	**(2,215)**	(205)
Income (Loss) from Discontinued Operations, net of tax (benefit) provision of $0 and $(23) for the three months ended	**2**	(33)	**(20)**	(28)

	Three Months Ended September 30,		Nine Months Ended September 30,	
September 30, 2003 and 2002 and $(1) and $(18) for the nine months ended September 30, 2003 and 2002, respectively				
Loss Before Cumulative Effect of Changes in Accounting Principles	**(33)**	(41)	**(2,235)**	(233)
Cumulative Effect of Changes in Accounting Principles, net of taxes of $2 for the nine months ended September 30, 2003			**(28)**	
Net Loss	**$ (33)**	$ (41)	**$ (2,263)**	$ (233)
Loss Per Share:				
Basic:				
From continuing operations	**$ (0.08)**	$ (0.02)	**$ (5.47)**	$ (0.51)
From discontinued operations		(0.08)	**(0.05)**	(0.07)
From cumulative effect of change in accounting principle			**(0.07)**	
Net loss	**$ (0.08)**	$ (0.10)	**$ (5.59)**	$ (0.58)
Diluted:				
From continuing operations	**$ (0.08)**	$ (0.02)	**$ (5.47)**	$ (0.51)
From discontinued operations		(0.08)	**(0.05)**	(0.07)
From cumulative effect of change in accounting principle			**(0.07)**	
Net loss	**$ (0.08)**	$ (0.10)	**$ (5.59)**	$ (0.58)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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MIRANT CORPORATION AND SUBSIDIARIES
(Debtor-in-Possession)
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2003	December 31, 2002
	(Unaudited)	
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 1,582**	$ 1,706
Funds on deposit	**47**	180
Receivables, less provision for uncollectibles of $234 and $191 for 2003 and 2002, respectively	**1,956**	2,099
Price risk management assets	**63**	1,536
Assets held for sale		438
Other	**586**	561

	September 30, 2003	December 31, 2002
Total current assets	**4,234**	6,520
Property, Plant and Equipment, net	**8,164**	8,408
Noncurrent Assets:		
Goodwill, net of accumulated amortization of $300 for 2003 and 2002, respectively	**608**	2,683
Other intangible assets, net of accumulated amortization of $72 and $67 for 2003 and 2002, respectively	**516**	535
Investments	**205**	296
Notes and other receivables, less provision for uncollectibles of $231 and $104 for 2003 and 2002, respectively	**7**	140
Price risk management assets	**154**	582
Other	**270**	259
Total noncurrent assets	**1,760**	4,495
Total assets	**$ 14,158**	$ 19,423
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities Not Subject to Compromise		
Current Liabilities:		
Short-term debt	**$ 28**	$ 65
Current portion of long-term debt	**201**	1,731
Accounts payable and accrued liabilities	**1,124**	2,359
Price risk management liabilities	**66**	1,535
Transition power agreements and other obligations	**475**	567
Other	**50**	388
Total current liabilities	**1,944**	6,645
Noncurrent Liabilities:		
Long-term debt	**1,337**	7,091
Company obligated mandatorily redeemable securities of a subsidiary holding solely parent parent company debentures		345
Price risk management liabilities	**142**	1,196
Transition power agreements and other obligations	**129**	335
Other	**466**	551
Total noncurrent liabilities	**2,074**	9,518
Liabilities Subject to Compromise	**9,104**	
Minority Interest in Subsidiary Companies	**271**	305
Commitments and Contingencies		
Stockholders' Equity:		
Common stock, $.01 par value, per share	**4**	4
Authorized 2,000,000,000 shares		
Issued September 30, 2003: 405,568,084 shares December 31, 2002: 404,018,156 shares		
Treasury September 30, 2003: 100,000 shares December 31, 2002: 100,000 shares		
Additional paid-in capital	**4,918**	4,899
Accumulated deficit	**(4,107)**	(1,844)
Accumulated other comprehensive loss	**(48)**	(102)

	September 30, 2003	December 31, 2002
Treasury stock, at cost	**(2)**	(2)
Total stockholders' equity	**765**	2,955
Total liabilities and stockholders' equity	**$ 14,158**	$ 19,423

The accompanying notes are an integral part of these condensed consolidated statements.

MIRANT CORPORATION AND SUBSIDIARIES
(Debtor-in-Possession)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Comprehensive (Loss)
			(in millions)			
Balance, December 31, 2002	$ 4	$ 4,899	$ (1,844)	$ (102)	$ (2)	
Net loss			(2,263)			$ (2,263)
Other comprehensive income				54		54
Comprehensive loss						$ (2,209)
Other		19				
Balance, September 30, 2003	$ 4	$ 4,918	$ (4,107)	$ (48)	$ (2)	

The accompanying notes are an integral part of these condensed consolidated statements.

MIRANT CORPORATION AND SUBSIDIARIES
(Debtor-in-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
		(Restated)
	(in millions)	
Cash Flows from Operating Activities:		
Net loss	**$ (2,263)**	$ (233)

	Nine Months Ended September 30,	
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in income of affiliates	**(23)**	(148)
Dividends received from equity investments	**16**	29
Cumulative effect of change in accounting principle	**28**	
Impairment losses and restructuring charge	**2,071**	1,074
Gain on sales of assets and investments	**(27)**	(270)
Depreciation and amortization	**274**	255
Non-cash charges for reorganization items	**162**	
Amortization of transition power agreements and other obligations (non-cash revenue)	**(356)**	(325)
Price risk management activities, net	**206**	(168)
Deferred income taxes	**(27)**	(58)
Minority interest	**27**	40
Interest rate hedging losses	**110**	7
Other, net	**54**	63
Changes in operating assets and liabilities:		
Receivables, net	**119**	754
Other current assets	**122**	76
Other assets	**(37)**	(85)
Accounts payable and accrued liabilities	**(358)**	(265)
Taxes accrued	**(56)**	(39)
Other liabilities	**(21)**	(2)
Total adjustments	**2,284**	938
Net cash provided by operating activities	**21**	705
Cash Flows from Investing Activities:		
Capital expenditures	**(444)**	(1,107)
Cash paid for acquisitions	**(61)**	(93)
Issuance of notes receivable	**(27)**	(329)
Repayments on notes receivable	**98**	142
Proceeds from the sale of assets	**297**	238
Proceeds from the sale of minority owned investments		1,987
Other	**4**	(12)
Net cash (used in) provided by investing activities	**(133)**	826
Cash Flows from Financing Activities:		
Issuance of short-term debt, net	**(36)**	52
Proceeds from issuance of long-term debt	**307**	2,562
Repayment of long-term debt	**(289)**	(2,765)
Change in debt service reserve fund	**43**	47
Purchase of TIERS Certificates	**(51)**	
Other	**9**	6
Net cash used in financing activities	**(17)**	(98)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**5**	7

	Nine Months Ended September 30,	
Net (Decrease) Increase in Cash and Cash Equivalents	**(124)**	1,440
Cash and Cash Equivalents, beginning of period	**1,706**	793
Cash and Cash Equivalents, end of period	**$ 1,582**	$ 2,233
Supplemental Cash Flow Disclosures:		
Cash paid for interest, net of amounts capitalized	**$ 359**	$ 315
Cash paid (refunds received) for income taxes	**$ (13)**	$ 276
Cash paid for reorganization items (professional fees and administrative expense)	**$ 12**	$
Business Acquisitions:		
Fair value of assets acquired	**$ 61**	$ 96
Less cash paid	**61**	93
Liabilities assumed	**$**	$ 3

The accompanying notes are an integral part of these condensed consolidated statements.

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MIRANT CORPORATION AND SUBSIDIARIES
(Debtor-in-Possession)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 and 2002

A. Description of Chapter 11 Proceedings and Business

Overview

Mirant Corporation (formerly Southern Energy, Inc.) and its subsidiaries (collectively, "Mirant" or the "Company") is an international energy company incorporated in Delaware on April 20, 1993. Prior to April 2, 2001, Mirant was a subsidiary of Southern Company ("Southern").

Mirant's revenues are generated through the production of electricity in the United States, the Philippines and the Caribbean. In addition, in North America, Mirant trades and markets energy commodities to manage the financial performance of its power generation business and to take proprietary commodity trading positions, primarily in regions where it owns generating facilities or other physical assets. In the Philippines, over 80% of the Company's generation output is sold under long-term contracts. The Company's operations in the Caribbean include fully integrated electric utilities, which generate power sold to residential, commercial and industrial customers. As of September 30, 2003, Mirant owned or controlled through lease or operating agreements more than 21,000 MW of electric generating capacity. In North America, the Company also had rights to approximately 432 million cubic feet per day of natural gas production, more than 758 million cubic feet per day of natural gas transportation and approximately 860 million cubic feet of natural gas storage as of September 30, 2003.

Mirant manages its business through two principal operating segments. The Company's North America segment consists of power generation and commodity trading operations managed as an integrated business. The International segment includes power generation businesses in the Philippines, Curacao and Trinidad, and integrated utilities in the Bahamas and Jamaica.

Proceedings under Chapter 11 of the Bankruptcy Code

On July 14, 2003 and July 15, 2003 ("Petition Date"), Mirant and 74 of its wholly-owned subsidiaries in the United States (collectively, the "Original Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Bankruptcy Court"). On August 18, 2003, two additional wholly-owned subsidiaries of Mirant, Mirant

EcoElectrica Investments I, Ltd. and Puerto Rico Power Investments Ltd., commenced Chapter 11 cases under the Bankruptcy Code (the "EcoElectrica Debtors"). On October 3, 2003, four of Mirant's affiliates who jointly own directly and indirectly the Wrightsville power plant also commenced Chapter 11 cases (the "Wrightsville Debtors"). On November 18, 2003, two additional wholly-owned subsidiaries of Mirant, Mirant Americas Energy Capital, LP and Mirant Americas Energy Capital Assets, LLC, commenced Chapter 11 cases under the Bankruptcy Code (the "Energy Capital Debtors," together with the Original Debtors, the EcoElectrica Debtors, and the Wrightsville Debtors, the "Mirant Debtors"). The Chapter 11 cases of the Mirant Debtors are being jointly administered for procedural purposes only under case caption In re Mirant Corporation *et al*., Case No. 03-46590 (DML).

Additionally, on the Petition Date, certain of Mirant's Canadian subsidiaries, Mirant Canada Energy Marketing, Ltd. and Mirant Canada Marketing Investments, Inc., filed an application for creditor protection under the Companies Creditors' Arrangement Act in Canada, which, like Chapter 11, allows for reorganization under the protection of the court system. The operations of

Mirant and its subsidiaries' in the Philippines and the Caribbean were not included in the Chapter 11 filings.

The Mirant Debtors are continuing to operate their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, applicable court orders, as well as other applicable laws and rules. In general, as debtors-in-possession, each of the Mirant Debtors is authorized under the Bankruptcy Code to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

The Bankruptcy Court has established a committee of unsecured creditors for Mirant Corporation and a committee of unsecured creditors for Mirant Americas Generation (collectively, the "Creditor Committees"). The Bankruptcy Court has also established a committee of equity securities holders of Mirant Corporation (the "Equity Committee," and collectively with the Creditor Committees, the "Statutory Committees").

On November 5, 2003, certain of the Mirant Debtors entered into a two-year debtor-in-possession credit facility for up to $500 million (the "DIP Facility") with General Electric Capital Corporation ("GECC"). The orders entered by the Bankruptcy Court approving the DIP Facility permit up to $300 million of borrowings, which amount may be increased to $500 million upon written approval of each of the Statutory Committees or further order of the Bankruptcy Court. The DIP Facility also contains an option, exercisable by Mirant, to remove Mirant Americas Generation and its subsidiaries as borrowers and obligors under the DIP Facility and reduce the DIP Facility commitment to a maximum of $200 million of borrowings. See Note H for further discussion of the DIP Facility.

Subject to certain exceptions in the Bankruptcy Code, the Chapter 11 filings automatically stayed the initiation or continuation of most actions against the Mirant Debtors, including most actions to collect pre-petition indebtedness or to exercise control over the property of the bankruptcy estates. As a result, absent an order of the Bankruptcy Court, creditors are precluded from collecting pre-petition debts and substantially all pre-petition liabilities are subject to compromise under a plan or plans of reorganization to be developed by the Mirant Debtors later in the bankruptcy proceedings. Mirant estimates, based on a preliminary review and analysis of all claims conducted as of December 4, 2003, that in excess of 8,500 proofs of claim have been filed in the Chapter 11 cases. The claims total approximately $4.6 billion. Mirant expects that this is only a portion of the claims that will ultimately be filed in this case and anticipates that the aggregate claims will be substantially more than those claims received to date. Furthermore, the Mirant Debtors have not analyzed the validity and enforceability of submitted claims or whether such claims should ultimately be allowed in the Chapter 11 proceedings. As such, the amounts receiving distributions under the plan or plans of reorganization may substantially vary from the amounts of the claims submitted.

Under the Bankruptcy Code, the Mirant Debtors also have the right to assume, assume and assign, or reject certain executory contracts and unexpired leases, subject to the approval of the Bankruptcy Court and certain other conditions. Generally, the assumption of an executory contract or unexpired lease requires a debtor to cure certain existing defaults under the contract, including the payment of

accrued but unpaid pre-petition liabilities. Rejection of an executory contract or unexpired lease is typically treated as a breach of the contract or lease, as of the moment immediately preceding the Chapter 11 filing. Subject to certain exceptions, this rejection relieves the debtor from performing its future obligations under that contract but entitles the counterparty to assert a pre-petition general unsecured claim for damages. Parties to executory contracts or unexpired leases rejected by a debtor may file proofs of claim against that debtor's estate for damages. Due to ongoing evaluation of contracts for assumption or rejection and the uncertain nature of many of the potential claims for damages, the Mirant Debtors are unable to project the magnitude of these claims at this time.

The Mirant Debtors are in the process of evaluating all of their executory contracts in order to determine which contracts will be assumed, assumed and assigned, or rejected. Once the evaluation is complete with respect to each particular contract, the applicable Mirant Debtors will file an appropriate motion with the Bankruptcy Court seeking approval to assume or reject the contract. The court will then determine to grant or deny such motions. As of the date of this filing, the Mirant Debtors have identified the following material contracts to be rejected.

PEPCO Back to Back Agreement: On August 28, 2003, the Mirant Debtors filed a motion with the Bankruptcy Court to reject an out-of-market agreement to purchase power from Potomac Electric Power Company ("PEPCO"). Under this agreement, Mirant Americas Energy Marketing is obligated to purchase power from PEPCO in the PJM marketplace at prices that are significantly higher than existing market prices for power. The Mirant Debtors forecast that it would cost such Mirant Debtors which are parties to the contract with PEPCO and their stakeholders in excess of $300 million through 2005 if this agreement were to remain in effect. These anticipated losses, as compared to what could be obtained if market rates were applied, are even greater over the entire life of the agreement, which continues until 2021.

Perryville Tolling Agreement: On August 29, 2003, the Mirant Debtors filed a motion with the Bankruptcy Court to reject the tolling agreement with Perryville, which requires a fixed capacity payment and allows Mirant to supply the natural gas needed to fuel the Perryville generation facility and to own and market the facility's output. The rejection was effective as of September 15, 2003. At the time of the rejection, Mirant Americas held a subordinated note receivable from Perryville in the amount of $99 million. Under the terms of the subordinated loan, Perryville is not required to make payments to Mirant Americas during the pendency of a default under the tolling agreement. In addition, under the subordinated note, Perryville has the right to set off obligations under the subordinated note against amounts payable by Mirant Americas under a guaranty of the tolling agreement. As a result, Mirant Americas does not expect to receive any future repayments on this note. Accordingly, the entire balance of the note was written off and recorded in reorganization items in the three months ended September 30, 2003. Mirant also recorded a net gain of approximately $6 million in the three months ended September 30, 2003 to remove the capital lease debt obligations and related assets from its unaudited condensed consolidated balance sheet.

On October 29, 2003, the Mirant Debtors filed a motion with the Bankruptcy Court for approval of a settlement between Mirant and PEPCO regarding the two out-of-market transition power agreements ("TPAs"), whereby, the contracted per MWh prices for power delivered under the TPAs

were increased by $6.40 and the TPAs were assumed. In addition, the agreement grants PEPCO an allowed pre-petition general unsecured claim related to the amendment of these agreements in the amount of $105 million. On November 19, 2003, the Bankruptcy Court approved the settlement and assumption of the amended TPAs.

On November 19, 2003, the Bankruptcy Court issued an order to make effective the November 5, 2003 amendment to the Company's Global Risk Management Policy (the "Risk Management Policy"). Under this order, the Mirant Debtors are required to conduct their commercial activities in compliance with the terms and provisions of the Risk Management Policy, which defines approved markets, energy and other commodities for the trading and marketing activities of the Company's North America segment. It also establishes risk and authorization limits for Mirant personnel involved in these commercial activities.

The Risk Management Policy establishes definitions of permitted asset hedging and optimization transactions and establishes the Company's risk limits for these activities. Asset hedging activities are designed to reduce the risks around the capital Mirant has invested in physical assets, including power plants and natural gas assets, while optimization activities place additional capital at risk in order to generate a return. Optimization activities are designed to leverage the Company's proprietary knowledge in markets where it maintains a physical presence in order to earn incremental gross margin. The Risk Management Policy establishes a $7.5 million Value at Risk ("VaR") limit for optimization activities. Mirant has not established a specific VaR limit for asset hedging activities, as they are risk reducing in nature.

On the Petition Date, the Bankruptcy Court granted the Mirant Debtors interim permission to implement a Counterparty Assurance Program. On August 27, 2003, the Bankruptcy Court issued a final order authorizing the Company's Counterparty Assurance Program. Historically, Mirant Americas Energy Marketing, one of the U.S. subsidiaries of Mirant that is also a debtor and debtor-in-possession in the Chapter 11 cases, has engaged in trading and marketing activities, including proprietary trading activities for its own account and trading activities to economically hedge Mirant's generation assets, from which various Mirant Debtors have historically derived value. Mirant Americas Energy Marketing conducts a substantial portion of its business through the use of derivative contracts that may fall within the "safe-harbor" protections set forth in Bankruptcy Code Sections 556 and 560 as well as in other sections of the Bankruptcy Code. The safe harbor provisions permit non-debtor parties to, among other things, exercise certain contractual termination rights and remedies notwithstanding the commencement of a Chapter 11 case. Although case law surrounding the scope of the Bankruptcy Code's safe harbor provisions remains unsettled, if a contract qualifies for safe harbor protection, a non-debtor party may be permitted to terminate or liquidate the contract upon a commencement of a bankruptcy proceeding. In addition, in certain circumstances, commencement of a bankruptcy proceeding may cause automatic termination or liquidation of the contract in accordance with the contractual terms. The Counterparty Assurance Program approved by the Bankruptcy Court supports the ability of the Mirant Debtor's to continue activities designed to maximize the value of their assets without interruption. The Bankruptcy Court orders authorized immediate relief to honor any and all obligations under existing and future trading and marketing contracts (i.e., safe harbor contracts).

Pursuant to the general terms of Mirant Americas Energy Marketing's derivative trading contracts, upon early termination, settlement payments are determined by the non-defaulting counterparty using mark-to-market valuation methodologies. Given the inherent uncertainties in mark-to-market valuation, Mirant may not be able to realize the net current value of derivative trading contracts that are terminated early as a result of the Chapter 11 filings, or other events of default, due to a potential increase in mark-to-market liabilities and a potential decrease in mark-to-market assets upon settlement. A number of counterparties have exercised early termination rights which will likely result in a loss of value to Mirant. Mirant recognized a loss, which is reflected in reorganization items, of $57 million in the three and nine months ended September 30, 2003 as an estimate of losses incurred with respect to such safe harbor contracts. However, the ultimate impact of these early terminations is not known at this time. In addition, although the terms of most of Mirant Americas Energy Marketing's derivative contracts do not relieve the non-defaulting party of the obligation to pay settlement amounts owing, some of Mirant Americas Energy Marketing's counterparties owing settlement payments may refuse to make such payments absent litigation, further reducing the value of Mirant Americas Energy Marketing's unsettled terminated trading positions.

On July 24, 2003, the Bankruptcy Court approved an interim procedure requiring certain direct and indirect holders of claims, preferred securities, and common stock to provide at least ten days advance notice of their intent to buy or sell claims against the Mirant Debtors or shares in Mirant Corporation. The Bankruptcy Court entered a final order on September 17, 2003 and such order establishes notice procedures applicable only to those transactions with a person or entity owning (or, because of the transaction, resulting in ownership of) an aggregate amount of claims equal to or in excess of $250 million or such higher amount determined under the order and, with respect to shares, only those persons or entities owning (or, because of the transaction, resulting in ownership of) 4.75% or more of any class of outstanding shares. In addition, each entity or person that owns at least $250 million, or such higher amount determined under the order, of certain claims or preferred securities must provide Mirant and the Creditor Committees with notice of ownership information. The Court's orders also provide for expedited procedures to impose sanctions for a violation of its orders, including monetary damages and, in some cases, the voidance of any such transactions that violate the order. Upon election, a special regime allowing virtually unlimited trading of claims without having to provide notice thereof may be available to certain claimholders, although such electing claimholders may be required to sell a portion of their claims before a specific date.

The emergency and final relief was sought to prevent potential trades of claims of stock that could negatively impact the Mirant Debtors' United States net operating loss carryforwards and other tax attributes. The U.S. net operating loss carryforwards currently exceed $1 billion and could reach $2.5 billion by the end of 2003. Even with the relief that has been granted, Mirant cannot guarantee that it will be able to benefit from all, or any portion, of the U.S. net operating losses and other tax attributes.

At this time, it is not possible to accurately predict the effect of the Chapter 11 reorganization process on the business of the Mirant Debtors or if and when some or all of the Mirant Debtors may emerge from Chapter 11. The prospects for the future results depend on the timely and successful development, confirmation and implementation of a plan of reorganization. There can be no assurance

that a successful plan or plans of reorganization will be proposed by the Mirant Debtors, supported by Mirant Debtors' creditors or confirmed by the Bankruptcy Court, or that any such plan or plans will be consummated. The rights and claims of various creditors and security holders will be determined by the applicable plans as well. Under the priority scheme established by the Bankruptcy Code, certain post-petition and pre-petition liabilities need to be satisfied before equity security holders are entitled to any distributions. The ultimate recovery to creditors and equity security holders, if any, will not be determined until confirmation of a plan or plans of reorganization. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to the interests of each of these constituencies, and it is possible that the equity interests in Mirant and the other Mirant Debtors, or other securities will be restructured in a manner that will reduce substantially or eliminate any remaining value. Whether or not a plan or plans of reorganization are approved, it is possible that the assets of any one or more of the Mirant Debtors may be liquidated.

Accounting for Reorganization

The accompanying unaudited condensed consolidated financial statements of Mirant have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code", and on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, as a result of the bankruptcy filings, such realization of assets and satisfaction of liabilities are subject to a significant number of uncertainties. Mirant's unaudited condensed consolidated financial statements do not reflect adjustments that might be required if Mirant (or each of the Mirant Debtors) is unable to continue as a going concern.

Unaudited condensed combined financial statements of the Mirant Debtors and Non-Debtors are set forth below:

Unaudited Condensed Combined Statements of Operations
For the Three Months ended September 30, 2003
(in millions)

	Debtors	Non-Debtors	Consolidation/ Elimination Entries	Consolidated
Operating revenues	$ 1,347	$ 280	$ (16)	$ 1,611
Cost of fuel, electricity and other products	936	83	(15)	1,004
Operating expenses	224	106	(1)	329
Operating income	187	91		278
Other expense, net	97	53	8	158
Reorganization items	179		3	182
(Benefit) provision for income taxes	(56)	29		(27)
Income from discontinued operations, net of tax		2		2
Net (loss) income	$ (33)	$ 11	$ (11)	$ (33)

Unaudited Condensed Combined Statements of Operations
For the Nine Months ended September 30, 2003
(in millions)

	Debtors	Non-Debtors	Consolidation/ Elimination Entries	Consolidated
Operating revenues	$ 3,607	$ 778	$ (28)	$ 4,357
Cost of fuel, electricity and other products	2,577	214	(24)	2,767
Operating expenses	2,891	298	(4)	3,185
Operating (loss) income	(1,861)	266		(1,595)
Other expense, net	307	118	8	433
Reorganization items, net	179		3	182
(Benefit) provision for income taxes	(101)	106		5
Income (loss) from discontinued operations, net of tax	11	(31)		(20)
Cumulative effect of change in accounting principle, net of tax	(28)			(28)
Net (loss) income	$ (2,263)	$ 11	$ (11)	$ (2,263)

Unaudited Condensed Combined Balance Sheets
September 30, 2003
(in millions)

	Debtors	Non-Debtors	Consolidation/ Elimination Entries	Consolidated
Current assets	$ 3,393	$ 838	$ 3	$ 4,234
Intercompany receivables	348	571	(919)	
Property, plant and equipment, net	5,445	2,718	1	8,164
Intangible assets, net	513	611		1,124
Investments	2,411	204	(2,410)	205
Other	1,012	513	(1,094)	431
Total Assets	$ 13,122	$ 5,455	$ (4,419)	$ 14,158
Liabilities not subject to compromise:				
Current liabilities	1,504	641	(201)	1,944
Intercompany payables	239	154	(393)	
Other noncurrent liabilities	1,022	809	(1,094)	737
Long-term debt	165	1,172		1,337
Liabilities subject to compromise	9,427		(323)	9,104
Minority interest		271		271
Stockholders' equity	765	2,408	(2,408)	765
Total Liabilities and Stockholders' Equity	$ 13,122	$ 5,455	$ (4,419)	$ 14,158

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Unaudited Condensed Combined Statements of Cash Flows
For the Nine Months ended September 30, 2003
(in millions)

	Debtors	Non-Debtors	Consolidation/ Elimination Entries	Consolidated
Net cash provided by (used in):				
Operating activities	$ (323)	$ 317	$ 27	$ 21
Investing activities	(19)	(48)	(66)	(133)
Financing activities	276	(332)	39	(17)
Effect of exchange rate changes on cash and cash equivalents	3	2		5
Net decrease in cash and cash equivalents	(63)	(61)		(124)
Cash and cash equivalents, beginning of period	1,214	492		1,706
Cash and cash equivalents, end of period	$ 1,151	$ 431	$	$ 1,582
Cash paid for reorganization items	$ 12	$	$	$ 12

Classification of Liabilities as "Liabilities Not Subject to Compromise" Versus "Liabilities Subject to Compromise."

Liabilities not subject to compromise include: (1) liabilities held by Non-Debtor entities; (2) liabilities incurred after the Petition Date; (3) pre-petition date liabilities that the Mirant Debtors expect to pay in full, even though certain of these amounts may not be paid until a plan of reorganization is approved; (4) liabilities related to pre-petition contracts that have not been rejected; and (5) pre-petition date liabilities that have been approved for payment by the Court and that the Mirant Debtors expect to pay (in advance of a plan of reorganization) over the next twelve month period in the ordinary course of business, including certain employee related items (salaries, vacation and medical benefits).

Liabilities subject to compromise refer to liabilities incurred prior to the Petition Date as specified above. The amounts of the various categories of liabilities that are subject to compromise are set forth below. These amounts represent the Company's estimates of known or potential pre-petition date claims that are likely to be resolved in connection with the bankruptcy filings. Such claims remain subject to future adjustments. Adjustments may result from negotiations, actions of the Bankruptcy Court, rejection of executory contracts and unexpired leases, the determination as to the value of any collateral securing claims, proofs of claim, or other events. There can be no assurance that the liabilities of the Mirant Debtors will not be found to exceed the fair value of their assets. This could result in claims being paid at less than 100% of their face value and the equity of Mirant's stockholders

being diluted or eliminated entirely. The amounts subject to compromise at September 30, 2003 consisted of the following items (in millions):

Items, absent the bankruptcy filings, that would have been considered current at September 30, 2003:	
Accounts payable and accrued liabilities	$ 1,031
Current portion of long-term debt	1,377
Price risk management liabilities	143
Items, absent the bankruptcy filings, that would have been considered noncurrent at September 30, 2003:	
Long-term debt	5,455
Price risk management liabilities	657
Company obligated mandatorily redeemable securities of a subsidiary holding solely parent company debentures	345
Other noncurrent liabilities	96
Total	$ 9,104

Accounts payable and accrued liabilities above are net of approximately $77 million of pre-petition accounts receivable due from counterparties with which the Mirant Debtors have a netting agreement.

The classification of liabilities "not subject to compromise" versus liabilities "subject to compromise" is based on currently available information and analysis. As the bankruptcy filings proceed and additional information and analysis is completed or, as the Bankruptcy Court rules on relevant matters, the classification of amounts between these two categories may change. The amount of any such changes could be significant.

Interest Expense

The Mirant Debtors have discontinued recording interest on liabilities subject to compromise. Contractual interest on liabilities subject to compromise in excess of reported interest was approximately $115 million for the three and nine months ended September 30, 2003.

Reorganization Items

Reorganization items under the bankruptcy filings are expense or income items that were incurred or realized by the Mirant Debtors as a result of Chapter 11 and are presented separately in the unaudited condensed consolidated statement of operations. These items include professional fees and similar types of expenses incurred directly related to the bankruptcy filings, loss accruals or gains or losses resulting from activities of the reorganization process, and interest earned on cash accumulated by the Mirant Debtors. For the three and nine months ended September 30, 2003, reorganization items were as follows (in millions):

Professional fees and administrative expense	$ 18
Provision for write off of subordinated note from Perryville	99
Gain on write off of Perryville capital lease	(6)
Provision for terminated contracts	57
Interest income	(2)
Estimated damage claims	16
Total	$ 182

Professional fees and administrative expense relate to legal, accounting and other professional costs directly associated with the reorganization process.

For the three and nine months ended September 30, 2003, the $99 million write off of the subordinated note receivable from Perryville and the net gain on the write off of the Perryville capital lease debt obligations and related assets resulted from the rejection of the Perryville tolling agreement. For the three and nine months ended September 30, 2003 a $57 million loss provision was recorded with respect to price risk management contracts that were terminated by counterparties.

B. Accounting and Reporting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements (unaudited) of Mirant and its wholly-owned subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the year ended December 31, 2002.

The financial statements include the accounts of Mirant and its wholly-owned as well as controlled majority owned subsidiaries and have been prepared from records maintained by Mirant and its subsidiaries in their respective countries of operation. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in minority-owned companies in which Mirant exercises significant influence over operating and financial policies are accounted for using the equity method. Majority or jointly owned affiliates, which Mirant does not control, are also accounted for using the equity method of accounting.

Certain prior period amounts have been reclassified to conform to the current year financial statement presentation. The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year.

Cumulative Effect of Change in Accounting Principles

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). The Company adopted this statement effective January 1, 2003. SFAS No. 143 provides accounting requirements for costs associated with legal obligations to retire tangible, long-lived assets. Under SFAS No. 143, the asset retirement obligation is recorded at fair value in the period in which it is incurred by increasing the carrying amount of the related long-lived asset. In each subsequent period, the liability is accreted to its fair value and the capitalized costs are depreciated over the useful life of the related asset. In the first quarter of 2003, the Company recorded a charge as a cumulative effect of change in accounting principle of approximately $3 million, net of taxes, related to its adoption of SFAS No. 143. The Company also recorded property, plant and equipment of $6 million and noncurrent asset retirement obligations of $9 million as of January 1, 2003. The Company's asset retirement obligations are associated primarily with the proper closure or removal of its fuel oil storage tanks, removal of generation facilities and the capping of its ash landfills. The net asset retirement liability as of January 1, 2003 and September 30, 2003, which is reported in other noncurrent liabilities in the Company's balance sheet, and the changes in the net liability for the nine months ended September 30, 2003 were as follows (in millions):

Liability at January 1, 2003	$ 9
Liability settled in 2003	
Accretion expense in 2003	1
Net liability at September 30, 2003	$ 10

Had the Company adopted SFAS No. 143 as of January 1, 2002, its noncurrent asset retirement liabilities would have been approximately $7 million as of January 1, 2002, and its income from continuing operations and net income for the three and nine months ended September 30, 2002 would have been lower by less than $1 million. Basic and diluted earnings per share for the three and nine months ended September 30, 2002 would not have been affected.

In October 2002, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue 02-03, "Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities," to rescind EITF Issue 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." Accordingly, energy-related contracts that are not accounted for pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," such as transportation contracts, storage contracts and tolling agreements, are required to be accounted for as executory contracts using the accrual method of accounting and not at fair value. Energy-related contracts that meet the definition of a derivative pursuant to SFAS No. 133 continue to be carried at fair value. In addition, the Task Force observed that accounting for energy-related inventory at fair value by analogy to the consensus on EITF Issue 98-10 is not appropriate and that inventory is not to be recognized at fair value. As a result of the consensus on EITF Issue 02-03, all non-derivative energy trading contracts on the consolidated balance sheet as of January 1, 2003 that existed on October 25, 2002 and inventories that were recorded at fair value have been adjusted to historical cost resulting in a cumulative effect adjustment of $25 million, net of taxes, which was recorded in the first quarter of 2003.

New Accounting Standards

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" ("FIN 46"). FIN 46 addresses the consolidation by business enterprises of variable interest entities, as defined in the interpretation. FIN 46 expands existing accounting guidance regarding when a company should include in its financial statements the assets, liabilities and activities of another entity. The consolidation requirements of FIN 46 apply immediately to variable interest entities created or obtained after January 31, 2003. The consolidation requirements apply to variable interest entities created before February 1, 2003 in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003. On December 17, 2003, the FASB approved various amendments to FIN 46 including a partial deferral of effective dates. The Company will implement the provisions of the revised FIN 46 according to the timeline set forth in the final release, which is expected by December 31, 2003.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 clarifies (1) under what circumstances a contract with an initial net investment meets the characteristics of a derivative, (2) when a derivative contains a financing component that should be reflected as a financing on the balance sheet and the statement of cash flows and (3) the definition of the term underlying in SFAS No. 133 to conform to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." In addition, SFAS No. 149 also incorporates certain Derivative Implementation Group ("DIG") Implementation Issues. The provisions of SFAS No. 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The guidance is applied to hedging relationships on a prospective basis. The adoption of SFAS No. 149 did not materially impact the accounting for Mirant's derivative contracts.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," which establishes standards for classification and measurement of certain financial instruments with characteristics of both liabilities and equities. Under SFAS No. 150, such financial instruments are required to be classified as liabilities in the statement of financial position. The financial instruments affected include mandatorily redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets, and certain obligations that can be settled with shares of stock. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and must be applied to Mirant's existing financial instruments beginning on July 1, 2003. Mirant determined that the 6.9 million shares of trust preferred securities sold in October 2000 for total proceeds of

$345 million fall within the scope of SFAS No. 150. These preferred securities were previously reported as company obligated mandatorily redeemable securities of a subsidiary holding parent company supported debentures, which was reflected between the liabilities and stockholders' equity sections on the balance sheet. As of September 30, 2003, these preferred securities are reflected in the liabilities section of the balance sheet and classified as liabilities subject to compromise in accordance with SOP 90-7.

On June 25, 2003, the FASB cleared the guidance contained in DIG Issue C20, "Scope Exceptions: Interpretation of the Meaning of "Not Clearly and Closely Related" in Paragraph 10(b) regarding Contracts with a Price Adjustment Feature." DIG Issue C20, which applies only to the guidance in paragraph 10(b) of SFAS No. 133 and not in reference to embedded derivatives, describes three circumstances in which the underlying in a price adjustment incorporated into a contract that otherwise satisfies the requirements for the normal purchases and normal sales exception would be considered to be "not clearly and closely related to the asset being sold or purchased." The guidance in DIG Issue C20 is effective for Mirant on October 1, 2003. Mirant is currently assessing DIG Issue C20 but does not anticipate that it will have a material impact on its consolidated results of operations, cash flows or financial position.

In July 2003, the EITF reached consensus on EITF Issue No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and Not Held for Trading Purposes" that address whether realized gains and losses on derivative contracts not held for trading purposes should be reported on a net or gross basis is a matter of judgment that depends on the relevant facts and circumstances. In analyzing the facts and circumstances, Mirant considered EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," and Accounting Principles Board ("APB") Opinion No. 29, "Accounting for Nonmonetary Transactions," and determined that realized gains and losses on derivative contracts not held for trading purposes should be reported on a net basis. The consensus applies to transactions or arrangements entered into by Mirant after September 30, 2003. Mirant currently reflects realized and unrealized gains and losses on electricity derivative contracts not held for trading purposes in generation revenues on a net basis in the unaudited condensed consolidated statements of operations. Mirant currently reflects realized and unrealized gains and losses on fuel derivative contracts not held for trading purposes in cost of fuel, electricity and other products on a net basis in the unaudited condensed consolidated statements of operations.

On November 5, 2003, the FASB made certain revisions to the implementation guidance contained in DIG Issue C15, "Scope Exceptions: Normal Purchases and Normal Sales Exception for Certain Option-Type Contracts and Forward Contracts in Electricity." DIG Issue C15 describes the criteria that permits power purchase or sale agreements to qualify for the normal purchases and normal sales exception. The revisions are effective on the first day of the first fiscal quarter beginning after November 10, 2003. Mirant has reviewed the modifications to DIG Issue C15 and has determined that they will not have a material impact on its unaudited condensed consolidated results of operations, cash flows or financial position.

Revenue Recognition

Mirant recognizes generation revenue from the sale of energy and integrated utilities and distribution revenue from the sale and distribution of energy when earned and collection is probable. The Company recognizes revenue when electric power is delivered to a customer pursuant to contractual commitments that specify volume, price and delivery requirements. When a long-term electric power agreement conveys the right to use the generating capacity of Mirant's plant to the buyer

of the electric power, that agreement is evaluated to determine if it is a lease of the generating facility rather than a sale of electric power.

Commodity Trading Activities

Commodity trading activities are accounted for under the mark-to-market method of accounting. Under the mark-to-market method of accounting, energy trading contracts are recorded at fair value in the accompanying unaudited condensed consolidated balance sheets. The determination of fair value considers various factors, including closing exchange or OTC market price quotations, time value and volatility factors underlying options and contractual commitments, price activity for equivalent or synthetic instruments in markets located in different time zones and counterparty credit quality. The net realized gain or loss and net unrealized gain or loss resulting from the change in the fair value of energy trading contracts are reported as "net trading revenues." Prior to the effective date of EITF Issue 02-03, all energy trading contracts, including transportation and storage contracts and inventory held for trading purposes, were marked-to-market under the provisions of EITF Issue 98-10.

Subsequent to the rescission of EITF Issue 98-10 the mark-to-market method is used to account for energy trading contracts entered into after October 25, 2002 that meet the criteria of derivative financial instruments pursuant to SFAS No. 133. These criteria require such contracts to be related to future periods, to contain one or more underlying positions and one or more notional amounts, require little or no initial net investment and to have terms that require or permit net settlement of the contract in cash or its equivalent. As such transactions may be settled in cash, the fair value of the assets and liabilities associated with these transactions is reported at estimated settlement value based on current prices and rates as of each balance sheet date. The net unrealized gains or losses resulting from the revaluation of such contracts during the period are recognized currently in net trading revenues in the accompanying unaudited condensed consolidated statements of operations. Assets and liabilities associated with energy trading activities are reflected in Mirant's unaudited condensed consolidated balance sheet as either price risk management assets and liabilities or liabilities subject to compromise, as appropriate. Price risk management assets and liabilities are classified as short-term (i.e., current) or long-term based on the term, or tenor, of the contracts.

Derivative Financial Instruments

SFAS No. 133 requires that derivative financial instruments be recorded in the balance sheet at fair value as either assets or liabilities, and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized currently in earnings. If the derivative is designated as a cash flow hedge, the changes in the fair value of the derivative are recorded in other comprehensive income ("OCI") and the realized gains and losses related to these derivatives are recognized in earnings in the same period as the settlement of the underlying hedged transaction. Any ineffectiveness relating to cash flow hedges is recognized currently in earnings. The assets and liabilities related to derivative instruments for which hedge accounting criteria are met are reflected within other current and non-current assets and liabilities in the accompanying unaudited condensed consolidated balance sheets. The assets and liabilities related to derivative instruments that do not qualify for hedge accounting treatment are

included in price risk management assets and liabilities. The assets and liabilities related to derivative instruments that are associated with assets and liabilities held for sale are presented net within those captions on our accompanying unaudited condensed consolidated balance sheets. Many of Mirant's electricity sales and fuel supply agreements that otherwise would be required to follow derivative accounting qualify as normal purchases and normal sales under SFAS No. 133 and are therefore exempt from fair value accounting treatment. The majority of the Company's commodity derivative financial instruments do not qualify for hedge accounting and therefore changes in such instruments' fair value are recognized currently in earnings. Unless the contract is held for trading purposes, changes in fair value of electricity derivative financial instruments are reflected in generation revenue and changes in fair value of fuel derivative contracts are reflected in cost of fuel and other products in the unaudited condensed consolidated statements of operations.

Stock-Based Compensation

Mirant accounts for its stock-based employee compensation plans under the intrinsic-value method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Under this method, compensation expense for employee stock options is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. SFAS No. 123, "Accounting for Stock-Based Compensation" established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic-value-based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123. The following table illustrates the effect on net income (loss) if the fair- value-based method had been applied to all outstanding and unvested awards in each period (in millions, except per share data).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
		(Restated)		**(Restated)**
Net loss, as reported	$ (33)	$ (41)	$ (2,263)	$ (233)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	8	6	21	18
Pro forma net loss	$ (41)	$ (47)	$ (2,284)	$ (251)

	Three Months Ended September 30,		Nine Months Ended September 30,	
Loss per share:				
Basic as reported	$ (0.08)	$ (0.10)	$ (5.59)	$ (0.58)
Basic pro forma	$ (0.10)	$ (0.12)	$ (5.64)	$ (0.62)
Diluted as reported	$ (0.08)	$ (0.10)	$ (5.59)	$ (0.58)
Diluted pro forma	$ (0.10)	$ (0.12)	$ (5.64)	$ (0.62)

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C. Restatement and Reclassifications

The unaudited condensed consolidated financial statements of the Company as of September 30, 2002 and for the three and nine months ended September 30, 2002 have been restated to correct certain accounting errors made in preparing those financial statements as well as other reclassifications and adjustments.

Discontinued Operations

The financial statements for prior periods have been restated to report the revenues and expenses of the components of the Company that were disposed of separately as discontinued operations. Income (loss) from discontinued operations for the three and nine months ended September 30, 2003 and 2002 includes the following components of the Company that will be disposed of or have been disposed of in 2003: Mirant Europe B.V., the Neenah generating facility in Wisconsin, the Tanguisson power plant in Guam and investments held by Mirant Americas Energy Capital, LP ("Mirant Americas Energy Capital") and Mirant Canada Energy Capital, Ltd. ("Mirant Canada Energy Capital"). Income (loss) from discontinued operations for the three and nine months ended September 30, 2002 also includes the operations of Mirant Americas Production Company in Louisiana, MAP Fuels Limited in Queensland, Australia and the State Line generating facility in Indiana which were disposed of in 2002.

A summary of the operating results for these discontinued operations for the three and nine months ended September 30, 2003 and 2002 follows (in millions):

	Three Months Ended September 30,	Nine Months Ended September 30,

*	*				
Robert J. Thummel, Jr.	*	*	*	*	*
Brett Jergens	*	*	*	*	*
Nicholas S. Holmes	*	*	*	*	*
Stephen Pang	*	*	*	*	*
Adam Peltzer	*	*	*	*	*
Shobana Gopal	*	*	*	*	*
Diane Bono	*	*	*	*	*
Directors and Officers as a Group	*	*	*	*	*

* Indicates less than 1%.

(1) Mr. Ciccotello holds 620 of these shares jointly with his wife.

(2) Mr. Ciccotello holds these shares jointly with his wife.

(3) Mr. Berney holds these shares jointly with his wife.

(4) All shares held by the Charles E. Heath Trust #1, U/A dtd 2/1/92, of which Mr. Heath and his wife are co-trustees and share voting and investment power with respect to the shares.

(5) Includes 1,234 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian, 3.95 shares held jointly with his wife and 1,234 shares held by his adult children living at home. Excludes shares held by his adult children no longer living at his home.

(6) Includes 200 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian and 200 shares held by his adult children living at home. Excludes shares held by his adult children no longer living at his home.

(7) Includes 252 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian and 252 shares held by his adult children living at home. Excludes shares held by his adult children no longer living at his home.

(8) Includes 216 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian and 232 shares held by his adult children living at home. Excludes shares held by his adult children no longer living at his home.

(9) Includes 200 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian and 200 shares held by his adult children living at home. Excludes shares held by his adult children no longer living at his home.

(10) Includes 4,370.28 shares held by Mr. Adams as sole trustee of a joint trust for Mr. Adams and his wife, and 124.49 shares held by his wife, and excludes shares held by adult child no longer living at home that were previously included.

(11) Includes 145.80 shares held by Mr. Adams as sole trustee of a joint trust for Mr. Adams and his wife.

(12) Includes 134.25 shares held by Mr. Adams as sole trustee of a joint trust for Mr. Adams and his wife and 125.12 shares held by his wife.

(13) Held with his wife.

(14) Includes 360 shares held jointly with her husband.

(15) Includes 307.92 shares held jointly with her husband.

(16) Based on the following shares outstanding as of December 31, 2017: 49,379,408 shares of TYG common stock, 6,951,333 shares of TPZ common stock, 47,246,780 shares of NTG common stock, 10,016,413 shares of TTP common stock, and 14,583,662 shares of NDP common stock.

(17) For TYG, total excludes shares held by Messrs. Kessens, Thummel, Jergens, Pang and Peltzer, who are not officers of TYG. For TPZ, total excludes shares held by Mr. Sallee, who is not an officer of TPZ. For NTG, total excludes shares held by Messrs. Kessens and Thummel, who are not officers of NTG. For TTP, total excludes shares held by Messrs. Sallee and Thummel, who are not officers of TTP. For NDP, total excludes shares held by Messrs. Sallee and Kessens, who are not officers of NDP.

As of December 31, 2017, to the knowledge of TPZ, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding common shares of TPZ.

The table below indicates the persons known to NDP to own 5% or more of its common stock as of December 31, 2017.

Name and Address	Number of NDP Common Shares	Percent of Class
First Trust Portfolios L.P. (*)		
First Trust Advisors L.P.(*)		
The Charger Corporation(*)	951,438	6.55%
120 East Liberty Drive, Suite 400		
Wheaton, IL 60187		

(*) Information based on a Schedule 13G jointly filed on January 24, 2018 by First Trust Portfolios L.P., First Trust Advisors L.P., and The Charger Corporation reporting beneficial ownership of 954,438 shares, sole voting power over 0 shares, shared voting power over 0 shares, sole dispositive power over 0 shares, and shared dispositive power over 951,438 shares. The

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Charger Corporation is the General Partner of both First Trust Portfolios L.P. and First Trust Advisors L.P. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of NDP. First Trust Advisors L.P. acts as portfolio supervisor of the unit investment trusts sponsored by First Trust Portfolios L.P. that hold shares of NDP. Each of the First Trust Portfolios L.P., First Trust Advisors L.P and The Charter Corporation disclaims beneficial ownership of the identified shares of NDP.

The table below indicates the persons known to TYG to own 5% or more of its common stock as of December 31, 2017.

Name and Address	Number of TYG Common Shares	Percent of Class
Morgan Stanley (*) Morgan Stanley Smith Barney LLC(*) 1585 Broadway New York, NY 10036	2,597,201	5.2%

(*) Information based on a Schedule 13G jointly filed on February 12, 2018 by Morgan Stanley and Morgan Stanley Smith Barney LLC. Morgan Stanley reports that it has beneficial ownership of 2,597,201shares, sole voting power over 0 shares, shared voting power over 2,526,329 shares, sole dispositive power over 0 shares, and shared dispositive power over 1,717,540 shares. The securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Smith Barney LLC, a wholly owned subsidiary of Morgan Stanley. Morgan Stanley Smith Barney LLC reports that it has beneficial ownership of 2,589,101 shares, sole voting power over 0 shares, shared voting power over 2,518,229 shares, sole dispositive power over 0 shares, and shared dispositive power over 1,709,440 shares.

The table below indicates the persons known to NTG to own 5% or more of its shares of common stock as of December 31, 2017.

Name and Address	Number of NTG Common Shares	Percent of Class
Morgan Stanley(*) Morgan Stanley Smith Barney LLC(*) 1585 Broadway	3,429,413	7.2%

New York, NY 10036

(*) Information based on a Schedule 13G jointly filed on February 12, 2018 by Morgan Stanley and Morgan Stanley Smith Barney LLC. Morgan Stanley reports that it has beneficial ownership of 3,429,413 shares, sole voting power over 0 shares, shared voting power over 3,340,656 shares, sole dispositive power over 0 shares, and shared dispositive power over 2,036,820 shares. The securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Smith Barney LLC, a wholly owned subsidiary of Morgan Stanley. Morgan Stanley Smith Barney LLC reports that it has beneficial ownership of 3,426,213 shares, sole voting power over 0 shares, shared voting power over 3,337,456 shares, sole dispositive power over 0 shares, and shared dispositive power over 2,033,620 shares.

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The table below indicates the persons known to TTP to own 5% or more of its shares of common stock as of December 31, 2017.

Name and Address	**Number of TTP Common Shares**	**Percent of Class**
Morgan Stanley(*) Morgan Stanley Smith Barney LLC(*) 1585 Broadway New York, NY 10036	557,031	5.5%
Guggenheim Capital, LLC(**) Guggenheim Partners, LLC(**) 227 West Monroe Street Chicago, IL 60606 GI Holdco II LLC(**) GI Holdco LLC(**) Guggenheim Partners Investment Management Holdings, LLC(**) 330 Madison Avenue New York, NY 10017 Guggenheim Funds Services, LLC(**) Guggenheim Funds Distributors, LLC (**) 227 West Monroe Street Chicago, IL 60606	544,983	5.4%

(*) Information based on a Schedule 13G amendment jointly filed on February 12, 2018 by Morgan Stanley and Morgan Stanley Smith Barney LLC. Morgan Stanley and Morgan Stanley Smith Barney LLC each reports beneficial ownership of 557,031 shares, sole voting power over 0 shares, shared voting power over 548,020 shares, sole dispositive power over 0 shares, and shared dispositive power over 286,693 shares. The securities being reported on by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by Morgan Stanley Smith Barney LLC, a wholly owned subsidiary of Morgan Stanley.

(**) Information based on a Schedule 13G amendment jointly filed on February 14, 2018 by Guggenheim Capital, LLC, Guggenheim Partners, LLC, GI Holdco II LLC, GI Holdco LLC, Guggenheim Partners Investment Management Holdings, LLC, Guggenheim Funds Services, LLC and Guggenheim Funds Distributors, LLC ("Guggenheim Filers"). Guggenheim Funds Distributors, LLC ("GFD") acts as sponsor and supervisor of certain unit investment trusts which directly hold the shares reported on and in such capacity, GFD has the power to dispose or direct the disposition of the TTP shares held by these unit investment trusts. These shares are voted by the trustee of such unit investment trusts so as to insure that the shares are voted as closely as possible in the same manner and in the same general proportion as are the shares held by owners other than such unit investment trust. Guggenheim Capital, LLC is the majority owner of Guggenheim Partners, LLC, GI Holdco II LLC, GI Holdco LLC, Guggenheim Partners Investment Management Holdings, LLC, Guggenheim Funds Services, LLC and GFD. GFD is a registered investment adviser under Section 203 of the Investment Advisers Act of 1940 and a broker dealer registered under Section 15 of the Securities Exchange Act of 1934. None of the Guggenheim Filers has the sole voting power or sole dispositive power over any of the shares listed in the table above. Each of the Guggenheim Filers reports that it shares

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voting and dispositive power over the shares listed in the table above. The 544,983 shares reported by Guggenheim Capital, LLC includes 544,983 shares beneficially owned directly by GFD, and indirectly by Guggenheim Funds Services, LLC, Guggenheim Partners Investment Management Holdings, LLC, GI Holdco LLC, GI Holdco II LLC and Guggenheim Partners, LLC.

The table below indicates the persons known to TYG to own 5% or more of its shares of preferred stock as of December 31, 2017.

Name and Address	**Number of TYG Preferred Shares**	**Percent of Class**
Babson Capital Management LLC (*) 470 Atlantic Ave Boston, MA 02210-2208 Massachusetts Mutual Life Insurance Company (*) 1295 State Street Springfield, MA 01111	4,600,000	27.9%
Voya Financial, Inc. (**) 230 Park Ave. 14th Floor New York, NY 10169	2,700,000	16.4%
The Guardian Life Insurance Company of America (***) 7 Hanover Square New York, NY 10004	2,100,000	12.7%
Knights of Columbus (****) One Columbus Plaza New Haven, CT 06510	2,100,000	12.7%
Athene Asset Management, L.P. (*****)	1,800,000	10.9%

Athene Annuity and Life Company (*****)		
Royal Neighbors of America (*****)		
7700 Mills Civic Parkway		
West Des Moines, IA 50266		
Principal Global Investors, LLC (******)		
Principal Life Insurance Company (******)		
RGA Reinsurance Company (******)	1,800,000	10.9%
711 High Street, G-26		
Des Moines, IA 50392		
Teachers Insurance and Annuity Association of America (****)		
730 Third Avenue	1,400,000	8.5%
New York, NY 10017		

(*) Information based on Schedule 13G filed on January 7, 2015. Babson Capital Management LLC reports that, in its capacity as investment adviser, it has sole voting and dispositive power with respect to the 4,600,000 shares of Mandatory Redeemable Preferred Stock held in certain advisory accounts owned (directly or indirectly) by

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affiliated entities and therefore may be deemed to beneficially own such shares. Babson Capital Management LLC is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), the direct beneficial owner of 4,415,000 shares of Mandatory Redeemable Preferred Stock. In addition, C.M. Life Insurance Company, a wholly-owned subsidiary of MassMutual, owns 185,000 shares of Mandatory Redeemable Preferred Stock, which therefore may be deemed to be indirectly owned by MassMutual.

(**) Information based on a Schedule 13G filed on February 13, 2015. The Schedule 13G was filed by Voya Financial, Inc. as the ultimate parent corporation of the following entities, each of which is a direct or indirect wholly owned subsidiary of Voya Financial, Inc.: Voya Retirement Insurance and Annuity Company, Voya Insurance and Annuity Company, ReliaStar Life Insurance Company, Security Life of Denver Insurance Company, ReliaStar Life Insurance Company of New York and Voya Investment Management, LLC (as investment adviser to the foregoing subsidiaries). Voya Financial, Inc. reports that it has sole voting and dispositive power over the shares listed in the table above.

(***) Information based on a Schedule 13G amendment filed on January 13, 2017. The Guardian Life Insurance Company of America reports that it has sole voting and dispositive power over the shares listed in the table above.

(****) Information based on a Securities Purchase Agreement dated October 9, 2014.

(*****) Information based on a Securities Purchase Agreement dated October 9, 2014 through which Athene Asset Management, L.P. obtained beneficial ownership of shares on behalf of Athene Asset and Life Company and Royal Neighbors of America in its capacity as investment adviser.

(******) Information based on a Securities Purchase Agreement dated October 9, 2014 through which Principal Global Investors, LLC obtained beneficial ownership of shares on behalf of Principal Life Insurance Company and RGA Reinsurance Company.

The table below indicates the persons known to NTG to own 5% or more of its shares of preferred stock as of December 31, 2017.

Name and Address	**Number of NTG Preferred Shares**	**Percent of Class**
Prudential Financial, Inc.(*) 751 Broad Street Newark, New Jersey 07102-3777	2,600,000	59.1%

Mutual of Omaha Insurance Company(**) United of Omaha Life Insurance Company (**) Mutual of Omaha Plaza Omaha, Nebraska 68175	400,000	9.1%
National Life Insurance Company(***) One National Life Drive Montpelier, Vermont 05604	400,000	9.1%

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Name and Address	Number of NTG Preferred Shares	Percent of Class
MetLife Insurance K.K.(****) 1-3 Kioicho, Chiyoda-ku Tokyo, 102-8525 JAPAN	392,000	8.9%
Metropolitan Life Insurance Company(****) 200 Park Avenue New York, New York 10166	296,000	6.7%
Employers Reassurance Corporation(****) 7101 College Boulevard, Suite 1400 Overland Park, Kansas 66210	228,000	5.2%

(*) Information is based on a Securities Purchase Agreement dated December 13, 2017 and a Schedule 13G amendment filed on January 9, 2018 by Prudential Financial Inc., reporting sole voting and dispositive power as a parent holding company of The Prudential Insurance Company of America which beneficially owns 1,000,000 shares, Prudential Retirement Insurance and Annuity Company which beneficially owns 1,600,000 shares and PGIM, Inc. which beneficially owns 2,600,000 shares.

(**) Information is based on Schedule 13Gs filed on January 8, 2016. Mutual of Omaha Insurance Company reports that it has sole voting and dispositive power over the shares listed in the table above. Mutual of Omaha Insurance Company reports that it is the parent company of United of Omaha Life Insurance Company which acquired the security being reported on.

(***) Information based on a Securities Purchase Agreement dated December 8, 2015.

(****) Information based on a Securities Purchase Agreement dated December 13, 2017.

The table below indicates the persons known to TTP to own 5% or more of its shares of preferred stock as of December 31, 2017.

Name and Address	Number of TTP Preferred Shares	Percent of Class

Massachusetts Mutual Life Insurance Co.(*)		
1295 State Street	520,000	81.2%
Springfield, Massachusetts 01111		
Phoenix Life Insurance Company (**)		
One American Row	120,000	18.8%
Hartford, CT 06102		

(*) Information with respect to this beneficial owner and its beneficial ownership is based on a Form 4 filed on December 12, 2011. The reporting person directly beneficially owns 454,000 of the shares and indirectly beneficially owns 66,000 of the shares through two different wholly-owned subsidiaries.

(**) Information based on a Securities Purchase Agreement dated November 15, 2011.

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INVESTMENT ADVISER

Tortoise Capital Advisors, LLC is each Company's investment adviser. The Adviser's address is 11550 Ash Street, Suite 300, Leawood, Kansas 66211. As of February 28, 2018, the Adviser had approximately $15.0 billion of client assets under management.

MORE INFORMATION ABOUT THE MEETING

Stockholders. At the record date, each Company had the following number of shares issued and outstanding:

	Common Shares	**Preferred Shares**
TYG	51,415,578	16,500,000
TPZ	6,951,333	N/A
NTG	47,329,800	4,400,000
TTP	10,016,413	640,000
NDP	14,607,496	N/A

How Proxies Will Be Voted. All proxies solicited by the Board of Directors of each Company that are properly executed and received prior to the meeting, and that are not revoked, will be voted at the meeting. Shares represented by those proxies will be voted in accordance with the instructions marked on the proxy. If no instructions are specified, shares will be counted as a vote FOR the proposals described in this proxy statement.

How To Vote. You may vote your shares by simply completing and signing the enclosed proxy card (your ballot), and mailing it in the postage-paid envelope included in this package. You may also vote in person if you are able to attend the meeting.

Expenses and Solicitation of Proxies. The expenses of preparing, printing and mailing the enclosed proxy card, the accompanying notice and this proxy statement and all other costs, in connection with the solicitation of proxies will be borne by the Companies on a pro rata basis. Each Company may also reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of shares of the Company. In order to obtain the necessary quorum for a Company at the meeting, additional solicitation may be made by mail, telephone, telegraph, facsimile or personal interview by representatives of the Company, the Adviser, the Company's transfer agent, or by brokers or their representatives or by a solicitation firm that may be engaged by the Company to assist in proxy solicitations. If a proxy solicitor is retained by any Company, the costs associated with all proxy solicitation are not anticipated to exceed $15,000. None of the Companies will pay any representatives of the Company or the Adviser any additional compensation for their efforts to supplement proxy solicitation.

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Revoking a Proxy. With respect to each Company, at any time before it has been voted, you may revoke your proxy by: (1) sending a letter stating that you are revoking your proxy to the Secretary of the Company at the Company's offices located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211; (2) properly executing and sending a later-dated proxy; or (3) attending the meeting, requesting return of any previously delivered proxy, and voting in person.

Quorum. With respect to each Company, the presence, in person or by proxy, of holders of shares entitled to cast a majority of the votes entitled to be cast (without regard to class) constitutes a quorum. For purposes of determining the presence or absence of a quorum, shares present at the annual meeting that are not voted, or abstentions, and broker non-votes (which occur when a broker has not received directions from customers and does not have discretionary authority to vote the customers' shares) will be treated as shares that are present at the meeting but have not been voted.

With respect to each Company, if a quorum is not present in person or by proxy at the meeting, the chairman of the meeting or the stockholders entitled to vote at such meeting, present in person or by proxy, have the power to adjourn the meeting to a date not more than 120 days after the original record date without notice other than announcement at the meeting.

***Availability of Annual Report of TYG, TPZ, NTG, TTP and NDP*. Each Company will furnish without charge upon written request a copy of its most recent annual report. Each such request must include a good faith representation that, as of the record date, the person making such request was a beneficial owner of the Company's common shares entitled to vote at the annual meeting of stockholders. Such written request should be directed to the Company's Secretary at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, (866) 362-9331.**

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the Exchange Act require each Company's directors and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of the Company's equity securities to file forms reporting their affiliation with the Company and reports of ownership and changes in ownership of the Company's shares with the SEC and the New York Stock Exchange. Those persons and entities are required by SEC regulations to furnish the applicable Company with copies of all Section 16(a) forms they file. Based on a review of those forms furnished to the Company, each Company believes that its directors and officers, the Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during the last fiscal year, except that certain non-discretionary purchases of TYG by Mr. Adams' investment adviser in an account over which Mr. Adams had no discretion were inadvertently excluded from certain original Form 5 filings, and

Kenneth P. Malvey, a member of the Adviser's investment committee during the last fiscal year, was late in reporting certain automatic reinvestments of distributions for TYG and NDP by a broker not made at the dividend reinvestment plan price which exceeded the small acquisition amount in Rule 16a-6 and the sale of a fractional share of TYG by the transfer agent in connection with the transfer of shares to a brokerage account. The transactions for Mr. Adams were reported on Form 5 amendments, and the transactions of Mr. Malvey were reported on Form 4. To the knowledge of management of each Company, no person is the beneficial owner (as defined in Rule 16a-1 under the Exchange Act) of more than 10% of a class of such Company's equity securities, except as set forth above with respect to preferred shares of TYG, NTG and TTP.

ADMINISTRATOR

TYG, TPZ, NTG, TTP and NDP have each entered into administration agreements with US Bancorp Fund Services, LLC whose principal business address is 615 E. Michigan Street, Milwaukee, Wisconsin 53202.

STOCKHOLDER COMMUNICATIONS

Stockholders are able to send communications to the Board of Directors of each Company. Communications should be addressed to the Secretary of the applicable Company at its principal offices at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. The Secretary will forward any communications received directly to the Board of Directors or particular director, as applicable.

CODE OF ETHICS

Each of the Companies has adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes personal trading procedures for employees designated as access persons and which is available through the Company's link on its investment adviser's website (www.tortoiseadvisors.com).

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2019 ANNUAL MEETING

Method for Including Proposals in a Company's Proxy Statement. Under the rules of the SEC, if you want to have a proposal included in a Company's proxy statement for its next annual meeting of stockholders, that proposal must be received by the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, not later than 5:00 p.m., Central Time on December 5, 2018. Such proposal must comply with all applicable requirements of Rule 14a-8 of the Exchange Act. Timely submission of a proposal does not mean the proposal will be included in the proxy material sent to stockholders.

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Other Proposals and Nominations. If you want to nominate a director or have other business considered at a Company's next annual meeting of stockholders but do not want those items included in our proxy statement, you must comply with the advance notice provision of the Company's Bylaws. Under each Company's Bylaws, nominations for director or other business proposals to be addressed at the Company's next annual meeting may be made by a stockholder who has delivered a notice to the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, no earlier than November 5, 2018 for each of TPZ, NTG, TTP and NDP and December 5, 2018 for TYG, nor later than 5:00 p.m. Pacific Time on December 5, 2018 for each of NTG, TTP and NDP and 5:00 p.m. Central Time on December 5, 2018 for TPZ and January 4, 2019 for TYG. The stockholder must satisfy certain requirements set forth in the Company's Bylaws and the notice must contain specific information required by the Company's Bylaws. With respect to nominees for director, the notice must include, among other things, the name, age, business address and residence address of any nominee for director, certain information regarding such person's ownership of Company shares, and all other information relating to the nominee as is required to be disclosed in solicitations of proxies in an election contest or as otherwise required by Regulation 14A under the Exchange Act. With respect to other business to be brought before the meeting, a notice must include, among other things, a description of the business and any material interest in such business by the stockholder and certain associated persons proposing the business. Any stockholder wishing to make a proposal should carefully read and review the applicable Company's Bylaws. A copy of each Company's Bylaws may be obtained by contacting the Secretary of the Company at 1-866-362-9331 or by writing the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Timely submission of a proposal does not mean the proposal will be allowed to be brought before the meeting.

These advance notice provisions are in addition to, and separate from, the requirements that a stockholder must meet in order to have a proposal included in any Company's proxy statement under the rules of the SEC.

A proxy granted by a stockholder will give discretionary authority to the proxies to vote on any matters introduced pursuant to the above advance notice Bylaw provisions, subject to applicable rules of the SEC.

By Order of the Board of Directors

Diane M. Bono
Secretary

April 4, 2018

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