

MIRANT CORP
Form DEF 14A
March 28, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MIRANT CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Mirant Corporation
Notice of 2008 Annual Meeting
and Proxy Statement

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Notice of Annual Meeting of Stockholders May 7, 2008

The 2008 Annual Meeting of Stockholders of Mirant Corporation will be held at 8:00 a.m., Eastern Daylight Time, on Wednesday, May 7, 2008, at Mirant's Corporate Headquarters, 1155 Perimeter Center West, Atlanta, GA 30338-5416, for the following purposes:

- (1) To elect nine members of the Board of Directors;
- (2) To ratify the appointment of KPMG LLP as our independent registered public accountant for 2008; and
- (3) To transact such other business as may properly be brought before the meeting and any and all adjournments or postponements thereof.

In accordance with our Bylaws and action by our Board of Directors, stockholders owning Mirant common stock at the close of business on March 10, 2008, are entitled to attend and vote at the meeting.

If you plan to attend the meeting in person, please note that you may be asked to present valid picture identification, such as a driver's license or passport.

The Proxy Statement, Annual Report and proxy form are included in this mailing.

Even if you plan to attend the meeting, please provide us your voting instructions in one of the following ways as soon as possible:

- (1) Internet use the Internet address noted on the proxy form and on the previously sent notice to stockholders
- (2) Telephone use the toll-free number on the proxy form
- (3) Mail mark, sign, and date the proxy form and return in the enclosed postage-paid envelope

By order of the Board of Directors,

Julia A. Houston

Corporate Secretary

March 28, 2008

Important Notice Regarding Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 7, 2008 the Proxy Statement and our 2007 Annual Report are available at <http://www.mirant.com> under Investor Relations, then Annual Reports and Proxy Statements.

Directions

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From the airport or downtown Atlanta: Take I-85 North to GA 400 North to Exit 5A Dunwoody. Turn right and follow Abernathy Road which becomes Perimeter Center West. Turn right at the 3rd light into the entrance of 1155 Perimeter Center West. The parking deck entrance is on the left just past the building. Visitor parking is on the 3rd level (entry level) of the parking deck.

From I-285: Take Exit 29 Ashford Dunwoody Road going north toward Perimeter Mall. Turn left at the 5th traffic light onto Perimeter Center West. Turn left at the 6th traffic light into the entrance of 1155 Perimeter Center West. The parking deck entrance is on the left just past the building. Visitor parking is on the 3rd level of the parking deck.

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General Information

Why am I receiving this Proxy Statement?

You are receiving this proxy statement and proxy card because you own shares of Mirant common stock. This proxy statement describes issues on which we would like you to vote at our annual meeting of stockholders. It also gives you information on these issues so that you can make an informed decision. The Board of Directors of Mirant Corporation is soliciting your proxy for the 2008 Annual Meeting of Stockholders and any adjournments thereof. The meeting will be held at 8:00 a.m., Eastern Daylight Time, on Wednesday, May 7, 2008, at Mirant's Corporate Headquarters, 1155 Perimeter Center West, Atlanta, GA 30338-5416. This proxy statement and proxy form initially are being provided to stockholders on or about March 28, 2008.

What is being voted upon at the meeting?

The election of nine directors for a one-year term and the ratification of the appointment of KPMG LLP as the Company's independent registered public accountant for 2008 are being voted on at the meeting. We are not aware of any other matters to be presented to the meeting; however, the holders of the proxies will vote in their discretion on any other matters properly presented.

How does the Board of Directors recommend I vote?

Our Board of Directors unanimously recommends that you vote:

1. FOR each of the nominees to the Board of Directors; and
2. FOR ratification of the appointment of KPMG LLP as our independent registered public accountant for 2008.

How do I give voting instructions?

You may give your voting instructions by the Internet, by telephone, by mail or in person at the meeting. Instructions on how to vote are on the proxy form and on the previously sent notice to stockholders. The proxy committee named on the enclosed proxy form will vote all properly executed proxies that are delivered pursuant to this solicitation and not subsequently revoked in accordance with your voting instructions. If you hold shares through a bank or broker, please refer to your proxy card or the information forwarded by your bank or broker to see which options are available to you.

Can I change my vote?

Yes, you may revoke your proxy by submitting a subsequent proxy, by voting in person at the meeting, or by written request received by Mirant's Corporate Secretary prior to the Annual Meeting.

Who is entitled to vote at the meeting?

All stockholders of record on the record date of March 10, 2008, may vote. On that date, there were 213,187,778 shares of Mirant Corporation common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

How much does each share count?

Each share counts as one vote. No cumulative voting rights are authorized, and dissenters' rights are not applicable to these matters.

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What happens if I sign and return my proxy card but do not provide voting instructions?

If you return a signed card but do not provide voting instructions, your shares will be voted FOR all nine director nominees and FOR the ratification of the appointment of our independent registered public accountant for 2008.

Will my shares be voted if I do not vote by using the Internet, by telephone or by signing and returning my proxy card?

If your shares are held in street name through a bank or broker, your bank or broker may vote your shares under certain circumstances if you do not provide voting instructions before the Annual Meeting, in accordance with New York Stock Exchange rules that govern the banks and brokers. These circumstances include routine matters, such as the election of directors and the ratification of the appointment of our independent registered public accountant described in this proxy statement. Thus, with respect to these matters, if you do not vote your shares, your bank or broker may vote your shares on your behalf.

What constitutes a quorum for the meeting?

A quorum consists of a majority of the outstanding shares, present or represented by proxy. A quorum is necessary to conduct business at the Annual Meeting. For the purpose of determining whether or not a quorum exists, abstentions are counted as shares present or represented by proxy.

What are the voting requirements for electing members of our Board of Directors?

The affirmative vote of a plurality of the votes cast is required for the election of directors, which means that the director nominee with the most votes for a particular slot is elected for that slot. You may vote for or withhold authority with respect to the election of directors. Only votes for or withhold authority are counted in determining whether a plurality has been cast in favor of a director.

What are the voting requirements for ratification of the appointment of KPMG LLP as our independent registered public accountant for 2008?

The affirmative vote of a majority of the votes cast is required for the ratification of the appointment of KPMG LLP as our independent registered public accountant for 2008. You may vote for, against or abstain with respect to the ratification of the appointment of our independent registered public accountant. Abstentions will have the effect of votes cast against the ratification of the appointment of our independent registered public accountant.

What does it mean if I get more than one proxy form?

You will receive a proxy form for each account that you have. Please vote proxies for all accounts to ensure that all your shares are voted. You may consolidate multiple accounts through our transfer agent, Mellon Investor Services, online at www.melloninvestor.com or by calling (866) 463-1222.

Who pays the expense of soliciting proxies?

Mirant pays the cost of soliciting proxies. The officers or other employees of Mirant or its subsidiaries may solicit proxies in person or by telephone, electronic transmission or facsimile transmission. Such officers or other employees will not receive any additional compensation for these activities.

Will a list of stockholders entitled to vote at the meeting be available?

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at our corporate headquarters on May 7, 2008, and will be accessible for ten days prior to the meeting between the hours of 9:00 a.m. and 5:00 p.m. at our corporate headquarters.

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All of the nominees for director currently are directors of Mirant. The following table sets forth information regarding the names, ages and business experience of the current directors, other directorships held by them, and the length of their service as directors of Mirant. Additional biographical information regarding our directors is available on our website at <http://www.mirant.com>.

Unless otherwise instructed, the persons named on the enclosed proxy form will vote each properly executed proxy for the election of the nominees outlined below as directors for a one-year term ending in 2009. If any named nominee becomes unavailable for election, the Board may substitute another nominee. In that event, the proxy would be voted for the substitute nominee unless noted otherwise on the proxy form.

The affirmative vote of a plurality of shares present and entitled to vote is required for the election of directors. The director nominee with the most votes for a particular slot is elected for that slot.

The Board of Directors recommends a vote FOR the nine nominees listed below.

Name	Age	Position and Experience
Thomas W. Cason	65	Director and Audit Committee Chairman of Mirant since 2006. Owned and managed five agricultural equipment dealerships until retirement in December 2006 (1991-2006). Former Senior Vice President and Chief Financial Officer (1989-1990) of Baker Hughes Incorporated; Controller and Vice President, Finance (1977-1989) of various Baker Hughes subsidiaries. After retiring from Baker Hughes, he held various executive management positions with Key Tronic Incorporated. He also held a number of auditing positions during his seven-year career with Arthur Young & Company. Mr. Cason is also a director of Transocean Inc.
A. D. (Pete) Correll	66	Director of Mirant since 2000. Lead Director and Nominating and Governance Committee Chairman of Mirant since 2006. Chairman (2007-Present) of Atlanta Equity Investors LLC, a private equity firm that specializes in recapitalization, outright purchases and growth capital investments in middle markets; Retired Chairman of the Board (1993-2006), Chief Executive Officer (1993-2005), and President (1991-2002) of Georgia-Pacific Corporation, manufacturer and distributor of building products, pulp and paper. Mr. Correll is also a director of Norfolk Southern Corporation and SunTrust Banks, Inc.
Terry G. Dallas	57	Director of Mirant since 2006. Former Executive Vice President and Chief Financial Officer (2000-2005) of Unocal Corporation.
Thomas H. Johnson	58	Director and Compensation Committee Chairman of Mirant since 2006. Retired Chairman (2000-2005) and President and Chief Executive Officer (1997-2005) of Chesapeake Corporation, a specialty packaging manufacturer; Former President and Chief Executive Officer (1989-2007) of Riverwood International, an integrated forest products company. He is also a director of Coca-Cola Enterprises, Universal Corporation, CMGI, Inc. and Superior Essex Inc.
John T. Miller	61	Director of Mirant since 2006. Former Chief Financial Officer (1998-2001) and Chief Executive Officer and director (2001-2005) of American Ref-Fuel Company, operator of waste-to-energy generation facilities in the northeastern United States. Mr. Miller is also a director of Highstar Waste Holdings Corp. and Future Fuels LLC.

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Name	Age	Position and Experience
Edward R. Muller	56	Chairman, President and Chief Executive Officer of Mirant since 2005. Former President and Chief Executive Officer (1993-2000) of Edison Mission Energy, a California-based independent power producer. Mr. Muller is also a director of Transocean Inc.
Robert C. Murray	62	Director of Mirant since 2006. Former Chairman (2002-2004) and Interim Chief Executive Officer (2002-2003) of Pantellos Corporation, an e-commerce procurement marketplace for the utility industry, and former Chief Financial Officer (1992-2001) of Public Service Enterprise Group, an energy and energy services company.
John M. Quain	53	Director of Mirant since 2006. Chairman of the Energy and Utility Law Practice Group (2001-present) of Buchanan Ingersoll & Rooney, a law firm engaged in strategic planning and regulatory consultative services for energy and utility companies.
William L. Thacker	62	Director of Mirant since 2006. Former President, Chief Executive Officer, Chairman and Advisor to the President and CEO (1992-2002) of Texas Eastern Products Pipeline Company, LLC, owner and operator of petroleum product pipelines in the United States. He is also a director of Copano Energy, LLC and Kayne Anderson Energy Development Co.

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Corporate Governance

Board Structure

Our current Board of Directors consists of nine directors who have diverse backgrounds and experience and is chaired by Edward R. Muller, our President and Chief Executive Officer. Mr. Muller was elected as Chairman of the Board, President and Chief Executive Officer on September 30, 2005. The other individuals listed above were originally appointed as directors on January 3, 2006, in conjunction with our emergence from bankruptcy. All members of the current Board were re-elected at our 2007 Annual Meeting of Stockholders on May 8, 2007. Each director serves a one-year term and is subject to annual election.

A. D. (Pete) Correll serves as lead independent director. In this role he coordinates the activities of the other non-management directors, serves as chairman of the Nominating and Governance Committee, presides over meetings of the non-management directors and serves as the liaison between the non-management directors and the Chairman of the Board.

The Board of Directors met twelve times in 2007 and the non-management Directors met in executive session six times in 2007. No director attended fewer than 75% of the total of the Board meetings and the meetings of the committees upon which he served. All directors were present at our 2007 Annual Meeting of Stockholders held at our corporate headquarters on May 8, 2007.

Corporate Governance Guidelines and Committee Charters

In 2006, the Board of Directors approved new Corporate Governance Guidelines and new charters for the Audit, Compensation, and Nominating and Governance Committees that comply with applicable laws and regulations and the listing standards of the New York Stock Exchange. The Corporate Governance Guidelines describe the qualifications and role of the Board and outline the responsibilities of the directors. They provide that the Board will conduct an annual evaluation to assess and enhance its effectiveness, and the Guidelines direct non-management directors to meet in executive session at least quarterly, with the Company's lead independent director presiding at these sessions. Under the Guidelines, directors are expected to attend the Company's Annual Meeting of Stockholders. The Corporate Governance Guidelines and all three committee charters are posted on our website at <http://www.mirant.com>. Stockholders may obtain a copy of the Guidelines and committee charters by written request to the Corporate Secretary at Mirant Corporation, 1155 Perimeter Center West, Atlanta, GA 30338-5416.

Director Independence

The Board has determined that each of the following non-management directors is independent under applicable New York Stock Exchange listing standards and our Corporate Governance Guidelines: Thomas W. Cason, A.D. (Pete) Correll, Terry G. Dallas, Thomas H. Johnson, John T. Miller, Robert C. Murray, John M. Quain, and William L. Thacker. Each director designated as independent has no material relationship with the Company that would impair his independence. This determination was based upon the recommendation of the Nominating and Governance Committee and all relevant facts and circumstances appropriate for consideration in the judgment of the Board. As described in the Corporate Governance Guidelines, the Board applies the following standards in assessing independence:

- (1) No director can qualify as independent if he or she has a material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company.
- (2) A director is not independent if:
 - (i) The director is, or has been within the last three years, an employee of the Company, or an immediate family member of the director is, or has been within the last three years, an executive officer of the Company.

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- (ii) The director, or an immediate family member of the director, has received during any 12-month period during the last three years more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by an immediate family member for service as an employee (other than an executive officer) is not considered for purposes of this standard.

- (iii) (A) The director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the listed company's audit within that time.

- (iv) The director, or an immediate family member of the director, is, or within the last three years has been, employed as an executive officer of another company where any of the Company's present executive officers serves or served at the same time on that company's compensation committee.

- (v) The director is a current employee, or has an immediate family member who is a current executive officer, of another company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the other company's consolidated gross annual revenues.

- (vi) The director is, or in the past three years has been, an executive officer of a charitable organization to which the Company made contributions in an amount which in any single fiscal year exceeds the greater of \$1 million or 2% of such charitable organization's consolidated gross annual revenues.

Related Person Transactions

Review and Approval of Related Person Transactions

Our Nominating and Governance Committee is responsible for reviewing and approving any related person transactions by the Company. Mirant's legal department has adopted written policies and procedures to track and assess relationships and transactions to which the Company and our directors and executive officers or their immediate family members are parties to determine if they have a direct or indirect material interest in the transaction. At the first scheduled Nominating and Governance Committee meeting each calendar year, management identifies for the Committee any related person transactions to be entered into for that calendar year, including the proposed aggregate value of such transactions. All related person transactions must be approved by the Nominating and Governance Committee and must be on terms comparable to those that could be obtained in arms-length dealings with an unrelated third party.

Related Person Transactions

There were no reportable transactions between the Company and related persons in 2007.

Stockholder Communications Policy

Stockholders and other interested parties who wish to send communications to our Board of Directors or independent directors may do so by writing to the Board in care of our Corporate Secretary, Mirant Corporation, 1155 Perimeter Center West, Atlanta, GA 30338-5416. We have also established the following email addresses to which communications intended for directors may be sent and have provided links to these addresses on our

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website: *directors@mirant.com* (to the directors as a group) and *independent.directors@mirant.com* (to the non-management directors as a group). The Board has instructed the Corporate Secretary to assist the Board in reviewing all communications received as follows:

Customer, vendor or employee complaints will be investigated by management and a log of such complaints will be provided to the Chair of the Nominating and Governance Committee.

Communications containing complaints regarding accounting, internal control or auditing matters will be investigated in accordance with the procedures established by the Audit Committee.

Solicitations for periodicals or other subscriptions, surveys and business solicitations, and other similar communications generally will not be forwarded to the directors.

Except as described above, the Corporate Secretary will forward (i) written communications addressed to the full Board to the Chairman of the Board; (ii) written communications addressed to the non-management directors to the lead independent director; and (iii) written communications addressed to any individual director or directors to the individual(s) to whom the communication is directed. However, materials that are unduly hostile, threatening, illegal or similarly unsuitable generally will not be forwarded.

Committee Membership

The Board of Directors has standing Executive, Compensation, Nominating and Governance, and Audit Committees. Provided below is information about the membership, responsibilities, and actions of these committees during 2007.

Executive Committee

The Executive Committee is composed of four members Edward R. Muller, Thomas W. Cason, A.D. (Pete) Correll and Thomas H. Johnson. It was established for the sole purpose of authorizing and approving transactions and commitments for power, fuel, emissions and related fuel storage and transportation agreements that exceed the authority delegated by the Board of Directors to the Chief Executive Officer. The Executive Committee did not meet during 2007.

Compensation Committee

The Compensation Committee is composed of three members Thomas H. Johnson, A.D. (Pete) Correll and William L. Thacker. Mr. Johnson serves as the chair of the committee. Each member initially was appointed by the Board of Directors upon our emergence from bankruptcy on January 3, 2006. Upon recommendation of the Nominating and Governance Committee, the Board of Directors determined that each member of the Compensation Committee meets the independence requirements of the New York Stock Exchange and our Corporate Governance Guidelines.

The Compensation Committee met nine times in 2007 and met seven times in executive session at those meetings. The Chief Executive Officer, the Corporate Secretary, the Senior Vice President, Administration and the Director of Compensation and Human Resources attend Compensation Committee meetings as representatives of the Company.

The Compensation Committee is responsible for establishing and administering the compensation and benefits programs for our named executive officers. The key responsibilities of the Compensation Committee are:

Oversight of compensation philosophy, amounts, plans, and policies;

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Evaluation of the performance of officers at the level of Senior Vice President and above and approval of their compensation;

Administration of executive compensation plans;

Review of management succession plans; and

Recommendation of compensation for non-management directors.

A copy of the Compensation Committee Charter is available on our website at <http://www.mirant.com>. In addition to outlining the Committee's governance and responsibilities, the Charter grants the Compensation Committee the authority to engage independent counsel and other outside advisors.

Compensation Committee Interlocks and Insider Participation

All members of our Compensation Committee during 2007 were independent directors, and none was an employee or former employee of the Company. During 2007, none of our executive officers served on the compensation committee or board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors.

Nominating and Governance Committee

The Nominating and Governance Committee is composed of three members – A.D. (Pete) Correll, Terry G. Dallas and John M. Quain. Mr. Correll serves as the chair of the committee. Each member was appointed by the Board of Directors on January 3, 2006. The Board of Directors determined that each of the members of the Nominating and Governance Committee meets the independence requirements of the New York Stock Exchange and our Corporate Governance Guidelines. The Nominating and Governance Committee met four times during 2007. The key responsibilities of the Nominating and Governance Committee are:

Recommendation and implementation of the Corporate Governance Guidelines;

Recommendation to the Board of Directors regarding the composition of the Board and the composition of Board committees;

Oversight of Mirant's compliance with its Code of Ethics and Business Conduct and review and discussion with management and the General Counsel of legal and regulatory requirements, compliance matters and material litigation; and

Assistance of the Board in identifying qualified individuals to become Board members and recommendation to the Board regarding the selection of director nominees for election at the annual meeting of stockholders, assessment of director independence and evaluation of Board effectiveness.

The Nominating and Governance Committee Charter grants the Committee the authority to engage independent counsel and other outside advisors. Management, under the oversight of the Nominating and Governance Committee, is responsible for establishing and maintaining a system to ensure compliance with the Corporate Governance Guidelines and the Code of Ethics and Business conduct. A copy of the Nominating and Governance Committee Charter is available on our website at <http://www.mirant.com>.

Director Nomination Process

The Nominating and Governance Committee is responsible for identifying qualified individuals to become Board members. The Nominating and Governance Committee will consider written nominations from stockholders for director candidates if submitted in accordance with the Company's Bylaws. Stockholders making a director

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nominee recommendation must submit a written notice to the Corporate Secretary, Mirant Corporation, 1155 Perimeter Center West, Atlanta, GA 30338-5416. Recommendations submitted for consideration by the Nominating and Governance Committee in preparation for the 2009 Annual Meeting of Stockholders must be received by November 28, 2008, and must contain the following information: (a) the name and address of the recommending stockholder; (b) the name and address of the person to be nominated; (c) a representation that the stockholder is a holder of Mirant's common stock entitled to vote at the meeting; (d) a statement in support of the stockholder's recommendation, including a description of the candidate's qualifications; (e) information regarding the candidate that would be required to be included in a proxy statement filed in accordance with the rules of the Securities and Exchange Commission (the "SEC"); and (f) the candidate's written, signed consent to serve if elected. The Nominating and Governance Committee will evaluate candidates recommended by stockholders based on the same criteria it uses to evaluate candidates from other sources.

The Corporate Governance Guidelines, as approved by the Board of Directors and posted on our website, set forth qualifications and criteria for our directors and require that the assessment of potential candidates include independence, business and professional experience (including current public company boards on which a nominee serves), ability to devote sufficient time to the affairs of Mirant, and characteristics of the current Board of Directors, including diversity, age and skills (such as financial expertise, international experience and experience in the energy industry). The Nominating and Governance Committee's process includes identification of director candidates and evaluation of the candidates based on the Corporate Governance Guidelines and the following minimum qualifications:

the highest ethics, integrity and values;

an outstanding personal and professional reputation;

professional experience that adds to the mix of the Board as a whole;

the ability to exercise independent business judgment;

freedom from conflicts of interest;

demonstrated leadership skills; and

the willingness and ability to devote the time necessary to perform the duties and responsibilities of a director.

The Committee's selection process also provides for engagement of third party search firms, interviews with various members of the Committee, the Board and management, and an evaluation of each individual in the context of the Board as a whole, applying the criteria that it deems appropriate. The final selection of nominees is made by the Board of Directors.

Alternatively, stockholders intending to appear at our Annual Meeting of Stockholders in order to nominate a candidate for election at the meeting (in cases where the Board of Directors does not intend to nominate the candidate or where the Nominating and Governance Committee was not required to consider his or her candidacy) must comply with the requirements set forth in *Article II, Section 11A* of the Company's Bylaws, which may be found on our website at <http://www.mirant.com>.

Audit Committee

The Audit Committee is composed of three members—Thomas W. Cason, John T. Miller and Robert C. Murray. Mr. Cason serves as the chair of the committee. Each member of the Audit Committee was appointed by the Board of Directors on January 3, 2006. Upon recommendation of the Nominating and Governance Committee, the Board of Directors determined that each member of the Audit Committee (i) meets the independence requirements of the New York Stock Exchange and our Corporate Governance Guidelines and (ii) is financially

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literate and qualifies as an audit committee financial expert as defined in the SEC regulations. The Board has adopted a written charter for the Audit Committee, which is available on our website at <http://www.mirant.com>.

The Audit Committee met seven times during 2007. The Audit Committee met in executive session and had separate private discussions with the independent registered public accountant and the Vice President of Internal Audit at each regularly scheduled meeting. The key responsibilities of the Audit Committee are:

Oversight of Mirant's financial reporting process and oversight of the quality and integrity of Mirant's financial statements;

Oversight of Mirant's relationship with its independent registered public accountant and sole authority and responsibility to select, evaluate and, where appropriate, replace the independent registered public accountant, which reports directly to the Audit Committee;

Pre-approval of all audit and permitted non-audit services to be provided by the independent registered public accountant as well as the compensation, fees and terms for such services;

Review of the annual internal audit program, major findings and recommendations resulting from internal audits and oversight of the Vice President of Internal Audit, who reports to the Audit Committee;

Review with management and the General Counsel of legal, regulatory and compliance matters that may have a material impact on the financial statements or involve concerns regarding accounting or auditing matters and establishment of procedures related to such concerns; and

Review with management and the independent registered public accountant of the policies for assessing and managing significant risks to the Company.

The Audit Committee Charter grants the Audit Committee the authority to engage independent counsel and other outside advisors. Following the consideration of the qualifications of the members of the engagement team and formal responses from the independent registered public accountant as to its independence, staffing plans and quality controls, the Audit Committee selected KPMG LLP as independent registered public accountant for 2008, subject to ratification by the stockholders at the Annual Meeting.

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Audit Committee Report

The Audit Committee is responsible for overseeing the Company's financial reporting process, including supervising Mirant's relationship with its independent registered public accountant, KPMG LLP, which reports directly to the Committee. The Audit Committee (i) assists the Board in its oversight of the quality and integrity of Mirant's financial statements, including the financial reporting process and systems of internal control over financial reporting; (ii) is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accountant; and (iii) reviews the appointment, replacement and compensation of the Vice President of Internal Audit, who reports to the Committee.

In discharging its duties and responsibilities, the Audit Committee has:

reviewed and discussed with management and the independent registered public accountant Mirant's audited financial statements for the year ended December 31, 2007;

discussed with the independent registered public accountant the matters required to be discussed by Statement of Auditing Standards No. 61, as amended;

reviewed and discussed with management and the independent registered public accountant management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accountant's evaluation of the Company's internal control over financial reporting;

received from the independent registered public accountant a formal written statement describing all relationships with Mirant that might affect its independence as required by Independence Standards Board Standard No. 1 and discussed with the independent registered public accountant its independence;

considered whether the provision of non-audit services is compatible with maintaining the independent registered public accountant's independence; and

concluded that the independent registered public accountant is independent from the Company and its management. Management, under the oversight of the Audit Committee, is responsible for establishing and maintaining a system of internal control over financial reporting and for preparing the Company's financial statements and reports in accordance with generally accepted accounting principles in the United States. Management represented to the Committee that the Company's annual financial statements were prepared in accordance with generally accepted accounting principles in the United States.

The independent registered public accountant is responsible for auditing the financial statements in accordance with the standards of the Public Company Accounting Oversight Board and expressing an opinion on the conformity of the Company's annual financial statements to generally accepted accounting principles in the United States. In addition, the independent registered public accountant expresses an opinion on the effectiveness of the Company's internal control over financial reporting.

In reliance on the reviews and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Mirant's Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the SEC.

Submitted on March 28, 2008 by the members of the Audit Committee of the Company's Board of Directors:

Thomas W. Cason

John T. Miller

Robert C. Murray

Table of Contents**Audit and Non-Audit Fees****Principal Accountant Fees and Services**

The following table presents fees for professional audit services and other services rendered by KPMG LLP (in thousands):

	2007	2006
Audit Fees (1)	\$ 6,833	\$ 9,512
Audit-Related Fees (2)	297	1,329
Tax Fees (3)	13	230
Total	\$ 7,143	\$ 11,071

- (1) Audit fees and expenses represent fees billed and expected to be billed for professional services rendered in connection with (a) audits and reviews of the 2007 and 2006 Mirant Corporation consolidated financial statements in accordance with standards of the Public Company Accounting Oversight Board; (b) audits of various Mirant subsidiary financial statements required by statute or regulation; and (c) consultations on accounting matters reflected in the financial statements.
- (2) Audit-related fees represent fees billed for professional services rendered in connection with (a) audits of Mirant's employee benefit plans; (b) audits of subsidiaries required by debt covenants; and (c) document production in connection with legal subpoenas related to various Mirant litigation matters.
- (3) Tax fees represent fees billed for professional services rendered in connection with (a) tax compliance; (b) consultations related to tax audits and appeals; and (c) technical tax advice on rulings from taxing authorities.

Audit Committee Pre-Approval

The Audit Committee has pre-approved all audit services and permitted non-audit services provided by the independent registered public accountant, and the compensation, fees and terms for such services. The Committee also has approved an Independent Auditor Policy that requires Audit Committee pre-approval of audit services provided by the independent registered public accountant and any changes in terms and compensation resulting from changes in audit scope, company structure or other matters. The Policy also requires annual approval by the Audit Committee or its Chairman, the independent registered public accountant's lead partner, Mirant's Chief Financial Officer or Controller, and Mirant's Corporate Secretary of the compensation and terms of service for any permitted non-audit services provided by the independent registered public accountant. Any proposed non-audit services exceeding the pre-approved fee levels previously approved by the Audit Committee or its Chairman require pre-approval by the Audit Committee or its Chairman. The Controller reports quarterly to the Audit Committee on the services performed and fees incurred by the independent registered public accountant for audit and permitted non-audit services during the prior quarter.

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Item No. 2 Ratification of Independent Registered Public Accountant

The Audit Committee of the Board appointed KPMG LLP to serve as the Company's independent registered public accountant for the fiscal year ending December 31, 2008. Although not required by our Bylaws, the Board is submitting the appointment of KPMG LLP to our stockholders for ratification.

If this proposal is not ratified at the Annual Meeting by the affirmative vote of a majority of the votes cast, the Audit Committee will reconsider its appointment of KPMG LLP as Mirant's independent registered public accountant for 2008.

Representatives of KPMG LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as independent registered public accountant for 2008 under Item No. 2.

Table of Contents**Executive Officers**

Our executive officers are elected by the Board of Directors annually to hold office until their successors are elected and qualified. The following table sets forth information regarding the names, ages, titles and business experience of the current executive officers of Mirant. Additional biographical information regarding our executive officers is available on our website at <http://www.mirant.com>.

Name	Age	Position and Experience
Edward R. Muller	56	Chairman, President and Chief Executive Officer of Mirant since 2005. President and Chief Executive Officer (1993-2000) of Edison Mission Energy, a California-based independent power producer. Mr. Muller is also a director of Transocean Inc.
Robert M. Edgell	61	Executive Vice President and Chief Operating Officer* of Mirant since 2006. Managing Director (2005) of Private Power International Development PTE, LTD, a Singapore registered private company engaged in consulting, development and equity investment in private power projects in Asia. Executive Vice President and General Manager, Asia-Pacific Division (1996-2005) of Edison Mission Energy.
James V. Iaco, Jr.	63	Executive Vice President and Chief Financial Officer of Mirant since 2005. Senior Vice President and President, Americas Division (1998-2000), and Senior Vice President and Chief Financial Officer (1994-1998) of Edison Mission Energy.
S. Linn Williams	61	Executive Vice President, General Counsel and Chief Compliance Officer of Mirant since 2005. Senior Vice President and President, European Division (1998-2000), and Senior Vice President and General Counsel (1994-1998) of Edison Mission Energy.

* Mr. Edgell's title was Executive Vice President and U.S. Region Head until the completion of the sales of our international businesses in 2007.

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Executive Compensation

Compensation Discussion and Analysis

The following discussion and analysis describes the philosophy and objectives of our executive compensation program, explains the compensation decision-making process, and details the individual components of total compensation for our named executive officers in 2007. Our 2007 named executive officers are as follows: Edward R. Muller President and Chief Executive Officer; James V. Iaco, Jr. Executive Vice President and Chief Financial Officer; Robert M. Edgell Executive Vice President and Chief Operating Officer; S. Linn Williams Executive Vice President, General Counsel and Chief Compliance Officer; and William P. von Blasingame Senior Vice President and General Manager, Caribbean. Mr. von Blasingame left the Company in September 2007 after the sale of our Caribbean business.

Executive Summary

Set forth below is an overview of the more detailed disclosure included in our Compensation Discussion and Analysis.

The main objectives of our compensation program are paying for performance, aligning our named executive officers' interests with those of our stockholders, and attracting and retaining qualified executives.

Our Compensation Committee makes all final compensation decisions regarding our named executive officers.

The Compensation Committee engages a compensation consultant to provide expertise on program design and implementation. Our Chief Executive Officer also provides input on compensation programs and policies and makes recommendations to the Compensation Committee with regard to compensation for our named executive officers other than himself.

We provide the following elements of compensation for our named executive officers: base salary, short-term cash incentives, long-term equity-based incentives, post-termination benefits and certain other benefits, including perquisite allowances.

For 2007, we aged our 2006 benchmark survey of base salary and short-term and long-term incentives for our named executive officers. Those compensation elements were benchmarked against a peer comparator group of 55 companies compiled by our compensation consultant. We target the median level of the market for all elements of compensation for our named executive officers with the possibility of above market short-term incentive and long-term incentive payments for superior performance. In some instances, we may also pay above market level to attract and retain executive talent.

We encourage pay for performance with a short-term incentive program that provides for cash payments to our named executive officers and other employees based on their individual target bonus percentages, the achievement of financial, operational and strategic goals by the Company, and individual performance. The 2007 company performance goals consisted of Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, as adjusted for certain non-recurring items), which is 2/3 of the calculation, and nine operational and strategic goals (remaining 1/3 of the calculation). The corporate payout factor for our short-term incentive program in 2007 was 109% of target.

We encourage alignment of our named executive officers' interests with those of our stockholders through the award of equity-based long-term incentive grants. In 2007 the value of each award was granted as two-thirds restricted stock units and one-third stock options.

Our named executive officers receive a monthly perquisite allowance intended to cover financial and estate planning, income tax preparation and personal club memberships.

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Each of our named executive officers is entitled to certain payments upon termination. These amounts are set out in their individual employment agreements and are generally a multiple of the executive officer's base salary and annual short-term incentive. For termination without cause, the amounts range from a multiple of 1.5 times to two times base salary and short-term incentive. For termination resulting from a change in control, each of our named executive officers would receive a multiple of three times their base salary and annual short-term incentive.

All equity grants are made pursuant to our equity grant policy, which requires that they be made during an open trading window following a quarterly release of financial results.

Compensation Program Philosophy and Objectives

The Compensation Committee sets the philosophy and objectives for our executive officer compensation program. In determining the compensation for our named executive officers, the Compensation Committee focuses on a pay for performance culture and strives to ensure that our compensation programs achieve the following objectives through a combination of fixed and variable cash- and equity-based elements:

Performance Motivating performance by creating a direct link between a significant portion of the compensation that can be earned by each named executive officer and Company performance, as measured against our financial, operational and strategic goals, as well as the performance of our common stock;

Alignment Aligning our named executive officers' interests with those of our stockholders by fostering stock ownership by our named executive officers; and

Retention Providing a competitive total compensation package, thereby enabling us to attract and retain qualified executives. Both our short-term cash incentive program and equity-based grants under our long-term incentive program provide performance-based incentives for our named executive officers. Our short-term cash incentive payments are made at the discretion of the Compensation Committee based on the achievement of quantitative and qualitative goals by the Company and are adjusted for individual performance. Long-term equity-based incentive grants are made under our 2005 Omnibus Incentive Compensation Plan. The purpose of the 2005 Omnibus Incentive Compensation Plan is to provide a means whereby employees and directors develop a sense of proprietorship and personal involvement in our development and financial success and to encourage them to devote their best efforts to our business, thereby advancing our interests and those of our stockholders. The Compensation Committee also has adopted stock ownership guidelines for our named executive officers and certain other employees to further align their interests with those of stockholders.

Our compensation program is designed to retain our key executive officers by offering a total compensation package that is competitive with the market. The Compensation Committee benchmarks components of executive compensation against a range of peer companies, as described below under *Peer Group Analysis and Compensation Assessment*. In structuring our base salary and short-term and long-term incentive programs, we target the median level of the market for our named executive officers with the possibility of above market short-term incentive payments and long-term incentive payouts for superior performance. In some instances, we may also pay above market level in order to attract and retain executive talent.

Compensation Committee Process

In determining compensation for our named executive officers, the Compensation Committee evaluates market information, as well as company and individual performance. The Committee approves the compensation arrangements of all officers at the level of Senior Vice President and above. In conducting its 2007 annual review of our named executive officers' compensation, the Committee examined tally sheets prepared by our compensation consultant. The tally sheets outlined the comprehensive compensation for each named executive

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officer in 2007, including long-term incentive grants and potential payouts under various termination scenarios, including a change of control. The Compensation Committee approves any proposed changes to our compensation policies and programs and reviews those policies and programs annually in light of our compensation philosophy and competitive practices.

Compensation Consultant

Since 2001, the Compensation Committee has engaged Hewitt Associates to advise the Committee and provide expertise on compensation strategy and program design. Hewitt provides advice on the design of our compensation programs, supplies competitive data, reviews technical provisions of program designs and advises the Committee and management on the impact of regulatory and legislative changes on the Company's compensation programs. The consultant works from time to time with management, at the request of the Compensation Committee, in formulating materials and proposals for consideration by the Committee. In such instances the Senior Vice President, Administration, the Chair of the Committee and the consultant work together to determine the nature and scope of the consultant's assignments.

Hewitt's 2007 services included preparing and analyzing tally sheets outlining total compensation of our named executive officers, reviewing Compensation Committee proposals and materials prior to Committee meetings, and reviewing the impact of changes in IRS regulation 409A on our existing employment agreements and equity award agreements. Hewitt also reviewed our existing employment agreements and severance plans to determine the impact on individual employees of the excise tax limits in conjunction with a change in control. A representative of Hewitt Associates attended two Compensation Committee meetings in 2007.

In addition to serving as consultant to the Compensation Committee, Hewitt administers the Company's pension programs. The Compensation Committee has determined that this pension administration work, as well as the work with management at the Committee's direction, does not impair the independence of Hewitt in its role as compensation consultant.

Role of Chief Executive Officer and Management

Mr. Muller actively participates in Compensation Committee meetings, other than executive sessions of the Committee that include discussions regarding his compensation. Mr. Muller attended eight Compensation Committee meetings in 2007. He provides specific recommendations to the Compensation Committee with regard to equity grants, annual short-term incentive awards and merit increases for the named executive officers other than himself. He also provides input on other aspects of our compensation program, including plan design, timing and structure of incentive grants and compensation policies. The Senior Vice President, Administration also attends all Compensation Committee meetings, prepares meeting materials and provides guidance to the Committee on compensation programs and policies.

Peer Group Analysis and Compensation Assessment

In order to determine competitive market-level compensation for our senior executives, Hewitt benchmarks either annually or biannually (based on market conditions) salaries and short-term incentive targets and long-term incentive grants for our named executive officers and reviews these results with the Compensation Committee. For our severance and change in control plans, Hewitt provided input on market and peer company practices. At the direction of the Compensation Committee, Hewitt most recently benchmarked market executive compensation in 2006. Hewitt utilized the following general industry comparator group of 55 companies of similar revenue size, which includes certain industry peers:

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Air Products and Chemicals, Inc.	Alberto-Culver Company	Alliant Techsystems, Inc.
Ameren Corporation	Anadarko Petroleum Corporation	Aquila, Inc.
Armstrong World Industries, Inc.	Baker Hughes Incorporated	Ball Corporation
The Black & Decker Corporation	Borg Warner Inc.	Briggs & Stratton Corporation
Brunswick Corporation	Cinergy Corp.	The Clorox Company
Convergys Corporation	Cooper Cameron Corporation	Cooper Industries, Inc.
Devon Energy Corporation	Dover Corporation	DTE Energy Company
Eastman Chemical Company	Ecolab Inc.	Engelhard Corporation
Federal-Mogul Corporation	FMC Technologies	Fortune Brands, Inc.
Hasbro, Inc.	The Hershey Company	ITT Industries, Inc.
Kennametal Inc.	Lennox International Inc.	Martin Marietta Materials, Inc.
Maytag Corporation	McCormick & Company, Inc.	Molson Coors Brewing Company
The Mosaic Company	NiSource Inc.	Parker Hannifin Corporation
Phelps Dodge Corporation	PPL Corporation	Praxair, Inc.
Quest Diagnostics Incorporated	Reynolds American Inc.	Rockwell Automation
Rohm and Haas Company	SCANA Corporation	Sempra Energy
Sonoco Products Company	Steelcase Inc.	Temple-Inland Inc.
The Timken Company	Unisys Corporation	Vulcan Materials Company
Wm. Wrigley Jr. Company		

The median annual revenue for the comparator group was approximately \$4.5 billion. Hewitt assisted the Compensation Committee in identifying this comparator group, and management presented the proposed group to the Compensation Committee for approval. Hewitt performed a regression analysis to determine market pay for comparable executive officer positions on a size-adjusted basis. The peer group was selected based on similarity in revenue and market capitalization, though we have fewer than the median number of employees for these companies.

The same peer group was used in 2007. Based on Hewitt's survey of market increases in executive pay for 2007, management adjusted this survey for an assumed 4% increase in each benchmarked element in determining the total compensation package for each of our executives in 2007. Our objective is to pay a total compensation package that is at the median of market for target performance. Please see Elements of Compensation below for a discussion of components of named executive officer pay that are above the median market level. For 2008, the Compensation Committee assessed the compensation of our named executive officers by reviewing a variety of market studies on executive compensation and analyzing executive compensation information in the proxies of several of our peer companies.

Elements of Compensation

In 2007 our named executive officers' compensation consisted of base salary, short-term cash incentives, long-term equity incentives, benefits and perquisites. We targeted the median market level for these components in order to ensure our competitiveness in attracting and retaining our named executive officers.

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Each of the named executive officers has an employment agreement with the Company that is described in the narrative following the table below entitled *Grants of Plan-Based Awards in 2007*. Each of these agreements was approved by the Compensation Committee. We utilized employment agreements to attract our named executive officers because they were being hired while we remained in bankruptcy. The agreements were necessary to provide competitive benefits to these executives, such as severance and change in control protection, that had been curtailed during our bankruptcy.

Base Salary

The Committee establishes base salary levels for our executive group by comparison to competitive market levels for their job functions. As described above under *Peer Group Analysis and Compensation Assessment*, in 2007 we aged our 2006 peer group data for named executive officers in line with market changes, consistent with our objective to pay at the median of market for target performance. Because we replaced most of our existing senior management in conjunction with our emergence from bankruptcy in 2006, we negotiated base salaries ranging from the 50th to the 75th percentile of market in order to attract the caliber of talent needed to execute a demanding business plan. In 2007, most of our named executive officers' base salaries were near the 50th percentile of the market for their equivalent positions. Mr. Williams' base salary was near the 75th percentile of market for his position. This salary level was intended to achieve internal equity among our named executive officers.

Our executives' base salaries may be adjusted based on individual performance. Salaries are reviewed at least annually in order to assess market conditions and to maintain competitive market levels of compensation. We think that our base salaries are set at competitive rates to attract and retain executive talent.

The 2006 base salary for each of our named executive officers is set forth below. On March 2, 2007, each of our named executive officers except Mr. von Blasingame received an annual salary increase ranging from 4% to 10%, as provided below. Mr. von Blasingame received an increase in his base salary of approximately 19% on November 13, 2006.

Named Executive Officer	2006 Salary	2007 Salary	Percentage Increase
Edward R. Muller	\$ 1,000,000	\$ 1,100,000	10%
James V. Iaco, Jr.	\$ 450,000	\$ 470,000	4%
Robert M. Edgell	\$ 500,000	\$ 545,000	9%
S. Linn Williams	\$ 450,000	\$ 470,000	4%
William P. von Blasingame	\$ 285,000	\$ 340,000	19%

In determining the 2007 salary increases, the Compensation Committee considered market data on increases in salaries for comparable positions as well as individual performance for each named executive officer. Mr. Muller provided recommendations on base salary increases for named executive officers other than himself.

The 2007 base salary for each of our named executive officers is set forth below. On February 28, 2008, each of our named executive officers received an annual salary increase ranging from 2% to 3%, as provided below:

Named Executive Officer	2007 Salary	2008 Salary	Percentage Increase
Edward R. Muller	\$ 1,100,000	\$ 1,135,000	3%
James V. Iaco, Jr.	\$ 470,000	\$ 486,000	3%
Robert M. Edgell	\$ 545,000	\$ 556,000	2%
S. Linn Williams	\$ 470,000	\$ 486,000	3%
William P. von Blasingame*	\$ 340,000		

* Mr. von Blasingame left the Company in September 2007 following the sale of our Caribbean business.

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In determining the 2008 salary increases, the Compensation Committee considered market data on increases in salaries for comparable positions as well as individual performance for each named executive officer. Mr. Muller provided recommendations on base salary increases for named executive officers other than himself.

Short-Term Incentives

As discussed under *Compensation Philosophy and Objectives*, pay for performance is a key feature of our compensation program. We have established a broad-based short-term cash incentive program in which all of our named executive officers participate. This program is designed to award participants for the Company's achievement of key operational and strategic goals that are established annually by the Compensation Committee.

2007 Target Incentive Amounts

Under our short-term incentive plan, annual cash bonuses are awarded taking into account an individual's target bonus percentage (a percentage of such participant's base salary), the Company's performance against established financial, operational and strategic goals (referred to as the corporate payout factor), and individual performance. The target bonus percentages for our named executive officers are set forth in their employment agreements. For 2006 and 2007, those target percentages were as follows:

Named Executive Officer	Target Bonus Percentage
Edward R. Muller	100%
James V. Iaco, Jr.	65%
Robert M. Edgell	65%
S. Linn Williams	65%
William P. von Blasingame	50%

2007 Performance Goals

The Compensation Committee approves the short-term incentive plan goals at the beginning of each calendar year based on management's recommendations. In 2007, two-thirds of the corporate payout factor was dependent on achievement of a range of targeted Adjusted EBITDA. We think that Adjusted EBITDA is an appropriate financial measure for the Company and provides insight into the overall health of our earnings. The level of Adjusted EBITDA necessary to earn 50%, 100% and 200% of the target payout under the short-term incentive plan was set at the beginning of 2007, taking into consideration our projected Adjusted EBITDA under our 2007 operating plan. The Adjusted EBITDA target amounts were as follows: 50% of target = \$750 million (threshold); 100% of target = \$950 million; and 200% of target = \$1.1 billion (maximum). For the Adjusted EBITDA portion of the corporate payout, bonus amounts between the threshold and target and between the target and maximum are determined based on interpolated performance between the specified levels.

The remaining one-third of the corporate payout factor was based on achievement of the following nine operational and strategic goals and metrics:

Completion of the sale of our Philippine business;

Completion of the sale of our Caribbean business;

Completion of the sale of our U.S. gas assets;

Achievement of 91% commercial availability*;

- * Measure that reflects percentage of gross margin (operating revenue, less cost of fuel, electricity and other products) that was captured through unit availability.

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Achievement of top quartile safety performance (based on recordable injury and lost workday rates);

Achievement of top quartile environmental performance (based on number of incidents);

Attainment at year end of on-budget and on-schedule performance for our \$1.6 billion program to add environmental controls at our Maryland plants (including forecast for budget and schedule through completion);

Achievement of substantial progress on the New York business; and

Achievement of substantial progress on the California business.

These goals provided qualitative and quantitative measures of our Company's performance in 2007. The target amounts for the strategic and operational goals were as follows: 50% = achievement of 5 goals (threshold); 100% = achievement of 6 goals; 200% = achievement of 7 goals (maximum).

The short-term incentive plan goals are set at levels deemed by the Compensation Committee, with input from management, to be achievable with strong performance by all employees. Generally, the Committee sets the minimum, target and maximum levels such that the relative difficulty of achieving the target level is consistent from year to year.

2007 Actual Performance and Incentive Award Payouts

Following completion of the annual financial audit process, the Compensation Committee assesses our achievement of the operational and strategic goals and metrics under the short-term incentive plan and makes award decisions. Our 2007 Adjusted EBITDA used for purposes of the short-term incentive payment calculation was \$988 million. We achieved five of our goals and partially achieved our safety goal, for a total of five and one-half of our nine strategic and operational goals for 2007. This overall performance resulted in a corporate payout factor of 109% of target.

The short-term incentive payments may be adjusted by the Compensation Committee for individual performance. In assessing Mr. Muller's individual performance for purposes of his short-term incentive payout, the Compensation Committee met with him in an executive session in January 2007 to discuss his individual goals for the year. In February 2008 they again met with him in executive session to review his performance against those goals. Mr. Muller meets with the other named executive officers to assess their performance against their individual goals and makes a recommendation to the Compensation Committee with respect to their individual short-term incentive payouts. For 2007, the Compensation Committee did not make any adjustment to Mr. Muller's short-term incentive payment based on his individual performance. There was no significant adjustment for individual performance to the other named executive officers' short-term incentive payouts in 2007. See the *2007 Summary Compensation Table* and the *Grants of Plan Based Awards Table* below for the target and actual amounts earned by our named executive officers under the short-term incentive plan.

2008 Incentive Award Program

Our 2008 short-term incentive goals are based on the same structure utilized in 2007, with an Adjusted EBITDA goal representing two-thirds of the corporate payout factor and operational and strategic goals comprising the other one-third. The target bonus percentages for our named executive officers have not changed. The Adjusted EBITDA target amounts are as follows: 50% of target = \$750 million (threshold); 100% of target = \$900 million; and 200% of target = \$1.025 billion (maximum). The remaining one-third of the corporate payout factor will be dependent upon the Company's achievement of the following eight operational and strategic goals:

Achievement of top quartile safety performance based on recordable injury rates;

Achievement of top quartile safety performance based on lost time rates;

Achievement of top quartile environmental performance based on number of incidents;

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Achievement of 87% commercial availability;

Achievement of a level of contract availability at our California plants that is consistent with the target levels in our contracts for those plants;

Attainment at year end of on-budget and on-schedule performance for our \$1.6 billion program to add environmental controls at our Maryland plants;

Achievement of progress toward developing our business in California; and

Resolution of issues associated with the operation of our Potomac River plant.

If certain levels of exceptional performance are met with respect to the environmental, safety or commercial availability targets, the goal for which that performance is met may be counted twice toward the achievement of the operational and strategic portion of the corporate payout factor. The target amounts for the strategic and operational goals are as follows: 50% of target = achievement of 4 goals (threshold); 100% of target = achievement of 5 goals; and 200% of target = achievement of 6 goals (maximum).

Long-Term Incentives

All long-term incentive grants are issued under our 2005 Omnibus Incentive Compensation Plan. We utilized stock options and restricted stock units for our 2007 long-term incentive grants to executive officers, with two-thirds of the economic value of the grants delivered as restricted stock units and one-third of the economic value delivered as stock options. In determining to use such components and in determining the relative allocation, the Committee weighed the effectiveness and the perceived value of such grants by participants against their associated compensation expense. The Committee thinks the current allocation of long-term incentive grants, including the weight on restricted stock units, provides an important retention incentive for our named executive officers. The 2007 awards vest ratably over three years, and delivery of shares for vested restricted stock units for our named executive officers is deferred until termination, providing an additional retention incentive for those officers.

The Compensation Committee approved the 2007 annual long-term incentive grants on March 8, 2007. The Compensation Committee approves the economic value (dollar-denominated) of the equity compensation for each named executive officer, and that economic value is converted on the grant date into the appropriate number of restricted stock units and stock options based on the allocation outlined above. In determining the economic value of the grants, the Committee used the 50th percentile market equivalent economic value for employees at companies in our comparator group where long-term incentives are a prevalent component of pay. Due to internal equity considerations among our named executive officers, the Committee approved a 2007 long-term incentive grant for Mr. Iaco that was near the 75th percentile of market for his position, and a 2007 long-term incentive grant for Mr. Williams that was near the 90th percentile of market for his position. See the *Grants of Plan-Based Equity Awards in 2007* table below for information on option and restricted stock unit grants to our named executive officers in 2007.

Special Equity Grants

In November 2006, the Compensation Committee approved the implementation of the 2006 Special Bonus Plan to reward participants for successful completion of our planned business and asset sales announced in July and August 2006, as well as to provide a retention incentive for certain participants. Participants in the 2006 Special Bonus Plan included approximately 125 U.S. employees (representing 7% of the U.S. employee population) at a level of Senior Vice President or below who were considered critical to our operation. Our named executive

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officers were not eligible to participate in the 2006 Special Bonus Plan; therefore, the Compensation Committee approved special equity grants to our named executive officers under the 2005 Omnibus Incentive Compensation Plan to reward them for successful completion of our planned business and asset sales. Both the 2006 Special Bonus Plan awards and the special equity grants to our named executive officers were structured to vest and become non-forfeitable on June 30, 2008, if the following conditions were met by December 31, 2007: (1) the achievement of an established threshold value from the planned sales of our Philippine and Caribbean businesses and certain U.S. natural gas-fired assets; and (2) the completion of the planned sale of our Philippine business and receipt of 65% of the threshold values from the planned sales of the Caribbean business and the U.S. natural gas-fired assets. The target amounts for the sales (in billions), established based on input from our financial advisors in each of the relevant asset sales, were as follows:

	Threshold	Target	Maximum
Philippine Business	\$ 2.40	\$ 2.60	\$ 2.80
Caribbean Business	\$.95	\$ 1.05	\$ 1.15
U.S. Gas Assets	\$.90	\$ 1.00	\$ 1.10

The special equity grants to our named executive officers were structured with an economic value equal to three times the executive's base salary. These awards were granted as 50% stock options and 50% restricted stock units. The options expire on November 13, 2009. Delivery of shares for the vested restricted stock units is deferred until employment terminates. The special equity grant amounts for each named executive officer are set forth in the table entitled *Outstanding Equity Awards at December 31, 2007* below.

Mr. von Blasingame's equity grant provided that his grant would vest if the Company failed to offer him a position at a comparable level of compensation after the planned sale of the Company's Caribbean assets. Mr. von Blasingame's special equity grant vested upon his departure from the Company in September 2007.

On September 12, 2007, the Committee affirmed that the conditions to vesting, other than the passage of time, for the 2006 Special Bonus Plan and the special equity grants had been met. The actual results for the sales (in billions) were as follows: Philippine business \$3.891; Caribbean business \$1.071; and U.S. gas assets \$1.407. The Committee approved the maximum amount payable pursuant to the 2006 Special Bonus Plan, which was \$34 million.

Benefits

Company benefits available to all of our employees, including our named executive officers, include health and welfare, dental, prescription drugs, paid vacation, life insurance, accidental death and dismemberment, short term disability and long-term disability. All employees, including our named executive officers, also are entitled to participate in our qualified 401(k) program, pursuant to which we match 75% of the first 6% contributed. We also provide for both a 3% quarterly fixed contribution and an annual discretionary profit sharing contribution to all employees who are not accruing a defined benefit pension or who are not subject to a collective bargaining agreement, based on our performance against our short-term incentive goals. The discretionary contribution for 2007 was 3.36% of base salary and short-term incentive.

Senior executives, including our named executive officers, participate in a nonqualified supplemental benefit plan. The supplemental benefit plan is intended to compensate for IRS limitations on compensation for company matching and profit sharing contributions to a qualified 401(k) plan. The Compensation Committee thinks that this plan is market-competitive.

Senior executives, including our named executive officers, also participate in a nonqualified deferred compensation plan. The nonqualified deferred compensation plan allows senior executives to defer certain amounts of base salary and short-term incentive compensation. Please see *Impact of Regulatory Requirements* below for a discussion of Regulation 409A and its effect on our nonqualified deferred compensation plan.

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Perquisites

We have a perquisite policy that provides for an annual allowance to each of our named executive officers. The allowance amounts are pre-tax and are fully taxable to our executives. For our named executive officers, two tiers of annual perquisite allowance are provided: Level I \$21,000; and Level II \$18,000. Our Chief Executive Officer receives a Level I perquisite allowance, and each of our other named executive officers receives the Level II allowance. The allowances are paid in monthly increments and are intended to compensate executives for financial and estate planning, income tax return preparation and personal club memberships. We also provide executive physicals to these officers. We think these perquisite levels are competitive in the market, while allowing more flexibility in choosing a service provider and minimizing the administrative burden of such a program.

Post-Termination Compensation

The post-termination benefits for our named executive officers are provided in their individual employment agreements. The terms of those agreements, including those related to severance and change in control, were negotiated in conjunction with the hiring of our named executive officers in connection with our emergence from bankruptcy.

Severance and Change in Control

All of our named executive officers have employment agreements that provide specified change in control and severance benefits. These provisions were included because of the prevalence of such programs in the market and their necessity in recruiting and retaining executive talent.

In the event Mr. Muller is terminated by us without cause, he will receive two times his base salary plus two times his target short-term incentive, in addition to certain other benefits further outlined below under *Potential Payments Upon Termination*. If terminated without cause, Mr. Iaco, Mr. Edgell and Mr. Williams each would receive 1.5 times his base salary plus 1.5 times his target short-term incentive, in addition to certain benefits outlined below under *Potential Payments Upon Termination*. If any of our named executive officers is terminated in conjunction with a change in control, he will receive three times his base salary plus three times the higher of his target short-term incentive or his actual annual short-term incentive for the year preceding the change in control. Termination of any of our named executive officers without cause or in the event of a change in control will normally result in the immediate vesting of all of his outstanding stock options and restricted stock units. See *Potential Payments Upon Termination* below for the definition of change in control under our executives' award agreements and a further discussion of amounts payable to our named executive officers upon termination. See *Employment Agreements* in the narrative discussion below the 2007 *Grants of Plan-Based Awards Table* for a description of the vesting terms of long-term incentive awards for our named executive officers in the event of termination or a change in control.

Restrictive Covenants

All of our employees enter into confidentiality and intellectual property agreements, and any executive under an employment agreement also is subject to non-solicitation, non-disparagement and non-compete provisions.

Impact of Regulatory Requirements

Several regulatory requirements have an impact on certain of our compensation decisions. Section 162(m) of the Internal Revenue Code of 1986, as amended, generally denies a publicly traded company a federal income tax deduction for compensation in excess of \$1 million paid to certain of its executive officers unless the amount of such excess is payable based solely upon the attainment of objective performance criteria. We have undertaken to

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qualify certain components of our incentive compensation to executive officers for the performance exception to non-deductibility. However, in appropriate circumstances, it may be necessary or appropriate to pay compensation or make special incentive or retention awards that do not meet the performance-based exception and therefore may not be deductible under Section 162(m). In 2007, \$102,938 of incentive compensation to our executive officers was not deductible under the provisions of Section 162(m).

In April 2007, final regulations under IRS Section 409A were released, providing comprehensive rules for nonqualified deferred compensation arrangements. As a result, we made several changes to our existing employment agreements to comply with the new rules. We also made several minor modifications to our restricted stock and restricted stock unit award agreements to assure full compliance with the new rules. Hewitt assisted the Compensation Committee in a full review of our Section 409A compliance and provided input and recommendations on required amendments to our plans and agreements.

We account for stock-based compensation under Statement of Financial Accounting Standards No. 123R, *Share Based Payment* (SFAS 123R), which requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. We use the Black-Scholes option-pricing model to measure the grant-date fair value of our stock options. All of the stock-based awards granted in 2007 qualified for equity accounting treatment under SFAS 123R.

Equity Grant Policy

The Equity Grant Policy adopted by the Compensation Committee requires that both annual equity grants and special equity grants must be made during an open trading window, which normally follows our quarterly earnings releases. The annual equity awards specifically are to be made at a Compensation Committee meeting scheduled during the first week of the open trading window following the release of our financial results for the previous fiscal year. The Equity Grant Policy applies to any compensatory equity grant made to employees, including our named executive officers. The Equity Grant Policy requires that the grant date of any equity award approved by the Compensation Committee will be the date of the meeting at which the award was approved, and the grant price will be the closing price of our common stock on the New York Stock Exchange on such date. All of our 2007 long-term incentive awards complied with the terms of our Equity Grant Policy.

Stock Ownership Guidelines

Stock ownership guidelines approved by the Compensation Committee in November 2006 require that our named executive officers, certain other corporate officers and our Board of Directors own certain levels of our stock. Those levels of ownership must be attained over five years from (1) the date of implementation of the guidelines or (2) if the individual did not hold the relevant office at that time, the date the individual becomes a director or an officer at that level. The stock ownership guidelines are set forth below:

Position	Multiple of Annual Salary
Chief Executive Officer	500%
Executive Vice President	400%
Senior Vice President	300%
Vice President/Officer*	100%
Board of Directors	3x annual LTI Grant

* All corporate officers with a base salary greater than \$180,000.

Shares counted toward satisfaction of the guidelines outlined above include shares owned outright, vested restricted stock units or restricted shares, vested stock options (at two-thirds of their value), and phantom shares/units. As of March 10, 2008, all of our named executive officers had met the share ownership requirements under the guidelines.

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Compensation Committee Report

We have reviewed and discussed with management this Compensation Discussion and Analysis to be filed pursuant to the Securities Exchange Act of 1934. Based on these reviews and discussions, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement.

Submitted on March 28, 2008 by the members of the Compensation Committee of the Company's Board of Directors:

Thomas H. Johnson

A. D. (Pete) Correll

William L. Thacker

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The following table sets forth information regarding annual compensation for our Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers (together, our named executive officers).

Name and Principal Position		Salary (\$)	Bonus (\$ (1))	Stock Awards (\$ (2) (3))	Option Awards (\$ (2) (3))	Non-Equity Incentive Plan Compensation (\$ (4))	All Other Compensation (\$ (5))	Total (\$)
Edward R. Muller Chairman, President and Chief Executive Officer	2007	1,079,616	0	2,572,928	3,537,071	1,200,000	179,956	8,569,571
	2006	1,000,000	0	2,044,445	4,138,173	1,250,000	113,469	8,546,087
James V. Iaco, Jr. Executive Vice President & Chief Financial Officer	2007	465,925	0	913,383	1,242,278	335,000	82,477	3,039,063
	2006	450,000	0	632,928	1,265,443	360,000	94,944	2,803,315
Robert M. Edgell Executive Vice President and US Region Head	2007	535,828	0	988,714	1,326,088	386,500	96,806	3,333,936
	2006	478,846	0	668,955	1,336,815	400,000	263,026	3,147,642
S. Linn Williams Executive Vice President and General Counsel	2007	465,925	0	877,886	1,168,700	335,000	82,242	2,929,753
	2006	450,000	0	568,698	1,132,308	360,000	120,325	2,631,331
William P. von Blasingame Senior Vice President and General Manager, Caribbean	2007	273,410	0	988,928	1,079,777		2,090,723 ⁽⁶⁾	4,432,838
	2006	290,289	0	215,813	414,121	230,000	216,275	1,366,498

- (1) The executives did not receive any compensation which would be characterized as a Bonus payment for the fiscal years ended December 31, 2006 and 2007.
- (2) Reflects the dollar amount recognized for financial statement reporting purposes for fiscal years ended December 31, 2006 and 2007, in accordance with SFAS 123R, for restricted stock units and stock options awarded under the 2005 Omnibus Incentive Compensation Plan in 2006 and 2007. However, pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. Assumptions used in the calculation of these amounts are included under *Stock-Based Compensation in Item 7 Management's Discussion and Analysis of Results of Operations and Financial Condition* in the Company's Annual Report on Form 10-K filed with the SEC on February 29, 2008.
- (3) Due to a previous calculation error, the 2006 stock and option award amounts included in our 2007 Proxy Statement have been revised for each named executive officer.
- (4) Reflects amounts paid under the Company's short-term incentive program. These payments were based on each named executive officer's target bonus percentage, the Company's performance against its short-term incentive plan goals and individual performance. Payments for 2006 were approved by the Company's Compensation Committee at its March 2, 2007 meeting and, if not deferred by the named executive officer, were paid on March 9, 2007. Payments for 2007 were approved by the Company's Compensation Committee at its February 28, 2008 meeting and, if not deferred by the named executive officer, were paid on March 7, 2008. See *Compensation Discussion and Analysis Performance-Based Compensation* above for further discussion of annual payments under this program.

(5) This amount includes the following for each named executive officer:

An annual perquisite allowance ranging from \$18,000 to \$21,000 for the named executive officer to use for financial and estate planning, income tax preparation and personal club memberships. Mr. Muller received a perquisite allowance of \$21,000 in 2006 and 2007. Mr. Edgell received a 2006 perquisite allowance of \$16,500 and a 2007 perquisite allowance of \$18,000. Mr. Iaco and Mr. Williams each received a perquisite allowance of \$18,000 in 2006 and 2007. Mr. von Blasingame received a perquisite allowance of \$18,000 in 2006. He received a \$12,000 perquisite allowance in 2007, which represents a pro-rated amount of a full year's allowance, based upon his departure from the Company in September 2007. See *Compensation Discussion and Analysis Performance-Based Compensation* above for further discussion of the perquisite allowances.

Matching and profit sharing contributions by the Company to each named executive officer under both the Company's 401(k) Plan and its supplemental benefit plan. The matching contribution under the 401(k) plan, representing 75% of their eligible contributions, was less than \$10,000 for each named executive officer in 2006. In 2007, the matching contributions were \$10,125 for each of Mr. Muller, Mr. Iaco, Mr. Edgell and Mr. Williams. Mr. von Blasingame's matching contributions were less than \$10,000. Additional amounts received under these

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plans include a profit-sharing component of the 401(k) Plan as well as contributions to the non-qualified supplemental benefit plan. See *Compensation Discussion and Analysis - Benefits* for further discussion of these plans.

Relocation benefits provided to the executives in moving to the Company's headquarters in Atlanta, GA. All named executive officers commenced employment with the Company between October 2005 and January 2006 and were required to relocate. The following relocation benefits were provided to named executive officers:

2006: Mr. Muller \$6,115; Mr. Iaco \$37,820; Mr. Edgell \$208,276; Mr. Williams \$62,745; and Mr. von Blasingame - \$175,622

2007: Mr. Edgell \$8,268 and Mr. von Blasingame \$16,965.

- (6) Mr. von Blasingame left the Company on September 3, 2007, in conjunction with the sale of the Company's Caribbean business. In accordance with Mr. von Blasingame's employment agreement, his termination was treated as an involuntary termination without cause, and he became eligible to receive approximately \$2,000,000 in cash severance pay, including three times his annual base salary, three times his most recent short-term incentive payment, a pro-rated short-term incentive payment for 2007 and payments representing the value of three years of continued health, retirement and perquisite benefits. Payment of Mr. von Blasingame's severance benefits were delayed until six months from his separation from service, as required under Internal Revenue Code Section 409A. These amounts are included in All Other Compensation for Mr. von Blasingame in 2007.

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GRANTS OF PLAN-BASED AWARDS IN 2007

The following table sets forth information with respect to stock awards granted during fiscal year ended December 31, 2007 to each of our named executive officers and estimated payouts for 2007 under our short-term incentive program.

Name	Grant Date
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