

Form 5500-SF Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A This return/report is for:	☒ single-employer plan ☐ multiple-employer plan (not multiemployer) ☐ one-participant plan
B This return/report is for:	☐ first return/report ☐ final return/report ☐ an amended return/report ☐ short plan year return/report (less than 12 months)
C Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan SITHE STABLE PENSION ACCOUNT PLAN	1b Three-digit plan number (PN) ▶ 004
	1c Effective date of plan 01/01/2000
2a Plan sponsor's name and address (employer, if for single-employer plan) SITHE ENERGIES, INC. 1000 LOUISIANA ST STE 5800 HOUSTON, TX 77002-5021	2b Employer Identification Number (EIN) 13-3554926
	2c Plan sponsor's telephone number 713-507-6400
	2d Business code (see instructions) 221100
3a Plan administrator's name and address (if same as Plan sponsor, enter "Same") DYNEGY INC. BENEFIT PLANS COMMITTEE 1000 LOUISIANA ST STE 5800 HOUSTON, TX 77002-5021	3b Administrator's EIN 20-5653152
	3c Administrator's telephone number 713-507-6400
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN, and the plan number from the last return/report. Sponsor's name	4b EIN
	4c PN
5a Total number of participants at the beginning of the plan year	5a 95
b Total number of participants at the end of the plan year	5b 86
c Total number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	5c
6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)	☒ Yes ☐ No
b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)	☒ Yes ☐ No
If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.	

Part III	Financial Information
7 Plan Assets and Liabilities	
a Total plan assets	7a (a) Beginning of Year 1241408 (b) End of Year 1323673
b Total plan liabilities	7b
c Net plan assets (subtract line 7b from line 7a)	7c 1241408 1323673
8 Income, Expenses, and Transfers for this Plan Year	
a Contributions received or receivable from:	(a) Amount (b) Total
(1) Employers	8a(1) 6000
(2) Participants	8a(2)
(3) Others (including rollovers)	8a(3)
b Other income (loss)	8b 176990
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c 182990
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d 62675
e Certain deemed and/or corrective distributions (see instructions)	8e
f Administrative service providers (salaries, fees, commissions)	8f 34511
g Other expenses	8g 3539
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h 100725
i Net income (loss) (subtract line 8h from line 8c)	8i 82265
j Transfers to (from) the plan (see instructions)	8j

Part IV Plan Characteristics**9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1C 1G 1I 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**Part V Compliance Questions**

10 During the plan year:		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)		X	
b	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)		X	
c	Was the plan covered by a fidelity bond?	X		25000000
d	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
e	Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)		X	
f	Has the plan failed to provide any benefit when due under the plan?		X	
g	Did the plan have any participant loans? (If "Yes," enter amount as of year end.)		X	
h	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
i	If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3			

Part VI Pension Funding Compliance**11** Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500))..... ☒ Yes ☐ No**12** Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? .. ☐ Yes ☒ No
(If "Yes," complete 12a or 12b, 12c, 12d, and 12e below, as applicable.)**a** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions, and enter the date of the letter ruling granting the waiver. Month _____ Day _____ Year _____**If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.**

b Enter the minimum required contribution for this plan year.....	12b	
c Enter the amount contributed by the employer to the plan for this plan year.....	12c	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d	
e Will the minimum funding amount reported on line 12d be met by the funding deadline?.....		☐ Yes ☐ No ☐ N/A

Part VII Plan Terminations and Transfers of Assets**13a** Has a resolution to terminate the plan been adopted during the plan year or any prior year? ☐ Yes ☒ NoIf "Yes," enter the amount of any plan assets that reverted to the employer this year..... **13a** **b** Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? ☐ Yes ☒ No**c** If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2011	JULIUS COX
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>SITHE STABLE PENSION ACCOUNT PLAN</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>SITHE ENERGIES, INC.</u>	D Employer Identification Number (EIN) <u>13-3554926</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>1241408</u>
b Actuarial value	2b <u>1263511</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>2</u> <u>35068</u>
b For terminated vested participants	3b <u>50</u> <u>726745</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>0</u>
(2) Vested benefits	3c(2) <u>432020</u>
(3) Total active	3c(3) <u>43</u> <u>432020</u>
d Total	3d <u>95</u> <u>1193833</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.20</u> %
6 Target normal cost	6 <u>75000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>09/30/2011</u>
Signature of actuary	Date
<u>JENNIFER GRANT</u>	<u>11-06854</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	<u>713-754-5400</u>
Firm name	Telephone number (including area code)
<u>1221 MCKINNEY STREET</u> <u>HOUSTON, TX 77010</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8).....	0	0
10 Interest on item 9 using prior year's actual return of <u>22.01</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>8.31</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	105.83 %
15 Adjusted funding target attainment percentage.....	15	105.83 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	108.89 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/14/2011	6000	0			
Totals ►			18(b)	6000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 5416
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)	21b			0
22 Weighted average retirement age	22			61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	5322
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	5322
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	5322
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	5416
38 Interest-adjusted excess contributions for current year (see instructions).....	38	94
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 – Schedule of Active Participant Data as of January 1, 2010

Attained Age	Years of Credited Service													
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25														
25 - 29														
30 - 34														
35 - 39					2				1					
40 - 44					3		1		1					
45 - 49					1		5		9		2			
50 - 54					2				3					
55 - 59							5		5		1			
60 - 64					1						1			
65 - 69														
70 & Over														

Note: Average compensation not shown since plan is "hard frozen".

Plan Name:
 EIN / PN:
 Plan Sponsor:
 Valuation Date:

Sithe Stable Pension Account Plan
 13-3554926/004
 Sithe Energies, Inc.
 January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods

Plan Sponsor

Sithe Energies, Inc.

EIN/PN

13-3554926/004

Discount Rates

Current plan year PPA effective interest rate: 6.20%

Prior plan year PPA effective interest rate: 8.31%

3-Segment Rates

Applicable month: January (4.60%; 6.65%; 6.76%)

Transition election: No

Assumed Cost-of-Living Adjustments

Not Applicable

Cash Balance Interest Crediting Rate

1.47% for 2010 and 3.84% for years 2011 and beyond

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Plan Name:	Sithe Stable Pension Account Plan
EIN / PN:	13-3554926/004
Plan Sponsor:	Sithe Energies, Inc.
Valuation Date:	January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods (cont.)

Plan-related Expenses

The amount included this year for plan-related expenses is \$75,000, based on 2009 administrative expenses of \$71,181, adjusted for estimated 2010 PBGC Variable Rate Premiums, increased by 3.0% and rounded up to the nearest \$5,000.

Mortality

Healthy participants: The prescribed mortality assumption under section 430(h)(3)(A) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants.

Disabled participants: Mortality in accordance with Revenue Ruling 96-7.

Retirement (applicable to those with 10 years of service)

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year		
<u>Age</u>	<u>Males</u>	<u>Females</u>
55	10	10
56 – 59	5	5
60	10	10
61	10	10
62	40	40
63 – 64	30	30
65	70	70
66 – 69	50	50
70	100	100

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods (cont.)

Representative Disability Rates

The rates at which participants become disabled by age and gender are shown below:

Percentage becoming disabled during the year		
Age	Males	Females
25	0.03	0.03
30	0.03	0.04
35	0.04	0.07
40	0.08	0.13
45	0.16	0.24
50	0.33	0.40
55	0.69	0.64
60	1.15	0.90

Representative Termination Rates (per 100 employees) not Due to Disability, Retirement or Mortality

Age	Service					
	0	1	2	3	4	5+
20	17.50	17.50	17.50	17.50	17.50	17.50
25	14.30	14.30	14.30	14.30	14.30	14.30
30	12.70	11.90	11.00	10.80	10.80	10.80
35	12.70	11.90	11.00	10.20	9.50	7.90
40	12.70	11.90	11.00	10.20	9.50	5.60
45	12.70	11.90	11.00	10.20	9.50	3.90
50	12.70	11.90	11.00	10.20	9.50	2.70
55	12.70	11.90	11.00	10.20	9.50	2.20

Compensation Increases

Not Applicable.

Future Increases in Social Security

Not applicable.

Plan Name: Sithe Stable Pension Account Plan
 EIN / PN: 13-3554926/004
 Plan Sponsor: Sithe Energies, Inc.
 Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods (cont.)

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. Plan compensation is limited to the maximum presently allowed under IRC §401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

Form of Payment

100% of active participants are assumed to take the account balance as a lump sum at termination.

Current terminated vested participants are assumed to take the account balance as a lump sum based on the following schedule:

Years from Termination	Percentage taking Lump Sum
1	40
2	30
3	20
4	10

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of eligible participants are assumed to be married and male spouses are assumed to be 3 years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

Plan Compensation

Not Applicable.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926 / 004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods (cont.)

Asset Method

Under this method, the valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date.

The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 6.69%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.25%, and the applicable limitation for the plan year, equal to 6.69%. The assumed rate of return on plan assets for the second prior plan year (pursuant to IRS Notice 2009-22) was 6.38%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.25%, and the applicable limitation for the plan year, equal to 6.38%. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant Data

Employee data and data on persons with deferred benefits or receiving benefits were supplied by Hewitt Associates LLC as of the census date.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2010 is used to determine the maximum deductible contribution for the tax year ending December 31, 2010.

Benefits not Included in Valuation

We believe that we have reflected all significant Plan provisions in this valuation.

PBGC Premium Funding Target

The Alternative Premium Funding Target was determined using the assumptions described above.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods (cont.)

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the instructions for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Changes in Assumptions and Methods Since Last Actuarial Valuation

In addition to the prescribed changes in mortality, the following changes in assumptions and methods with automatic IRS approval were made as part of this valuation.

- The amount included this year for plan-related expenses is \$75,000.
- The interest crediting rate applied to cash balance accounts was updated from 4.29% to 3.84% based on an updated five-year average of historical 1-Year Treasury Bill Constant Maturity Rates plus 1%. For the 2010 plan year, the actual interest crediting rate of 1.47% was used.
- Based upon an election by the plan sponsor, the interest rate was changed from the full yield curve for the month of November (representing the average of spot rates for the month of October 2008) to the default method, i.e., the 3-segment rate approach without transition for the month containing the valuation date (January, and including 24 months of rates through December 2009).
- The ASC 960 (formerly SFAS 35) discount rate was decreased from 8.25% to 8.00% in conjunction with the changes for ASC 715.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926 / 004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Statement by Enrolled Actuary

Plan Sponsor	Sithe Energies, Inc.
EIN/PN	13-3554926/004
Plan Name	Sithe Stable Pension Account Plan
Valuation Date	January 1, 2010
Enrolled Actuary	Jennifer Grant
Enrollment Number	11-06854

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

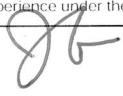
A Name of plan SITHE STABLE PENSION ACCOUNT PLAN	B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF SITHE ENERGIES, INC.	D Employer Identification Number (EIN) 13-3554926
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2 Assets:		
a Market value.....	2a	1,241,408
b Actuarial value.....	2b	1,263,511
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 2	35,068
b For terminated vested participants.....	3b 50	726,745
c For active participants:		
(1) Non-vested benefits.....	3c(1)	0
(2) Vested benefits.....	3c(2)	432,020
(3) Total active.....	3c(3) 43	432,020
d Total.....	3d 95	1,193,833
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐		
a Funding target disregarding prescribed at-risk assumptions.....	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate.....	5	6.20 %
6 Target normal cost.....	6	75,000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Jennifer Grant 	9/30/2011
Signature of actuary		Date
Jennifer Grant		11-06854
Type or print name of actuary		Most recent enrollment number
Towers Watson Delaware Inc.		(713) 754-5400
Firm name		Telephone number (including area code)
1221 McKinney Street		
Houston TX 77010		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>22.01</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>8.31</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	105.83 %
15 Adjusted funding target attainment percentage	15	105.83 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	108.89 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/14/2011	6,000				
Totals ▶			18(b)	6,000	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 5,416

20

Quarterly contributions and liquidity shortfalls:

a

Did the plan have a "funding shortfall" for the prior year?

☐ Yes
☒ No

b

If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?

☐ Yes
☐ No

c

If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	5,322
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	5,322
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	5,322
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	5,416
38 Interest-adjusted excess contributions for current year (see instructions)	38	94
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V – Summary of principal plan provisions

Plan Sponsor

Sithe Energies, Inc.

Plan

Sithe Stable Pension Account Plan

Effective Date and Most Recent Amendment

The plan was amended and restated effective January 1, 2007. The most recent amendment reflected herein is Amendment Number 4, executed on December 16, 2009, to comply with IRC Section 436 (Benefit Restrictions).

Plan Year

The twelve-month period ending December 31.

Changes in Plan Provisions since Last Actuarial Valuation

All changes were administrative in nature and related to IRC Section 436 (Benefit Restrictions).

Coverage and Participation

Employees of the company and any designated affiliate, excluding leased employees and union members eligible to participate in another qualified plan sponsored by the company. The plan was closed to new entrants in 2005.

Credited Service

One year for each Plan year that an eligible employee works at least 1,000 hours. Effective February 1, 2005, as a result of the Sithe Energies, Inc. purchase of Sithe Energies, Inc., the accruals of all active employees were frozen.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB – Summary of principal plan provisions (cont.)

Vesting Service

One year for each plan year that an eligible employee works at least 1,000 hours of service subject to break-in-service rules. Effective February 1, 2005, as a result of the Sithe Energies, Inc. purchase of Sithe Energies, Inc., all active employees were immediately vested.

Cash Balance Account

This account increases with Interest Credits and Pay Credits.

Interest Credits

The annual rate of interest earned on a participant's cash balance account is equal to the 12-month average yield or the 1-year Treasury bill constant maturity rate for the preceding plan year plus 1%. This annual rate shall be converted to a quarterly equivalent and credited on the first day of each calendar quarter. If the participant's pay credit is rescinded, the related interest credit is also rescinded.

Pay Credits

The amount credited to a participant's cash balance account the last day of each calendar quarter. The pay credit shall be equal to 3% of the participant's pensionable earnings for such calendar quarter. The pay credit will be rescinded if the employee is not credited with at least 1,000 Hours of Service for the plan year in which the calendar quarter pay credit is made. Pay credits ceased to be credited to the Cash Balance Account as of February 1, 2005.

Compensation

Not applicable. Participants are no longer eligible for additional pay credits.

Normal Retirement Benefit

Normal Retirement Date: The first of the month coincident with or next following age 65.

Benefit: Cash Balance Account

Normal Form of Payment: Single life annuity for single participants; 50% joint and survivor annuity for married participants.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB – Summary of principal plan provisions (cont.)

Early Retirement Benefit

Eligibility: Any participant with a Vested Interest who has not yet attained Normal Retirement Age.

Benefit: Cash Balance Account.

Vested Benefits Upon Termination of Service

Eligibility: Any participant with a Vested Interest.

Benefit: Cash Balance Account.

Death Benefits for Participants in Active Service

Eligibility: Any participant with a Vested Interest.

Benefit: Cash Balance Account.

Optional Forms of Retirement Income in Lieu of Normal Form

The plan provides for optional monthly payment forms. Actuarial equivalence for this purpose is based on 7% interest rate and the 1983 Blended Group Annuity Mortality Table. Actuarial equivalence for purposes of converting the Cash Balance Account to a Single Life Annuity is based on the applicable interest rate and applicable mortality table as determined in accordance with Code Section 417(e)(3) with the applicable phase-in percentages to the new PPA interest rate basis. The applicable interest rate for a given plan year is based on the month of November (the lookback month) that precedes the Plan Year (the stability period) in which the distribution is made.

The Normal Form of payment for married participants is a Qualified Joint & Survivor Annuity, and for a single participant, it is a Single Life Annuity. In lieu of the Normal Form of payment, a participant may elect the following optional forms of payment:

1. Single Life Annuity.
2. A Qualified Joint and Survivor benefit payable as long as the participant is alive with either 50%, 75% or 100% of such amount being payable during the lifetime of the participant's spouse upon the death of the participant.
3. Lump Sum payment.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB – Summary of principal plan provisions (cont.)

Status of Plan

The plan is frozen to future benefit accruals.

Benefits Not Included in Valuation

We believe that we have reflected all significant plan provisions in this valuation.

Significant Events During the Year

We are not aware of any significant events occurring during the plan year.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926 / 004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25 – Change in Method as of January 1, 2010

“In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all provisions of 1.430(d)-1, 1.430(g)-1, 1.430(i)-1, and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first plan year for which all of these provisions were affected, and thus all funding method changes are automatically approved”.

Plan Name: Sithe Stable Pension Account Plan
EIN / PN: 13-3554926/004
Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 – Change in Actuarial Assumptions as of January 1, 2010

The following change in non-prescribed assumptions was made for the 2010 plan year:

- Assumed plan-related expenses of \$75,000 were added to the target normal cost for 2010.
- The interest crediting rate applied to cash balance accounts was updated from 4.29% to 3.84% based on an updated five-year average of historical 1-Year Treasury Bill Constant Maturity Rates plus 1%. For the 2010 plan year, the actual interest crediting rate of 1.47% was used.

Plan Name: Sithe Stable Pension Account Plan
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Plan Sponsor: Sithe Energies, Inc.
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 - Description of Weighted Average Retirement Age as of January 1, 2010

See Schedule SB, Part V – Statement of Actuarial Assumptions / Methods for retirement rates.

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x^r	l_x	${}_{x-55}P_{55} = l_x / l_{55}$	$Q_x^{r*} l_x / l_{55}$	$X * q_x^r * l_x / l_{55}$
55	0.10	1,000,000	1.000000	0.100000	5.500000
56	0.05	900,000	0.900000	0.045000	2.520000
57	0.05	855,000	0.855000	0.042750	2.436750
58	0.05	812,250	0.812250	0.040613	2.355525
59	0.05	771,638	0.771638	0.038582	2.276331
60	0.10	733,056	0.733056	0.073306	4.398334
61	0.10	659,750	0.659750	0.065975	4.024475
62	0.40	593,775	0.593775	0.237510	14.725621
63	0.30	356,265	0.356265	0.106880	6.733409
64	0.30	249,386	0.249386	0.074816	4.788202
65	0.70	174,570	0.174570	0.122199	7.942929
66	0.50	52,371	0.052371	0.026185	1.728242
67	0.50	26,185	0.026185	0.013093	0.877214
68	0.50	13,093	0.013093	0.006546	0.445153
69	0.50	6,546	0.006546	0.003273	0.225850
70	1.00	3,273	0.003273	0.003273	0.229123
Average age at retirement					61.207157
Rounded for Schedule SB item 22					61

Plan Name: Sithe Stable Pension Account Plan
 EIN / PN: 13-3554926/004
 Plan Sponsor: Sithe Energies, Inc.
 Valuation Date: January 1, 2010