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MIRANT CORP
Form 11-K
May 01, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 1-3526

A. Full title of the plan and the address of the plan,
if different from that of the issuer named below:

Mirant Services
Bargaining Unit Employee Savings Plan

c/o Mirant Services
1155 Perimeter Center W
Atlanta, Georgia 30338

B. Name of issuer of the securities held pursuant to
the plan and the address of its principal executive office:

Mirant Corporation
1155 Perimeter Center W
Atlanta, Georgia 30338

Mirant Services
Bargaining Unit Employee Savings Plan
Financial Statements and schedules
December 31, 2001 and 2000

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Plan Administrator of the
Mirant Services Bargaining Unit
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Mirant Services Bargaining Unit Employee Savings Plan as of December 31, 2001 and 2000 and the related statements of changes in net assets available for benefits for the year ended December 31, 2001 and for the period from December 19, 2000 (inception) through December 31, 2000. These financial statements and schedules are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our

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opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and 2000 and the changes in its net assets available for benefits for the year ended December 31, 2001 and for the period from December 19, 2000 (inception) through December 31, 2000 in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of assets (held at end of year) are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Arthur Andersen, LLP

Arthur Andersen, LLP
Atlanta, Georgia
April 16, 2002

Mirant Services
Bargaining Unit Employee Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2001 and 2000

| | 2001 |
|---|-----------|
| | ----- |
| Investments, at fair value as determined by quoted market prices | \$33,291, |
| Investments, at contract value (which approximates fair value), as determined by the Trustee | 20,561, |
| Company Contributions Receivable | 9, |
| Accrued income | 144, |
| | ----- |
| Net assets available for benefits | \$54,008, |
| | ===== |

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The accompanying notes are an integral part of these statements.

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Mirant Services
 Bargaining Unit Employee Savings Plan
 Statements of Changes in Net Assets Available for Benefits
 For the year ended December 31, 2001 and
 For the period from December 19, 2000 (inception)
 Through december 31, 2000

| | 2001 |
|---|------------|
| | ----- |
| INVESTMENT (LOSS) INCOME: | |
| Net (depreciation) appreciation in fair value of investments (Note 3) | \$ (4,926) |
| Dividends | 1,458 |
| Interest | 332 |
| | ----- |
| Total investment (loss) income | (3,135) |
| | ----- |
| CONTRIBUTIONS: | |
| Participants | 4,743 |
| Rollovers | 645 |
| Company | 1,282 |
| | ----- |
| Total contributions | 6,671 |
| | ----- |
| TRANSFER FROM MERGED PLANS (Note 1) | 52,128 |
| | ----- |
| BENEFITS PAID TO PARTICIPANTS OR BENEFICIARIES | (1,438) |
| | ----- |
| NET TRANSFER TO AFFILIATED PLAN (Note 2) | (283) |
| | ----- |
| ADMINISTRATIVE EXPENSES | (6) |
| | ----- |
| NET INCREASE | 53,937 |
| | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS: | |
| Beginning of period | 71 |
| | ----- |
| End of period | \$54,008 |
| | ===== |

The accompanying notes are an integral part of these statements.

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Mirant Services

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Bargaining Unit Employee Savings Plan Notes to Financial Statements and Schedules December 31, 2001 and 2000

1. Plan Description

The following description of the Mirant Services Bargaining Unit Employee Savings Plan (the "Plan") provides only general information. Participants should refer to the summary plan description or the plan document for a more complete description of the Plan's provisions.

General

The Plan is a stock bonus plan sponsored by Mirant Services, LLC (the "Company") covering all regular full-time and part-time employees who are covered under a collective bargaining agreement. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

On January 19, 2001, Southern Energy, Inc. announced, as part of its separation from Southern Company, that it was changing its name to Mirant Corporation. They began doing business as Mirant Corporation on January 22, 2001 and legally changed the name on February 26, 2001. The Company, noted above, is the employing company and plan sponsor.

Transferred Accounts and Merged Plans

In December 2000, an affiliate of Southern Energy Resources, Inc. acquired certain assets of Potomac Electric Power Company ("PEPCO"). Pursuant to the acquisition, certain former employees of PEPCO who were eligible to participate in the PEPCO Bargaining Unit Retirement Savings Plan became eligible to participate in the Plan on December 19, 2000. The accounts of the former PEPCO employees who elected to a Voluntary Trust-to-Trust transfer were transferred into the Plan in early 2001 and were mapped to investments under the Plan with comparable investment objectives. The portions of the participants' accounts, which were invested in the PEPCO stock fund prior to the transfer, were invested in PEPCO common stock under the Plan.

Effective May 1, 2001, the assets of the Southern Energy Resources, Inc. Bargaining Unit Savings Plan and the Southern Energy Resources, Inc. Savings Plan for Covered Employees were merged into the Plan and were mapped to investments under the Plan with comparable investment objectives. The portions of the participants' accounts, which were invested in the Southern Company stock fund prior to the transfer, were invested in Southern Company common stock under the Plan.

Plan Administration

The Company appointed T. Rowe Price (the "Trustee") as trustee to execute investment transactions and provide record-keeping services for the Plan. The Company serves as plan administrator.

Contributions

Participants may elect to contribute a percentage of their base compensation, on a pretax or after-tax basis, subject to certain limitations defined by the Plan, into any of the 12 core investment funds offered by the Plan. Participants may

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change their contribution percentages at any time. The Plan has distinct characteristics for the various bargaining units noted above relative to eligibility and contributions (Note 6).

Profit-Sharing Arrangement

For all collectively bargained full-time and part-time employees who participate in a defined benefit plan with a 1.0 formula, as defined, the Company may elect to make a discretionary annual profit-sharing contribution to the Plan of the participant's eligible compensation to be allocated pro rata. Eligible compensation is the participant's actual base salary pay plus short-term incentive pay received during the period. For the year ended December 31, 2001, the discretionary contribution was \$9,992. There were no discretionary profit-sharing contributions from December 19, 2000 (inception) through December 31, 2000.

Participant Accounts and Vesting

Each participant's account is credited with his/her contribution, the Company's matching contribution, and plan earnings (losses). Participants are immediately fully vested in these contributions. Discretionary profit-sharing contributions are 100% vested after five years of service.

Benefits

Upon termination of service, death, or disability, a participant or his/her beneficiary (upon the death of the participant) may elect to receive an amount equal to the value of his/her account in a lump-sum distribution. If account balances are less than \$5,000, participants will automatically receive a lump-sum payment. If a participant retires, he/she may elect to receive a lump-sum distribution or annual installments for a period not to exceed 20 years or life expectancy. Distributions upon termination of service, retirement, disability, or death are normally made in cash unless shares of common stock are requested.

Rollovers

Participants may roll over a distribution from a qualified retirement plan of a previous employer to the Plan.

Investment Options

A participant may direct his/her contributions into any of the investment fund options offered by the Plan. A participant may change his/her election options at any time. Company matching and discretionary profit-sharing contributions are initially invested in the company stock fund until the participant elects to redirect the contributions to another investment fund.

Participants with investments held in the Southern Company stock fund and PEPCO stock fund will have five years (until March 31, 2006) to liquidate the stock and transfer it into other investment options within the Plan. These investments are considered frozen; therefore, no new contributions may be made into this option. There are no other restrictions on transferring in or out of any other investments within the Plan.

Loans to Participants

A participant may borrow the lesser of \$50,000, less the highest outstanding loan balance in the previous 12 months, or 50% of his/her vested account balance, with a minimum loan amount of \$1,000. Loans are repayable through

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payroll deductions over the respective term of the loan. The interest rate is determined by the plan administrator based on the current prime rate at the time of the loan and is fixed over the life of the note. A participant may have up to two general-purpose loans and one loan for a residence outstanding at any given time.

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2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Plan's management to use estimates and assumptions that affect the net assets available for benefits and the changes therein. Actual results could differ from these estimates.

Administrative Expenses

Record-keeping fees are paid by the Plan. All other administrative expenses are paid by the Company.

Investment Valuation

Investments other than investment contracts are valued at quoted market prices. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; investments traded in the over-the-counter market and listed securities for which no sale was reported on the last day of the plan year are valued at the last reported bid price. The Plan's investment in the T. Rowe Price Stable Value Fund is fully benefit-responsive and is stated at contract value (which approximates fair value) in accordance with Statement of Position 94-4, "Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans."

Investment securities, in general, are exposed to various risks, including credit, interest, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities will occur and that such changes could materially affect the amount reported in the statements of net assets available for benefits.

Net Appreciation (Depreciation) in Fair Value of Investments

Net realized gains (losses) and unrealized appreciation (depreciation) are recorded in the accompanying statements of changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments.

Transfer to Affiliated Plan

During 2001, due to changes in employment status, the Plan transferred account balances of certain participants to and from the Mirant Services Employee Savings Plan.

Forfeitures

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A participant will forfeit the value of his/her account if he/she separates from service prior to becoming vested. Such forfeitures are utilized to reduce future employer contributions. For the year ended December 31, 2001, \$0 was used to reduce employer contributions. As of December 31, 2001 and 2000, there were no outstanding forfeiture accounts.

Related-Party Transactions

For the 2001 and 2000 plan years, certain plan investments are managed by T. Rowe Price; therefore, these transactions qualify as party-in-interest transactions.

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3. Investments

Individual assets that represent 5% or more of the Plan's net assets available for benefits as of December 31, 2001 and 2000 are as follows:

| | 2001 | 2000 |
|---------------------------------|--------------|----------|
| | ----- | ----- |
| T. Rowe Price Stable Value Fund | \$16,638,749 | \$45,329 |
| Mirant Corporation Stock Fund | 5,241,274 | 13,262 |
| Blue Chip Growth Fund | 9,950,280 | 5,027 |
| PEPCO Stock Fund | 6,382,751 | 0 |
| Southern Company Stock Fund | 3,818,451 | 0 |

The Plan's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated (depreciated) as follows:

| | 2001 | 2000 |
|-----------------------------|----------------|-------|
| | ----- | ----- |
| Investments, at fair value: | | |
| Mutual funds | \$ (1,625,916) | \$ 0 |
| Common stock | (3,300,836) | 2 |
| | ----- | ----- |
| | \$ (4,926,752) | \$ 2 |
| | ===== | == |

4. Tax Status

The Company has applied for a determination letter with the Internal Revenue Service. However, the plan administrator believes that the Plan is currently designed and is being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

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6. Key Provisions for Respective Collective Bargaining Units

The following are key provisions of the Plan for each collective bargaining unit:

| Unions | Eligibility | Company Match |
|--------------------|---|--|
| Midwest Union | Regular full-time and regular part-time members of the United Steelworkers of America Local #12502 | Eligible after one year of service; 75% of the first 6% of participant's compensation contributed to the Plan |
| California Union | Regular full-time and regular part-time members of the International Brotherhood of Electrical Workers Local #1245 | Company match is based upon years of service |
| Mid-Atlantic Union | Regular full-time and regular part-time members of the International Brotherhood of Electrical Workers Local #1900 | 40% of the first 6% of participant's compensation contributed to the Plan |
| New York Union | Regular full-time and regular part-time members of the International Brotherhood of Electrical Workers Local #503, upon completion of one year of service | Eligible after one year of service; 75% of the first 6% of participant's compensation contributed to the Plan |
| New England Union | Regular full-time and regular part-time members of Utility Workers' Union of America Local #369 and #480 | Eligible after one year of service; 100% of the first 4% of participant's compensation contributed to the Plan |

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Mirant Services
 Bargaining Unit Employee Savings Plan
 Schedule H, line 4i--Schedule of Assets (held at end of year)
 December 31, 2001

| Identity of Issuer and Description of Investment | Cost | Current Value |
|--|------|---------------|
| Franklin Small Cap Growth Fund, 35,277 shares | (a) | \$ 1,099,697 |
| Scudder International Fund, 7,477 shares | (a) | 274,105 |
| American New Perspective Fund, 12,236 shares | (a) | 265,404 |
| * T. Rowe Price Stable Value Fund, 16,638,749 units | (a) | 16,638,749 |
| * Mirant Corporation Stock Fund, 327,170 shares | (a) | 5,241,274 |
| PIMCO Total Return Fund, 75,350 shares | (a) | 788,166 |
| * T. Rowe Price Equity Index Trust Fund, 74,334 shares | (a) | 2,291,710 |
| * T. Rowe Price Personal Strategy Income Fund, 15,514 shares | (a) | 198,746 |
| * T. Rowe Price Personal Strategy Balanced Fund, 63,970 shares | (a) | 965,305 |

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| | | |
|---|-----|--------------|
| * T. Rowe Price Personal Strategy Growth Fund, 53,521 shares | (a) | 938,767 |
| * T. Rowe Price Small Cap Stock Fund, 39,178 shares | (a) | 992,772 |
| * T. Rowe Price Blue Chip Growth Fund, 343,468 shares | (a) | 9,950,280 |
| PEPCO Stock Fund, 282,798 shares | (a) | 6,382,751 |
| * Southern Company Stock Fund, 150,629 shares | (a) | 3,818,451 |
| * T. Rowe Price Tradelink Investments, 84,391 shares | (a) | 84,391 |
| * Participant loans (interest rates range from 4.75% to 9.5%) | (a) | 3,922,581 |
| | | ----- |
| | | \$53,853,149 |
| | | ===== |

* Represents a party in interest.

(a) Participant-directed.

The accompanying notes are an integral part of this schedule.

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Mirant Services
Bargaining Unit Employee Savings Plan
Schedule H, line 4i--Schedule of Assets (held at end of year)
December 31, 2000

| Identity of Issuer and Description of Investment | Cost | Current Value |
|--|------|---------------|
| ----- | ---- | ----- |
| Franklin Small Cap Growth Fund, 58 shares | (a) | \$ 2,282 |
| Scudder International Fund, 8 shares | (a) | 417 |
| American New Perspective Fund, 36 shares | (a) | 877 |
| T. Rowe Price Stable Value Fund, 45,329 units | (a) | 45,329 |
| * Mirant Corporation Stock Fund, 468 shares | (a) | 13,262 |
| PIMCO Total Return Fund, 36 shares | (a) | 377 |
| * T. Rowe Price Equity Index Trust Fund, 28 shares | (a) | 978 |
| * T. Rowe Price Personal Strategy Income Fund, 21 shares | (a) | 273 |
| * T. Rowe Price Personal Strategy Balanced Fund, 33 shares | (a) | 528 |
| * T. Rowe Price Personal Strategy Growth Fund, 47 shares | (a) | 905 |
| * T. Rowe Price Small Cap Stock Fund, 34 shares | (a) | 811 |
| * T. Rowe Price Blue Chip Growth Fund, 148 shares | (a) | 5,027 |
| | | ----- |
| | | \$71,066 |
| | | ===== |

* Represents a party in interest.

(a) Participant-directed.

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The accompanying notes are an integral part of this schedule.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

MIRANT SERVICES, LLC
BARGAINING UNIT EMPLOYEE SAVINGS PLAN

/s/Vance Booker

Vance Booker
Senior Vice President
Administration and Technical

May 1, 2002

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 11-K into Mirant Corporation's previously filed Registration Statement File No. 333-56574.

/s/Arthur Andersen, LLP

Arthur Andersen, LLP
Atlanta, Georgia
April 25, 2002

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Exhibit B

Mirant Corporation
1155 Perimeter Center West
Atlanta, Georgia 30338

May 1, 2002

Securities and Exchange Commission
450 Fifth Street
Washington, D.C. 20549

Re: Report of Independent Audit by Arthur Andersen

Ladies and Gentlemen:

In connection with the delivery of the report of independent public accountants relating to the audit of the statements of net assets available for benefits of the Mirant Services Bargaining Unit Employee Savings Plan (the "Plan") as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits for the year ended December 31, 2001 and for the period from December 19, 2000 (inception) through December 31, 2000 by Arthur Andersen LLP ("Arthur Andersen") which has been included by Mirant Corporation ("Mirant") in its Annual Report for the Plan on Form 11-K for the fiscal year ended December 31, 2001, Arthur Andersen has represented to Mirant that the audit was subject to Arthur Andersen's quality control system for the US accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Arthur Andersen personnel working on the audit, availability of national office consultation, and availability of personnel at foreign affiliates of Arthur Andersen to conduct the relevant portions of the audit.

Very truly yours,

Mirant Corporation

By: / s/ Vance Booker

Vance Booker
Senior Vice President
Administration and Technical