

**RELIANT ENERGY MID-ATLANTIC POWER
HOLDINGS, LLC**

RELIANT ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
	(thousands of dollars)	
Revenues:		
Revenues.....	\$ 10,020	\$ (18,323)
Revenues – affiliates.....	227,994	148,940
Total.....	238,014	130,617
Expenses:		
Cost of sales.....	61,434	59,430
Cost of sales – affiliates.....	2,677	1,014
Operation and maintenance.....	21,925	23,955
Operation and maintenance – affiliates.....	14,411	13,475
Facilities leases.....	14,962	14,962
General and administrative – affiliates.....	9,866	11,653
Gains on sales of assets and emission allowances, net – primarily affiliate ..	(56)	(234)
Depreciation.....	8,085	7,963
Amortization.....	15,056	1,934
Total operating expense.....	148,360	134,152
Operating Income (Loss)	89,654	(3,535)
Other Income (Expense):		
Interest expense.....	(431)	(52)
Interest expense – affiliates.....	(15,927)	(17,675)
Interest income.....	128	254
Total other expense.....	(16,230)	(17,473)
Income (Loss) Before Income Taxes	73,424	(21,008)
Income tax expense (benefit).....	30,155	(8,791)
Net Income (Loss)	\$ 43,269	\$ (12,217)

See Note to the Unaudited Consolidated Interim Financial Statements

RELIANT ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>March 31, 2008</u>	<u>December 31, 2007</u>
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 42,990	\$ 28,536
Restricted cash	2,227	1,663
Accounts receivable	4,628	4,875
Receivables from affiliates, net	79,421	59,180
Inventory	81,915	81,382
Prepaid lease	59,030	59,030
Derivative assets	142,463	71,538
Accumulated deferred income taxes	8,406	11,319
Prepayments and other current assets	7,482	7,227
Total current assets	<u>428,562</u>	<u>324,750</u>
Property, plant and equipment, gross	918,451	909,151
Accumulated depreciation	(235,562)	(227,476)
Property, Plant and Equipment, net	<u>682,889</u>	<u>681,675</u>
Other Assets:		
Goodwill, net	3,635	3,635
Other intangibles, net	98,700	98,732
Derivative assets	122,856	89,595
Accumulated deferred income taxes	17,836	48,968
Prepaid lease	277,246	270,133
Other	41,171	40,820
Total other assets	<u>561,444</u>	<u>551,883</u>
Total Assets	<u>\$ 1,672,895</u>	<u>\$ 1,558,308</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 91	\$ 89
Accounts payable, principally trade	30,720	28,543
Subordinated accounts payable to affiliates, net	159,531	193,897
Subordinated interest payable to affiliate, net	37,767	29,800
Derivative liabilities	148,387	96,778
Other	29,645	18,389
Total current liabilities	<u>406,141</u>	<u>367,496</u>
Other Liabilities:		
Derivative liabilities	237,644	210,563
Benefit obligations	39,553	39,289
Other	19,347	19,597
Total other liabilities	<u>296,544</u>	<u>269,449</u>
Subordinated Note Payable to Affiliate	<u>618,658</u>	<u>618,658</u>
Long-term Debt	<u>618</u>	<u>642</u>
Commitments and Contingencies		
Member's Equity:		
Common stock; no par value (1,000 shares authorized, issued and outstanding)	—	—
Additional paid-in capital	284,672	284,672
Retained earnings	125,724	82,455
Accumulated other comprehensive loss	(59,462)	(65,064)
Total member's equity	<u>350,934</u>	<u>302,063</u>
Total Liabilities and Member's Equity	<u>\$ 1,672,895</u>	<u>\$ 1,558,308</u>

See Note to the Unaudited Consolidated Interim Financial Statements

RELIANT ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
	(thousands of dollars)	
Cash Flows from Operating Activities:		
Net income (loss).....	\$ 43,269	\$ (12,217)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization.....	23,141	9,897
Deferred income taxes.....	30,155	(8,791)
Net changes in energy derivatives.....	(16,218)	25,412
Gains on sales of assets and emission allowances, net.....	(56)	(234)
Other, net.....	(22)	(21)
Changes in other assets and liabilities:		
Accounts receivable.....	247	(977)
Accounts receivable from affiliates, net.....	(6,886)	(9,728)
Inventory.....	(533)	1,254
Prepaid lease.....	(7,113)	(7,986)
Accounts payable.....	2,071	3,350
Other current assets.....	626	528
Other current liabilities.....	(2,202)	(3,758)
Other assets.....	(351)	(472)
Subordinated accounts payable to affiliates, net.....	(34,366)	10,859
Subordinated interest payable to affiliate, net.....	7,967	14,340
Income taxes payable/receivable.....	(759)	331
Other liabilities.....	228	1,319
Net cash provided by operating activities.....	<u>39,198</u>	<u>23,106</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(9,193)	(11,329)
Proceeds from sales of assets, net.....	14	-
Proceeds from sales of emission allowances – affiliate.....	74	267
Purchases of emission allowances – affiliate.....	(15,075)	(14,858)
Restricted cash.....	(564)	(1,234)
Net cash used in investing activities.....	<u>(24,744)</u>	<u>(27,154)</u>
Cash Flows from Financing Activities:		
Net cash provided by financing activities.....	-	-
Net Change in Cash and Cash Equivalents	<u>14,454</u>	<u>(4,048)</u>
Cash and Cash Equivalents at Beginning of Period	<u>28,536</u>	<u>17,274</u>
Cash and Cash Equivalents at End of Period	<u>\$ 42,990</u>	<u>\$ 13,226</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliate (net of amounts capitalized).....	\$ 28,475	\$ 216
Interest paid to third parties.....	132	14
Income taxes paid (net of income tax refunds received).....	759	(331)

See Note to the Unaudited Consolidated Interim Financial Statements

RELIANT ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
NOTE TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(1) Basis of Presentation.

Effective January 1, 2008, Reliant Energy Mid-Atlantic Power Holdings, LLC (REMA) adopted FSP FIN 39-1, an amendment of FASB Interpretation No. 39. In connection with the adoption, REMA changed the presentation of its December 31, 2007 consolidated balance sheet. REMA discontinued netting its derivative assets and liabilities and presents them on a gross basis. Cash collateral amounts remain presented on a gross basis. This change has increased REMA's derivative assets and liabilities retrospectively for all financial statements presented and is accounted for as a change in accounting principle.