

RRI ENERGY MID-ATLANTIC POWER HOLDINGS, LLC

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

	Three Months Ended March 31,	
	2010	2009
	(thousands of dollars)	
Revenues:		
Revenues.....	\$ 6,819	\$ 7,431
Revenues – affiliates.....	156,243	163,132
Total.....	163,062	170,563
Expenses:		
Cost of sales.....	62,331	111,214
Cost of sales – affiliates.....	575	760
Operation and maintenance.....	34,797	25,211
Operation and maintenance – affiliates.....	17,729	15,914
Facilities leases.....	14,962	14,962
General and administrative – affiliates.....	12,452	13,223
Gains on sales of assets and emission allowances, net.....	(39)	(407)
Depreciation.....	10,118	8,379
Amortization.....	1,940	4,231
Total operating expense.....	154,865	193,487
Operating Income (Loss).....	8,197	(22,924)
Other Income (Expense):		
Interest expense.....	(445)	(249)
Interest expense – affiliates.....	(15,289)	(12,280)
Interest income.....	2	—
Total other expense.....	(15,732)	(12,529)
Loss Before Income Taxes.....	(7,535)	(35,453)
Income tax expense (benefit).....	19,573	(14,625)
Net Loss.....	\$ (27,108)	\$ (20,828)

RRI ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2010	December 31, 2009
	(unaudited)	
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 36,698	\$ 18,062
Restricted cash	4,082	1,541
Accounts receivable	1,496	5,910
Receivables from affiliates, net	39,224	49,337
Inventory	95,041	94,772
Prepaid lease	59,030	59,030
Derivative assets	27,494	32,358
Accumulated deferred income taxes	13,037	19,258
Prepayments and other current assets	6,644	7,309
Total current assets	282,746	287,577
Property, plant and equipment, gross	1,063,390	1,059,570
Accumulated depreciation	(303,207)	(293,141)
Property, Plant and Equipment, net	760,183	766,429
Other Assets:		
Other intangibles, net	94,807	96,603
Derivative assets	5,823	7,816
Accumulated deferred income taxes	17,276	33,818
Prepaid lease	282,700	277,370
Other	42,063	33,886
Total other assets	442,669	449,493
Total Assets	\$ 1,485,598	\$ 1,503,499
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 104	\$ 103
Accounts payable, principally trade	29,670	30,421
Subordinated accounts payable to affiliates, net	338,251	309,822
Subordinated interest payable to affiliate	91,065	78,227
Derivative liabilities	63,519	76,291
Note payable to affiliate	—	16,191
Subordinated working capital facility payable to affiliate	25,809	25,809
Other	19,074	19,422
Total current liabilities	567,492	556,286
Other Liabilities:		
Derivative liabilities	51,908	64,493
Benefit obligations	41,878	41,966
Other	22,320	22,907
Total other liabilities	116,106	129,366
Subordinated Note Payable to Affiliate	543,563	543,563
Long-term Debt	417	444
Commitments and Contingencies		
Member's Equity:		
Common stock; no par value (1,000 shares authorized, issued and outstanding)	—	—
Additional paid-in capital	291,549	284,672
Retained earnings	(5,090)	22,018
Accumulated other comprehensive loss	(28,439)	(32,850)
Total member's equity	258,020	273,840
Total Liabilities and Member's Equity	\$ 1,485,598	\$ 1,503,499

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

	Three Months Ended March 31,	
	2010	2009
	(thousands of dollars)	
Cash Flows from Operating Activities:		
Net loss	\$ (27,108)	\$ (20,828)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization.....	12,058	12,610
Deferred income taxes.....	19,573	421
Net changes in energy derivatives	(11,134)	13,393
Gains on sales of assets and emission allowances, net	(39)	(407)
Other, net.....	(24)	(21)
Changes in other assets and liabilities:		
Accounts receivable	4,414	154
Receivables from affiliates, net	16,436	16,678
Inventory	(269)	(2,507)
Prepaid lease.....	(5,330)	(6,277)
Accounts payable	2,209	5,171
Other current assets	758	2,348
Other current liabilities.....	(1,023)	(4,972)
Other assets	(8,177)	(353)
Subordinated accounts payable to affiliates, net.....	35,306	34,307
Subordinated interest payable to affiliate, net	12,838	12,598
Income taxes payable/receivable	(93)	(3,480)
Taxes payable to RRI Energy, Inc. and related accrued interest.....	(780)	(14,856)
Other liabilities.....	1,125	1,200
Net cash provided by operating activities.....	<u>50,740</u>	<u>45,179</u>
Cash Flows from Investing Activities:		
Capital expenditures	(6,834)	(18,704)
Proceeds from sales of emission allowances – affiliate	39	655
Purchases of emission allowances – affiliate	(6,577)	(29,134)
Restricted cash	(2,541)	(1,376)
Net cash used in investing activities.....	<u>(15,913)</u>	<u>(48,559)</u>
Cash Flows from Financing Activities:		
Proceeds from note payable to affiliate.....	20,000	—
Payments on notes payable to affiliate.....	(36,191)	—
Net cash used in financing activities	<u>(16,191)</u>	<u>—</u>
Net Change in Cash and Cash Equivalents	18,636	(3,380)
Cash and Cash Equivalents at Beginning of Period.....	18,062	29,713
Cash and Cash Equivalents at End of Period.....	<u>\$ 36,698</u>	<u>\$ 26,333</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliate (net of amounts capitalized).....	\$ 214	\$ (1,727)
Interest paid to third parties	38	151
Income taxes paid (net of income tax refunds received).....	93	3,480
Non-Cash Disclosure:		
Contribution from affiliate of subordinated accounts payable to affiliates.....	\$ 6,877	\$ —