

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

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Revenues	\$ (5,587)	\$ 6,348	\$ (23,910)	\$ 9,737
Revenues – affiliates.....	162,254	129,654	311,194	256,604
Total	<u>156,667</u>	<u>136,002</u>	<u>287,284</u>	<u>266,341</u>
Expenses:				
Fuel and purchased power	61,963	61,806	121,393	120,506
Fuel and purchased power – affiliates	2,392	2,471	3,406	3,977
Operation and maintenance	31,132	21,394	55,087	41,850
Operation and maintenance – affiliates.....	11,683	11,710	25,158	22,835
Facilities leases.....	14,962	14,962	29,924	29,924
General and administrative – affiliates	13,275	11,038	24,928	21,121
Gains on sales of assets and emission allowances, net – primarily affiliate	(1,736)	(3,722)	(1,970)	(69,980)
Depreciation	8,613	8,015	16,576	15,845
Amortization.....	14,425	4,413	16,359	5,849
Total operating expense.....	<u>156,709</u>	<u>132,087</u>	<u>290,861</u>	<u>191,927</u>
Operating Income (Loss)	<u>(42)</u>	<u>3,915</u>	<u>(3,577)</u>	<u>74,414</u>
Other Income (Expense):				
Other, net	–	1	–	1
Interest expense	(25)	(323)	(77)	(636)
Interest expense – affiliates	(17,311)	(16,968)	(34,986)	(33,565)
Interest income	264	135	518	223
Total other expense.....	<u>(17,072)</u>	<u>(17,155)</u>	<u>(34,545)</u>	<u>(33,977)</u>
Income (Loss) Before Income Taxes	<u>(17,114)</u>	<u>(13,240)</u>	<u>(38,122)</u>	<u>40,437</u>
Income tax expense (benefit).....	(6,977)	(3,045)	(15,768)	22,295
Net Income (Loss)	<u>\$ (10,137)</u>	<u>\$ (10,195)</u>	<u>\$ (22,354)</u>	<u>\$ 18,142</u>

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

	<u>June 30, 2007</u> (Unaudited)	<u>December 31, 2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 211	\$ 17,274
Restricted cash	343	-
Accounts receivable	4,968	4,595
Receivables from affiliates, net	62,359	11,466
Inventory	83,162	80,689
Prepaid lease	59,030	59,030
Accumulated deferred income taxes	23,386	9,751
Prepayments and other current assets	9,562	9,302
Total current assets	<u>243,021</u>	<u>192,107</u>
Property, plant and equipment, gross	891,258	874,989
Accumulated depreciation	(211,435)	(195,670)
Property, Plant and Equipment, net	<u>679,823</u>	<u>679,319</u>
Other Assets:		
Goodwill	3,635	3,635
Other intangibles, net	100,075	105,642
Accumulated deferred income taxes	64,567	68,378
Prepaid lease	257,556	264,328
Other	41,762	41,098
Total other assets	<u>467,595</u>	<u>483,081</u>
Total Assets	<u>\$ 1,390,439</u>	<u>\$ 1,354,507</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 86	\$ 83
Working capital note payable to affiliate	1,000	-
Accounts payable, principally trade	25,252	16,142
Subordinated accounts payable to affiliates, net	207,598	160,308
Subordinated interest payable to affiliates, net	32,425	63,587
Derivative liabilities	34,585	22,695
Other	15,070	17,168
Total current liabilities	<u>316,016</u>	<u>279,983</u>
Other Liabilities:		
Derivative liabilities	130,621	117,269
Benefit obligations	42,086	42,021
Other	18,735	18,459
Total other liabilities	<u>191,442</u>	<u>177,749</u>
Subordinated Note Payable to Affiliate	<u>618,658</u>	<u>618,658</u>
Long-term Debt	<u>687</u>	<u>731</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	57,033	79,387
Accumulated other comprehensive loss	(78,069)	(86,673)
Total member's equity	<u>263,636</u>	<u>277,386</u>
Total Liabilities and Member's Equity	<u>\$ 1,390,439</u>	<u>\$ 1,354,507</u>

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

	<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Net income (loss).....	\$ (22,354)	\$ 18,142
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization.....	32,935	21,694
Deferred income taxes.....	(15,768)	4,858
Non-cash federal income tax contributions from Reliant Energy, Inc., net.....	-	13,657
Net unrealized (gains) losses on energy derivatives.....	40,723	(1,075)
Gains on sales of assets and emission allowances, net – primarily affiliate.....	(1,970)	(69,980)
Other, net.....	(11)	(51)
Changes in other assets and liabilities:		
Accounts receivable.....	(373)	(10)
Receivables from affiliates, net.....	(36,354)	18,251
Inventory.....	(2,473)	421
Prepaid lease.....	6,772	6,011
Accounts payable.....	3,491	(1,105)
Other current assets.....	(1,274)	1,725
Other current liabilities.....	(2,098)	(1,626)
Other assets.....	1,743	(294)
Subordinated accounts payable to affiliates, net.....	40,555	13,111
Subordinated interest payable to affiliates, net.....	(31,162)	(46,558)
Income taxes payable/receivable.....	130	(5,742)
Other liabilities.....	341	(4,850)
Net cash provided by (used in) operating activities.....	<u>12,853</u>	<u>(33,421)</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(17,727)	(6,032)
Proceeds from sales of assets, net.....	120	1,238
Proceeds from sales of emission allowances.....	1,264	1,141
Proceeds from sales of emission allowances – affiliate.....	628	68,126
Purchases of emission allowances – affiliates.....	(14,858)	(34,335)
Restricted cash.....	(343)	-
Net cash provided by (used in) investing activities.....	<u>(30,916)</u>	<u>30,138</u>
Cash Flows from Financing Activities:		
Changes in working capital note payable to affiliate.....	1,000	-
Net cash provided by financing activities.....	<u>1,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents.....	(17,063)	(3,283)
Cash and Cash Equivalents at Beginning of Period.....	17,274	31,067
Cash and Cash Equivalents at End of Period.....	\$ 211	\$ 27,784
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid (net of amounts capitalized) to affiliates.....	\$ 59,896	\$ 82,853
Interest paid to third parties.....	28	575
Income taxes paid (net of income tax refunds received).....	(130)	9,522
Non-cash Disclosure:		
Contributions from Reliant Energy, Inc., net.....	-	13,341