

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

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

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Revenues.....	\$ (18,323)	\$ 3,389
Revenues – affiliates.....	148,940	126,950
Total.....	<u>130,617</u>	<u>130,339</u>
Expenses:		
Fuel and purchased power.....	59,430	58,700
Fuel and purchased power – affiliates.....	1,014	1,506
Operation and maintenance.....	23,955	20,455
Operation and maintenance – affiliates.....	13,475	11,126
Facilities leases.....	14,962	14,962
General and administrative – affiliates.....	11,653	10,083
Gains on sales of assets and emission allowances, net – primarily affiliate ..	(234)	(66,258)
Depreciation.....	7,963	7,830
Amortization.....	1,934	1,436
Total operating expense.....	<u>134,152</u>	<u>59,840</u>
Operating Income (Loss)	<u>(3,535)</u>	<u>70,499</u>
Other Income (Expense):		
Interest expense.....	(52)	(313)
Interest expense – affiliates.....	(17,675)	(16,597)
Interest income.....	254	88
Total other expense.....	<u>(17,473)</u>	<u>(16,822)</u>
Income (Loss) Before Income Taxes	<u>(21,008)</u>	<u>53,677</u>
Income tax expense (benefit).....	(8,791)	25,340
Net Income (Loss)	<u>\$ (12,217)</u>	<u>\$ 28,337</u>

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

	March 31, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 13,226	\$ 17,274
Restricted cash	1,234	-
Accounts receivable	5,572	4,595
Receivables from affiliates, net	35,733	11,466
Inventory	79,435	80,689
Prepaid lease	59,030	59,030
Accumulated deferred income taxes	3,975	9,751
Prepayments and other current assets	7,649	9,302
Total current assets	205,854	192,107
Property, plant and equipment, gross	885,474	874,989
Accumulated depreciation	(203,618)	(195,670)
Property, Plant and Equipment, net	681,856	679,319
Other Assets:		
Goodwill	3,635	3,635
Other intangibles, net	104,073	105,642
Accumulated deferred income taxes	80,067	68,378
Prepaid lease	272,314	264,328
Other	41,579	41,098
Total other assets	501,668	483,081
Total Assets	\$ 1,389,378	\$ 1,354,507
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 85	\$ 83
Accounts payable, principally trade	18,665	16,142
Subordinated accounts payable to affiliates, net	171,167	160,308
Subordinated interest payable to affiliates, net	77,927	63,587
Derivative liabilities	31,405	22,695
Other	14,413	17,168
Total current liabilities	313,662	279,983
Other Liabilities:		
Derivative liabilities	123,793	117,269
Benefit obligations	42,984	42,021
Other	18,815	18,459
Total other liabilities	185,592	177,749
Subordinated Note Payable to Affiliate	618,658	618,658
Long-term Debt	709	731
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	67,170	79,387
Accumulated other comprehensive loss	(81,085)	(86,673)
Total member's equity	270,757	277,386
Total Liabilities and Member's Equity	\$ 1,389,378	\$ 1,354,507

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

	Three Months Ended March 31,	
	2007	2006
Cash Flows from Operating Activities:		
Net income (loss).....	\$ (12,217)	\$ 28,337
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization.....	9,897	9,266
Deferred income taxes.....	(8,791)	5,421
Non-cash federal income tax contributions from Reliant Energy, Inc., net.....	–	19,129
Net unrealized losses on energy derivatives.....	25,412	807
Gains on sales of assets and emission allowances, net – primarily affiliate.....	(234)	(66,258)
Other, net.....	(21)	(11)
Changes in other assets and liabilities:		
Accounts receivable.....	(977)	(307)
Accounts receivable from affiliates, net.....	(9,728)	19,670
Inventory.....	1,254	11
Prepaid lease.....	(7,986)	(8,746)
Accounts payable.....	3,350	2,281
Other current assets.....	859	1,442
Other current liabilities.....	(3,758)	(2,162)
Other assets.....	(472)	(145)
Subordinated accounts payable to affiliates, net.....	10,859	(10,317)
Subordinated interest payable to affiliates, net.....	14,340	(46,057)
Other liabilities.....	1,319	(5,652)
Net cash provided by (used in) operating activities.....	<u>23,106</u>	<u>(53,291)</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(11,329)	(2,104)
Proceeds from sales of assets, net.....	–	1,238
Proceeds from sales of emission allowances – affiliate.....	267	65,743
Purchases of emission allowances – affiliates.....	(14,858)	(34,335)
Restricted cash.....	(1,234)	–
Net cash provided by (used in) investing activities.....	<u>(27,154)</u>	<u>30,542</u>
Cash Flows from Financing Activities:		
Payments of long-term debt.....	–	(18)
Net cash used in financing activities.....	<u>–</u>	<u>(18)</u>
Net Change in Cash and Cash Equivalents	<u>(4,048)</u>	<u>(22,767)</u>
Cash and Cash Equivalents at Beginning of Period	<u>17,274</u>	<u>31,067</u>
Cash and Cash Equivalents at End of Period	<u>\$ 13,226</u>	<u>\$ 8,300</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliates.....	\$ 216	\$ 67,840
Interest paid (net of amounts capitalized) to third parties.....	14	262
Income taxes paid (net of income tax refunds received).....	(331)	–
Non-cash Disclosure:		
Contributions from Reliant Energy, Inc., net.....	–	19,129