

**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 September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Revenues	\$ 12,646	\$ 10,901	\$ (11,264)	\$ 20,638
Revenues – affiliates.....	195,056	163,723	506,250	420,327
Total	<u>207,702</u>	<u>174,624</u>	<u>494,986</u>	<u>440,965</u>
Expenses:				
Cost of sales.....	70,614	63,609	192,007	184,115
Cost of sales – affiliates.....	3,479	9,750	6,885	13,727
Operation and maintenance	19,768	24,475	74,855	66,324
Operation and maintenance – affiliates.....	14,656	12,605	39,814	35,441
Facilities leases	14,962	14,962	44,886	44,886
General and administrative – affiliates	9,409	11,864	34,337	32,985
Gains on sales of assets and emission allowances, net – primarily affiliate	–	(1,430)	(1,970)	(71,410)
Depreciation	8,062	8,062	24,638	23,907
Amortization.....	23,726	18,346	40,085	24,195
Total operating expense.....	<u>164,676</u>	<u>162,243</u>	<u>455,537</u>	<u>354,170</u>
Operating Income	<u>43,026</u>	<u>12,381</u>	<u>39,449</u>	<u>86,795</u>
Other Income (Expense):				
Other, net	–	–	–	1
Interest expense	(22)	(271)	(99)	(907)
Interest expense – affiliates	(18,395)	(17,677)	(53,381)	(51,242)
Interest income	108	176	626	399
Total other expense.....	<u>(18,309)</u>	<u>(17,772)</u>	<u>(52,854)</u>	<u>(51,749)</u>
Income (Loss) Before Income Taxes	24,717	(5,391)	(13,405)	35,046
Income tax expense (benefit).....	8,687	(2,307)	(7,081)	19,988
Net Income (Loss)	<u>\$ 16,030</u>	<u>\$ (3,084)</u>	<u>\$ (6,324)</u>	<u>\$ 15,058</u>

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

	<u>September 30, 2007</u> (Unaudited)	<u>December 31, 2006</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 433	\$ 17,274
Restricted cash	687	-
Accounts receivable	4,849	4,595
Receivables from affiliates, net	36,719	11,466
Inventory	76,769	80,689
Prepaid lease	59,030	59,030
Accumulated deferred income taxes	13,270	9,751
Prepayments and other current assets	14,216	9,302
Total current assets	<u>205,973</u>	<u>192,107</u>
Property, plant and equipment, gross	898,440	874,989
Accumulated depreciation	(219,482)	(195,670)
Property, Plant and Equipment, net	<u>678,958</u>	<u>679,319</u>
Other Assets:		
Goodwill	3,635	3,635
Other intangibles, net	99,715	105,642
Accumulated deferred income taxes	62,500	68,378
Prepaid lease	284,891	264,328
Other	40,764	41,098
Total other assets	<u>491,505</u>	<u>483,081</u>
Total Assets	<u>\$ 1,376,436</u>	<u>\$ 1,354,507</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 88	\$ 83
Working capital note payable to affiliate	5,108	-
Accounts payable, principally trade	25,508	16,142
Subordinated accounts payable to affiliates, net	167,974	160,308
Subordinated interest payable to affiliate, net	35,142	63,587
Derivative liabilities	36,217	22,695
Other	15,218	17,168
Total current liabilities	<u>285,255</u>	<u>279,983</u>
Other Liabilities:		
Derivative liabilities	124,281	117,269
Benefit obligations	42,448	42,021
Other	20,541	18,459
Total other liabilities	<u>187,270</u>	<u>177,749</u>
Subordinated Note Payable to Affiliate	<u>618,658</u>	<u>618,658</u>
Long-term Debt	<u>665</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	73,063	79,387
Accumulated other comprehensive loss	(73,147)	(86,673)
Total member's equity	<u>284,588</u>	<u>277,386</u>
Total Liabilities and Member's Equity	<u>\$ 1,376,436</u>	<u>\$ 1,354,507</u>

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

	Nine Months Ended September 30,	
	2007	2006
Cash Flows from Operating Activities:		
Net income (loss).....	\$ (6,324)	\$ 15,058
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization.....	64,723	48,102
Deferred income taxes.....	(7,081)	(3,895)
Non-cash federal income tax contributions from Reliant Energy, Inc., net.....	–	13,620
Net unrealized (gains) losses on energy derivatives.....	38,392	(4,681)
Gains on sales of assets and emission allowances, net – primarily affiliate.....	(1,970)	(71,410)
Other, net.....	(30)	(41)
Changes in other assets and liabilities:		
Accounts receivable.....	(254)	(66)
Receivables from affiliates, net.....	(32,658)	36,113
Inventory.....	3,920	(3,251)
Prepaid lease.....	(20,563)	(19,673)
Accounts payable.....	3,221	2,218
Other current assets.....	(308)	2,554
Other current liabilities.....	(3,371)	(462)
Other assets.....	305	(9,999)
Subordinated accounts payable to affiliates, net.....	13,901	3,241
Subordinated interest payable to affiliate, net.....	(28,445)	(55,830)
Income taxes payable/receivable.....	(72)	741
Other liabilities.....	3,113	(3,246)
Net cash provided by (used in) operating activities.....	<u>26,499</u>	<u>(50,907)</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(24,399)	(9,376)
Proceeds from sales of assets, net.....	120	1,238
Proceeds from sales of emission allowances.....	628	1,141
Proceeds from sales of emission allowances – affiliate.....	3,718	72,786
Purchases of emission allowances – affiliate.....	(27,828)	(34,335)
Restricted cash.....	(687)	–
Net cash provided by (used in) investing activities.....	<u>(48,448)</u>	<u>31,454</u>
Cash Flows from Financing Activities:		
Changes in working capital note payable to affiliate.....	5,108	–
Net cash provided by financing activities.....	<u>5,108</u>	<u>–</u>
Net Change in Cash and Cash Equivalents.....	(16,841)	(19,453)
Cash and Cash Equivalents at Beginning of Period.....	17,274	31,067
Cash and Cash Equivalents at End of Period.....	\$ 433	\$ 11,614
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid (net of amounts capitalized) to affiliates.....	\$ 72,023	\$ 107,035
Interest paid to third parties.....	41	900
Income taxes paid (net of income tax refunds received).....	72	9,522
Non-cash Disclosure:		
Contributions from Reliant Energy, Inc., net.....	–	13,305