

**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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>				
Revenues.....	\$ 10,901	\$ 10,179	\$ 20,638	\$ 26,309
Revenues – affiliates.....	163,723	179,396	420,327	422,886
Total.....	<u>174,624</u>	<u>189,575</u>	<u>440,965</u>	<u>449,195</u>
<b>Expenses:</b>				
Fuel and purchased power.....	63,609	64,454	184,115	168,847
Fuel and purchased power – affiliates.....	9,750	11,971	13,727	17,181
Operation and maintenance.....	24,475	17,159	66,324	53,528
Operation and maintenance – affiliates.....	12,605	10,681	35,441	33,896
Facilities leases.....	14,962	14,962	44,886	44,886
General and administrative – affiliates.....	11,864	14,868	32,985	39,600
Gains on sales of assets and emission allowances, net.....	(1,430)	(91,545)	(71,410)	(109,542)
Depreciation.....	8,062	7,855	23,907	24,897
Amortization.....	18,346	21,692	24,195	29,827
Total operating expense.....	<u>162,243</u>	<u>72,097</u>	<u>354,170</u>	<u>303,120</u>
<b>Operating Income</b> .....	<u>12,381</u>	<u>117,478</u>	<u>86,795</u>	<u>146,075</u>
<b>Other Income (Expense):</b>				
Other, net.....	–	5	1	51
Interest expense.....	(271)	(277)	(907)	(1,148)
Interest expense – affiliates.....	(17,677)	(16,784)	(51,242)	(47,893)
Interest income.....	176	96	399	841
Total other expense.....	<u>(17,772)</u>	<u>(16,960)</u>	<u>(51,749)</u>	<u>(48,149)</u>
<b>Income (Loss) Before Income Taxes</b> .....	<u>(5,391)</u>	<u>100,518</u>	<u>35,046</u>	<u>97,926</u>
Income tax expense (benefit).....	<u>(2,307)</u>	<u>10,431</u>	<u>19,988</u>	<u>9,778</u>
<b>Net Income (Loss)</b> .....	<u>\$ (3,084)</u>	<u>\$ 90,087</u>	<u>\$ 15,058</u>	<u>\$ 88,148</u>

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

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents .....	\$ 11,614	\$ 31,067
Accounts receivable.....	4,521	4,455
Receivables from affiliates, net .....	248	16,493
Inventory .....	84,231	80,980
Prepaid lease.....	59,030	59,030
Derivative assets.....	2,914	65,206
Accumulated deferred income taxes.....	17,222	31,652
Prepayments and other current assets .....	11,522	10,736
<b>Total current assets</b> .....	<b>191,302</b>	<b>299,619</b>
Property, plant and equipment, gross.....	869,132	858,114
Accumulated depreciation .....	(187,743)	(164,249)
<b>Property, Plant and Equipment, net</b> .....	<b>681,389</b>	<b>693,865</b>
<b>Other Assets:</b>		
Goodwill.....	3,635	3,635
Other intangibles, net.....	105,095	117,763
Prepaid lease.....	279,085	259,412
Other.....	67,678	64,676
<b>Total other assets</b> .....	<b>455,493</b>	<b>445,486</b>
<b>Total Assets</b> .....	<b>\$ 1,328,184</b>	<b>\$ 1,438,970</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Current Liabilities:</b>		
Current portion of long-term debt.....	\$ 82	\$ 77
Accounts payable, principally trade.....	17,049	11,365
Subordinated accounts payable to affiliates, net.....	136,733	133,492
Subordinated interest payable to affiliates, net.....	48,929	104,759
Derivative liabilities .....	35,317	138,615
Other.....	35,807	30,730
<b>Total current liabilities</b> .....	<b>273,917</b>	<b>419,038</b>
<b>Other Liabilities:</b>		
Derivative liabilities .....	119,059	155,495
Benefit obligations.....	31,113	35,000
Other.....	19,057	18,285
<b>Total other liabilities</b> .....	<b>169,229</b>	<b>208,780</b>
<b>Subordinated Note Payable to Affiliate</b> .....	<b>618,658</b>	<b>618,658</b>
<b>Long-term Debt</b> .....	<b>752</b>	<b>814</b>
<b>Commitments and Contingencies</b>		
<b>Member's Equity:</b>		
Common stock; no par value (1,000 shares authorized, issued and outstanding).....	—	—
Additional paid-in capital .....	264,825	251,520
Retained earnings .....	86,097	71,039
Accumulated other comprehensive loss.....	(85,294)	(130,879)
<b>Total member's equity</b> .....	<b>265,628</b>	<b>191,680</b>
<b>Total Liabilities and Member's Equity</b> .....	<b>\$ 1,328,184</b>	<b>\$ 1,438,970</b>

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

	<b>Nine Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities:</b>		
Net income .....	\$ 15,058	\$ 88,148
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization.....	48,102	54,724
Deferred income taxes.....	(3,895)	(31,074)
Non-cash federal income tax contributions from Reliant Energy, Inc., net.....	13,620	31,207
Net unrealized (gains) losses on energy derivatives .....	(4,681)	7,908
Gains on sales of assets and emission allowances, net .....	(71,410)	(109,542)
Other, net.....	16	151
Changes in other assets and liabilities:		
Accounts receivable .....	(66)	1,041
Accounts receivable from affiliates, net .....	36,113	(5,921)
Inventory .....	(3,251)	605
Prepaid lease.....	(19,673)	(30,707)
Accounts payable .....	2,218	145
Other current assets .....	2,554	930
Other current liabilities.....	(462)	8,892
Other assets .....	(9,999)	(14,265)
Subordinated accounts payable to affiliates, net.....	3,241	(29,609)
Subordinated interest payable to affiliates, net.....	(55,830)	(65,244)
Income taxes payable/receivable .....	741	10,137
Other liabilities.....	(3,246)	6,540
Net cash used in operating activities .....	(50,850)	(75,934)
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures .....	(9,376)	(5,046)
Proceeds from sales of assets, net.....	1,238	42,560
Proceeds from sales of emission allowances .....	73,927	10,125
Purchases of emission allowances .....	(34,335)	-
Restricted cash.....	-	28,652
Net cash provided by investing activities .....	31,454	76,291
<b>Cash Flows from Financing Activities:</b>		
Payments of long-term debt.....	(57)	(28,192)
Net cash used in financing activities .....	(57)	(28,192)
<b>Net Change in Cash and Cash Equivalents .....</b>	<b>(19,453)</b>	<b>(27,835)</b>
<b>Cash and Cash Equivalents at Beginning of Period.....</b>	<b>31,067</b>	<b>39,029</b>
<b>Cash and Cash Equivalents at End of Period.....</b>	<b>\$ 11,614</b>	<b>\$ 11,194</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash Payments:		
Interest paid to affiliates .....	\$ 107,035	\$ 108,739
Interest paid (net of amounts capitalized) to third parties.....	900	1,247
Income taxes paid (net of income tax refunds received).....	9,522	(492)
Non-cash Disclosure:		
Contributions from Reliant Energy, Inc., net.....	13,305	28,207