

RRI ENERGY MID-ATLANTIC POWER HOLDINGS, LLC

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(thousands of dollars)			
Revenues:				
Revenues.....	\$ 5,207	\$ 16,638	\$ 12,638	\$ 26,658
Revenues – affiliates.....	109,155	232,154	272,287	460,148
Total.....	<u>114,362</u>	<u>248,792</u>	<u>284,925</u>	<u>486,806</u>
Expenses:				
Cost of sales.....	71,392	66,231	182,606	127,665
Cost of sales – affiliates.....	488	4,192	1,248	6,869
Operation and maintenance	32,897	40,022	58,108	61,947
Operation and maintenance – affiliates.....	20,781	16,775	36,695	31,186
Facilities leases	14,962	14,962	29,924	29,924
General and administrative – affiliates	15,433	11,600	28,656	21,466
Gains on sales of assets and emission allowances, net.....	(76)	(866)	(483)	(922)
Depreciation.....	9,114	10,315	17,493	18,400
Amortization.....	2,306	10,326	6,537	25,382
Total operating expense	<u>167,297</u>	<u>173,557</u>	<u>360,784</u>	<u>321,917</u>
Operating Income (Loss).....	<u>(52,935)</u>	<u>75,235</u>	<u>(75,859)</u>	<u>164,889</u>
Other Income (Expense):				
Interest expense	(171)	(518)	(420)	(949)
Interest expense – affiliates.....	(12,320)	(15,271)	(24,600)	(31,198)
Interest income.....	3	180	3	308
Total other expense	<u>(12,488)</u>	<u>(15,609)</u>	<u>(25,017)</u>	<u>(31,839)</u>
Income (Loss) Before Income Taxes	<u>(65,423)</u>	<u>59,626</u>	<u>(100,876)</u>	<u>133,050</u>
Income tax expense (benefit).....	(27,037)	24,455	(41,662)	54,610
Net Income (Loss)	<u>\$ (38,386)</u>	<u>\$ 35,171</u>	<u>\$ (59,214)</u>	<u>\$ 78,440</u>

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

	June 30, 2009	December 31, 2008
	(unaudited)	
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,060	\$ 29,713
Restricted cash	1,477	1,632
Accounts receivable	5,348	5,712
Receivables from affiliates, net	40,852	59,770
Inventory	93,908	90,241
Prepaid lease	59,030	59,030
Derivative assets	33,838	34,169
Accumulated deferred income taxes	14,465	29,612
Prepayments and other current assets	12,307	8,591
Total current assets	269,285	318,470
Property, plant and equipment, gross	1,020,487	982,780
Accumulated depreciation	(275,629)	(259,302)
Property, Plant and Equipment, net	744,858	723,478
Other Assets:		
Other intangibles, net	97,549	98,727
Derivative assets	23,283	42,126
Accumulated deferred income taxes	32,131	19,145
Prepaid lease	264,893	273,374
Other	33,903	33,432
Total other assets	451,759	466,804
Total Assets	\$ 1,465,902	\$ 1,508,752
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 99	\$ 96
Accounts payable, principally trade	35,377	38,134
Subordinated accounts payable to affiliates, net	240,880	161,126
Subordinated interest payable to affiliate, net	51,975	26,638
Derivative liabilities	111,846	103,176
Other	23,387	50,072
Total current liabilities	463,564	379,242
Other Liabilities:		
Derivative liabilities	96,705	136,183
Benefit obligations	51,201	49,648
Taxes payable to RRI Energy, Inc. and related accrued interest	—	27,612
Other	19,176	29,511
Total other liabilities	167,082	242,954
Subordinated Note Payable to Affiliate	543,563	543,563
Long-term Debt	496	546
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	51,206	110,307
Accumulated other comprehensive loss	(44,681)	(52,532)
Total member's equity	291,197	342,447
Total Liabilities and Member's Equity	\$ 1,465,902	\$ 1,508,752

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

	Six Months Ended June 30,	
	2009	2008
	(thousands of dollars)	
Cash Flows from Operating Activities:		
Net income (loss).....	\$ (59,214)	\$ 78,440
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization.....	24,030	43,782
Deferred income taxes.....	(13,793)	54,610
Net changes in energy derivatives.....	1,140	(19,057)
Gains on sales of assets and emission allowances, net.....	(483)	(922)
Other, net.....	(46)	(44)
Changes in other assets and liabilities:		
Accounts receivable.....	364	394
Receivables from affiliates, net.....	18,726	(40,478)
Inventory.....	(3,667)	(8,397)
Prepaid lease.....	8,481	7,644
Accounts payable.....	1,750	9,431
Other current assets.....	(236)	(1,139)
Other current liabilities.....	(2,854)	1,030
Other assets.....	(469)	7,957
Subordinated accounts payable to affiliates, net.....	79,754	(34,169)
Subordinated interest payable to affiliate, net.....	25,337	(20,198)
Income taxes payable/receivable.....	(3,480)	(1,604)
Taxes payable to RRI Energy, Inc. and related accrued interest.....	(27,612)	—
Other liabilities.....	2,246	1,342
Net cash provided by operating activities.....	<u>49,974</u>	<u>78,622</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(43,378)	(23,535)
Purchases of emission allowances – affiliate.....	(29,134)	(16,168)
Restricted cash.....	155	(3,649)
Other, net.....	730	963
Net cash used in investing activities.....	<u>(71,627)</u>	<u>(42,389)</u>
Cash Flows from Financing Activities:		
Payments on subordinated note payable to affiliate.....	—	(14,705)
Distributions to RRI Energy, Inc.	—	(8,314)
Net cash provided by (used in) financing activities.....	<u>—</u>	<u>(23,019)</u>
Net Change in Cash and Cash Equivalents	(21,653)	13,214
Cash and Cash Equivalents at Beginning of Period	29,713	28,536
Cash and Cash Equivalents at End of Period	<u>\$ 8,060</u>	<u>\$ 41,750</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliate (net of amounts capitalized).....	\$ (3,774)	\$ 72,893
Interest paid to third parties.....	173	170
Income taxes paid (net of income tax refunds received).....	3,480	1,604