

RRI ENERGY MID-ATLANTIC POWER HOLDINGS, LLC

(Formerly known as “Reliant Energy Mid-Atlantic Power Holdings, LLC”)

RRI ENERGY MID-ATLANTIC POWER HOLDINGS, LLC AND SUBSIDIARIES
(Formerly known as “Reliant Energy Mid-Atlantic Power Holdings, LLC”)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2009	2008
	(thousands of dollars)	
Revenues:		
Revenues.....	\$ 7,431	\$ 10,020
Revenues – affiliates.....	163,132	227,994
Total.....	170,563	238,014
Expenses:		
Cost of sales.....	111,214	61,434
Cost of sales – affiliates.....	760	2,677
Operation and maintenance.....	25,211	21,925
Operation and maintenance – affiliates.....	15,914	14,411
Facilities leases.....	14,962	14,962
General and administrative – affiliates.....	13,223	9,866
Gains on sales of assets and emission allowances, net.....	(407)	(56)
Depreciation.....	8,379	8,085
Amortization.....	4,231	15,056
Total operating expense.....	193,487	148,360
Operating Income (Loss).....	(22,924)	89,654
Other Income (Expense):		
Interest expense.....	(249)	(431)
Interest expense – affiliates.....	(12,280)	(15,927)
Interest income.....	—	128
Total other expense.....	(12,529)	(16,230)
Income (Loss) Before Income Taxes.....	(35,453)	73,424
Income tax expense (benefit).....	(14,625)	30,155
Net Income (Loss).....	\$ (20,828)	\$ 43,269

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

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
	(unaudited)	
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 26,333	\$ 29,713
Restricted cash	3,008	1,632
Accounts receivable	5,558	5,712
Receivables from affiliates, net	43,092	59,770
Inventory	92,748	90,241
Prepaid lease	59,030	59,030
Derivative assets	32,385	34,169
Accumulated deferred income taxes	25,760	29,612
Prepayments and other current assets	9,723	8,591
Total current assets	<u>297,637</u>	<u>318,470</u>
Property, plant and equipment, gross	998,531	982,780
Accumulated depreciation	(267,682)	(259,302)
Property, Plant and Equipment, net	<u>730,849</u>	<u>723,478</u>
Other Assets:		
Other intangibles, net	98,259	98,727
Derivative assets	31,927	42,126
Accumulated deferred income taxes	23,133	19,145
Prepaid lease	279,651	273,374
Other	33,785	33,432
Total other assets	<u>466,755</u>	<u>466,804</u>
Total Assets	<u>\$ 1,495,241</u>	<u>\$ 1,508,752</u>
LIABILITIES AND MEMBER’S EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 97	\$ 96
Accounts payable, principally trade	40,351	38,134
Subordinated accounts payable to affiliates, net	195,433	161,126
Subordinated interest payable to affiliate, net	39,236	26,638
Derivative liabilities	118,426	103,176
Other	19,977	50,072
Total current liabilities	<u>413,520</u>	<u>379,242</u>
Other Liabilities:		
Derivative liabilities	114,291	136,183
Benefit obligations	50,464	49,648
Taxes payable to RRI Energy, Inc. and related accrued interest	12,074	27,612
Other	34,289	29,511
Total other liabilities	<u>211,118</u>	<u>242,954</u>
Subordinated Note Payable to Affiliate	<u>543,563</u>	<u>543,563</u>
Long-term Debt	<u>521</u>	<u>546</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	89,479	110,307
Accumulated other comprehensive loss	(47,632)	(52,532)
Total member’s equity	<u>326,519</u>	<u>342,447</u>
Total Liabilities and Member’s Equity	<u>\$ 1,495,241</u>	<u>\$ 1,508,752</u>

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

	Three Months Ended March 31,	
	2009	2008
	(thousands of dollars)	
Cash Flows from Operating Activities:		
Net income (loss).....	\$ (20,828)	\$ 43,269
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization.....	12,610	23,141
Deferred income taxes.....	421	30,155
Net changes in energy derivatives.....	13,393	(16,218)
Gains on sales of assets and emission allowances, net.....	(407)	(56)
Other, net.....	(21)	(22)
Changes in other assets and liabilities:		
Accounts receivable.....	154	247
Receivables from affiliates, net.....	16,678	(6,886)
Inventory.....	(2,507)	(533)
Prepaid lease.....	(6,277)	(7,113)
Accounts payable.....	5,171	2,071
Other current assets.....	2,348	626
Other current liabilities.....	(4,972)	(2,202)
Other assets.....	(353)	(351)
Subordinated accounts payable to affiliates, net.....	34,307	(34,366)
Subordinated interest payable to affiliate, net.....	12,598	7,967
Income taxes payable/receivable.....	(3,480)	(759)
Taxes payable to RRI Energy, Inc. and related accrued interest.....	(14,856)	—
Other liabilities.....	1,200	228
Net cash provided by operating activities.....	<u>45,179</u>	<u>39,198</u>
Cash Flows from Investing Activities:		
Capital expenditures.....	(18,704)	(9,193)
Proceeds from sales of assets, net.....	—	14
Proceeds from sales of emission allowances.....	655	74
Purchases of emission allowances – affiliate.....	(29,134)	(15,075)
Restricted cash.....	(1,376)	(564)
Net cash used in investing activities.....	<u>(48,559)</u>	<u>(24,744)</u>
Cash Flows from Financing Activities:		
Net cash provided by financing activities.....	<u>—</u>	<u>—</u>
Net Change in Cash and Cash Equivalents.....	(3,380)	14,454
Cash and Cash Equivalents at Beginning of Period.....	29,713	28,536
Cash and Cash Equivalents at End of Period.....	\$ 26,333	\$ 42,990
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliate (net of amounts capitalized).....	\$ (1,727)	\$ 28,475
Interest paid to third parties.....	151	132
Income taxes paid (net of income tax refunds received).....	3,480	759