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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2009

NRG ENERGY, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**001-15891**	**41-1724239**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

211 Carnegie Center, Princeton, New Jersey 08540
(Address of principal executive offices, including zip code)

(609) 524-4500
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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This Current Report on Form 8-K/A ("Form 8-K/A") amends the Form 8-K filed by NRG Energy, Inc. ("NRG") on May 7, 2009 (the "Original 8-K") to include the information required by Item 9.01 of the Form 8-K in connection with NRG's recent acquisition of the Texas electric retail business operations ("Reliant Retail") of RRI Energy, Inc. (formerly known as Reliant Energy, Inc., and referred to herein as RRI).

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired

Reliant Retail constituted substantially all of the business of RERH Holdings, LLC and subsidiaries ("RERH"), a wholly owned subsidiary of RRI. Accordingly, the audited consolidated balance sheets of RERH as of December 31, 2008 and 2007, and the related consolidated statements of operations, members' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008, are filed as Exhibit 99.1 to this Form 8-K/A and are incorporated herein by reference. In addition, the unaudited condensed consolidated balance sheet of RERH as of March 31, 2009, and the related condensed consolidated statements of operations and cash flows for the three-month periods ended March 31, 2009 and 2008, are included as Exhibit 99.2 to this Form 8-K/A and are incorporated herein by reference.

NRG did not acquire the portions of the business reported under RERH related to retail markets outside of Texas. In addition, NRG acquired a power purchase agreement on a wind farm in Texas, as well as related Renewable Energy Certificates and hedges, which were not part of RERH. Elimination of the specified assets and liabilities that were not acquired or assumed, and the addition of the specified assets acquired and liabilities assumed that were not part of RERH, are depicted in pro forma financial statements presenting the effects of the acquisition, as set forth in Item 9.01(b) below.

(b) Pro forma financial information

The following unaudited pro forma financial information presenting the effects of the acquisition is filed as Exhibit 99.3 to this Form 8-K/A and incorporated herein by reference:

I. Unaudited Pro Forma Condensed Combined Balance Sheet as of March 31, 2009

II. Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2008 and the three months ended March 31, 2009

III. Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

(c) Exhibits

Exhibit Number	Description
23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
99.1	Audited Consolidated Balance Sheets of RERH Holdings, LLC and Subsidiaries as of December 31, 2008 and 2007, and the related Consolidated Statements of Operations, Members' Equity and Comprehensive Income (Loss), and Cash Flows for each of the years in the three-year period ended December 31, 2008.
99.2	Unaudited Condensed Consolidated Balance Sheet of RERH Holdings, LLC and Subsidiaries as of March 31, 2009, and the related Condensed Consolidated Statements of Operations and Cash Flows for the three months ended March 31, 2009 and 2008.
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of NRG Energy, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NRG ENERGY, INC.

Date: July 17, 2009	/s/ Michael Bramnick
	Name: Michael Bramnick
	Title: Senior Vice President and General Counsel

EXHIBIT INDEX

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99.2	Unaudited Condensed Consolidated Balance Sheet of RERH Holdings, LLC and Subsidiaries as of March 31, 2009, and the related Condensed Consolidated Statements of Operations and Cash Flows for the three months ended March 31, 2009 and 2008.
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of NRG Energy, Inc.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Members
RERH Holdings, LLC:

We consent to the incorporation by reference in the registration statements on Form S-3 (No. 333-157351) and on Form S-8 (333-114007, 333-135973, and 333-151992) of NRG Energy, Inc. of our report dated February 28, 2009, with respect to the consolidated balance sheets of RERH Holdings, LLC and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, members' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008, which report appears in the Current Report on Form 8-K/A of NRG Energy, Inc. dated July 17, 2009. Our report with respect to the consolidated financial statements refers to changes in accounting in 2008 for fair value measurements of financial instruments and fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement and related amounts recognized upon payment or receipt of cash collateral. In addition, the Company changed its accounting for income tax uncertainties in 2007.

/s/ KPMG LLP
Houston, Texas
July 15, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Members
RERH Holdings, LLC:

We have audited the accompanying consolidated balance sheets of RERH Holdings, LLC and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, members' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RERH Holdings, LLC and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in notes 2(e) and 2(f) to the consolidated financial statements, the Company changed its accounting in 2008 for fair value measurements of financial instruments and fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement and related amounts recognized upon payment or receipt of cash collateral, respectively. In addition, as discussed in note 7(d) to the consolidated financial statements, the Company changed its accounting for income tax uncertainties in 2007.

KPMG LLP

Houston, Texas
February 28, 2009

RERH HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	2008	2007	2006
		(thousands of dollars)	
Revenues:			
Electricity sales and services revenues (including $4,190, $(70) and $227 unrealized gains (losses))	$ 9,151,352	$7,978,078	$7,460,341
Expenses:			
Cost of sales (including $(624,386), $443,218 and $(394,902) unrealized gains (losses))	9,114,950	6,368,557	2,790,009
Cost of sales—affiliates (including $119,458, $0 and $0 unrealized losses)	368,126	236,762	3,937,469
Operation and maintenance	227,776	225,261	206,397
Operation and maintenance—affiliates	19,293	19,271	25,917
Selling, general and administrative	229,736	211,372	231,692
Selling, general and administrative—affiliates	71,929	68,876	70,060
Gain on sale of Northeast C&I contracts	(52,140)	—	—
Depreciation and amortization	22,388	23,947	29,490
Total operating expense	10,002,058	7,154,046	7,291,034
Operating Income (Loss)	(850,706)	824,032	169,307
Other Income (Expense):			
Other, net	(336)	699	22
Interest expense	(30,246)	(29,476)	(28,198)
Interest income	7,643	15,166	2,481
Interest income (expense), net—affiliates	(2,709)	(6,579)	104,427
Total other income (expense)	(25,648)	(20,190)	78,732
Income (Loss) Before Income Taxes	(876,354)	803,842	248,039
Income tax expense (benefit)	(303,798)	309,135	96,180
Net Income (Loss)	$ (572,556)	$ 494,707	$ 151,859

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 100,669	$ 226,200
Accounts receivable and unbilled revenue, principally customer, net of allowance of $34,222 and $34,947	838,586	776,115
Accumulated deferred income taxes	241,304	94,744
Derivative assets	1,007,121	468,275
Prepayments and other current assets	12,033	21,171
Total current assets	2,199,713	1,586,505
Property, Plant and Equipment, net	49,728	43,487
Other Assets:		
Goodwill, net	31,631	31,631
Derivative assets	322,493	243,230
Accumulated deferred income taxes	121,598	1,140
Other	18,142	21,829
Total other assets	493,864	297,830
Total Assets	$2,743,305	$1,927,822
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable, principally trade	$ 473,330	$ 486,746
Payable to affiliates, net	11,468	40,437
Retail customer deposits	58,919	62,676
Other taxes payable	37,238	46,634
Taxes payable to Reliant Energy, Inc. and related accrued interest	3,303	21,188
Accrual for transmission and distribution charges	82,945	74,393
Derivative liabilities	1,533,990	675,780
Derivative liabilities—affiliates	100,006	—
Other	75,054	90,569
Total current liabilities	2,376,253	1,498,423
Other Liabilities:		
Derivative liabilities	589,386	205,581
Derivative liabilities—affiliates	19,452	—
Other	10,295	33,833
Total other liabilities	619,133	239,414
Commitments and Contingencies		
Members' Equity:		
Members' equity	(252,081)	189,985
Total members' equity	(252,081)	189,985
Total Liabilities and Members' Equity	$2,743,305	$1,927,822

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2008	2007	2006
	(thousand of dollars)		
Cash Flows from Operating Activities:			
Net income (loss)	$(572,556)	$ 494,707	$ 151,859
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Gain on sale of Northeast C&I contracts	(52,140)	—	—
Depreciation and amortization	22,388	23,947	29,490
Deferred income taxes	(290,572)	163,557	(108,547)
Net changes in energy derivatives	703,390	(391,981)	407,649
Net changes in energy derivatives—affiliates	119,458	—	—
Non-cash federal income tax contributions from Reliant Energy, Inc., net	—	—	179,222
Other, net	877	3,301	1,118
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenue, net	(62,471)	12,315	196,846
Receivables/payables—affiliates	(29,545)	(41,891)	(481,521)
Margin deposits, net	(2,939)	10,890	(2,775)
Net derivative assets and liabilities	(34,869)	(22,709)	(76,112)
Accounts payable	(18,859)	89,974	271,019
Other current assets	12,077	9,806	10,763
Other current liabilities	(10,101)	12,901	31,057
Other assets	4,160	(5,295)	342
Retail customer deposits	(2,257)	(4,392)	6,158
Income taxes payable/receivable	(9,236)	(4,226)	9,032
Other taxes payable	(9,396)	(9,056)	14,311
Accrual for transmission and distribution charges	8,552	13,739	16,344
Taxes payable to Reliant Energy, Inc. and related accrued interest	(17,885)	21,188	—
Other liabilities	707	(2,687)	(3,477)
Net cash provided by (used in) operating activities	(241,217)	374,088	652,778
Cash Flows from Investing Activities:			
Restricted cash	—	13,000	(13,000)
Capital expenditures	(27,742)	(13,457)	(9,424)
Proceeds from sale of Northeast C&I contracts	11,428	—	—
Contribution to investment	—	(2,550)	—
Contribution from Reliant Energy, Inc. of Reliant Energy Solutions East, LLC	—	2,530	—
Net cash used in investing activities	(16,314)	(477)	(22,424)
Cash Flows from Financing Activities:			
Decrease in short-term borrowings, net	—	—	(450,000)
Contributions from (distributions to) Reliant Energy, Inc., net	132,000	(283,428)	(2,944)
Changes in note with Reliant Energy, Inc., net	—	—	(50,115)
Net cash provided by (used in) financing activities	132,000	(283,428)	(503,059)
Net Change in Cash and Cash Equivalents	(125,531)	90,183	127,295
Cash and Cash Equivalents at Beginning of Period	226,200	136,017	8,722
Cash and Cash Equivalents at End of Period	$ 100,669	$ 226,200	$ 136,017
Supplemental Disclosure of Cash Flow Information:			
Cash Payments:			
Interest paid to affiliate	$ —	$ 5,995	$ 2,942
Interest paid to third parties	30,447	29,741	29,090
Income taxes paid (net of income tax refunds received)	16,603	25,012	16,472
Income taxes paid to affiliate	—	110,000	—
Non-cash Disclosure:			
Contributions from (distributions to) Reliant Energy, Inc., net	(1,510)	995	171,629
Transfer of certain assets and liabilities from Reliant Energy Electric Solutions, LLC to Reliant Energy Power Supply, LLC, net	—	—	329,807
Transfer of certain assets and liabilities from Reliant Energy Services, Inc. to Reliant Energy Power Supply, LLC, net	—	(2,254)	(329,773)
Contributions from (distributions to) Reliant Energy, Inc. of Reliant Energy Solutions East, LLC	—	6,164	(2,058)
Distribution to Reliant Energy, Inc. of note receivable	—	—	(1,943,943)

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
(Thousands of Dollars)

	Members Equity	Comprehensive Income (Loss)
	(thousand of dollars)	
Balance at December 31, 2005	$ 1,596,694	
Net income	151,859	$ 151,859
Contributions from Reliant Energy, Inc., net	171,629	
Distribution to Reliant Energy, Inc. of Reliant Energy Solutions East, LLC	(5,002)	
Distribution to Reliant Energy, Inc. of note receivable	(1,943,943)	
Transfer of certain assets and liabilities from Reliant Energy Electric Solutions, LLC to Reliant Energy Power Supply, LLC, net	329,807	
Transfer of certain assets and liabilities from Reliant Energy Services, Inc. to Reliant Energy Power Supply, LLC, net	(329,773)	
Comprehensive income		$ 151,859
Balance at December 31, 2006	$ (28,729)	
Net income	494,707	494,707
Distributions to Reliant Energy, Inc., net	(282,433)	
Contribution from Reliant Energy, Inc. of Reliant Energy Solutions East, LLC	8,694	
Transfer of certain assets and liabilities from Reliant Energy Services, Inc. to Reliant Energy Power Supply, LLC, net	(2,254)	
Comprehensive income		$ 494,707
Balance at December 31, 2007	$ 189,985	
Net loss	(572,556)	(572,556)
Contributions from Reliant Energy, Inc., net	130,490	
Comprehensive loss		$ (572,556)
Balance at December 31, 2008	$ (252,081)	

See Notes to the Consolidated Financial Statements

(1) Background and Basis of Presentation

Background. RERH Holdings, LLC is a Delaware limited liability company, which is a wholly-owned subsidiary of Reliant Energy, Inc. and was formed in July 2006. However, no activity occurred until December 1, 2006. The transfer of Reliant Energy Retail Holdings, LLC and its subsidiaries by Reliant Energy, Inc. into RERH Holdings, LLC is a transfer of equity interests between entities under common control. Accordingly, the results of operations of RERH Holdings, LLC and its consolidated subsidiaries (RERH Holdings) reflect the transfer as if it occurred at the beginning of 2006. "Reliant Energy" refers to Reliant Energy, Inc. and its consolidated subsidiaries. Reliant Energy, Inc. is the sole Class A member and holds all 1,000 membership units of that class of RERH Holdings, LLC. In connection with the credit-enhanced retail structure, Merrill Lynch Commodities, Inc. owns one Class B membership unit, which is all of the issued and outstanding units of that class for RERH Holdings, LLC. The Class B member has only limited rights to vote on certain matters and no interest in profits and losses.

In preparation for and in connection with the credit-enhanced retail structure, RERH Holdings made ownership changes relating to entities, assets and liabilities during 2006. The following occurred (related amounts are included on the consolidated statements of members' equity and comprehensive income):

- Formed Reliant Energy Power Supply, LLC in April 2006 to procure the purchased power for RERH Holdings' Texas retail customers. Reliant Energy Power Supply, LLC began procuring power in July 2006.
- Reliant Energy Solutions East, LLC was distributed to Reliant Energy, Inc. on October 1, 2006 as this entity does business for retail customers outside of Texas, which was not originally included in the credit-enhanced retail structure. See below for 2007 activity.
- Certain assets and liabilities were transferred from Reliant Energy Electric Solutions, LLC and Reliant Energy Services, Inc. (neither is a subsidiary of RERH Holdings, LLC) to Reliant Energy Power Supply, LLC in the third and fourth quarters of 2006 as these related to supply positions for the Texas retail customers.

During 2007, RERH Holdings completed the inclusion of business in the PJM area (defined below) in the credit-enhanced retail structure. The following occurred (related amounts are included on the consolidated statements of members' equity and comprehensive income):

- Reliant Energy, Inc. contributed Reliant Energy Solutions East, LLC to Reliant Energy Retail Services, LLC on August 1, 2007 and its operations are included in these consolidated financial statements from that point forward for 2007. See above for 2006 activity.

RERH Holdings provides electricity and energy services to retail electricity customers in Texas, including residential and small business (mass) customers and commercial, industrial and governmental/institutional (C&I) customers. RERH Holdings' next largest market was the market operated by PJM Interconnection, LLC, primarily in New Jersey, Maryland, the District of Columbia and Pennsylvania (PJM area). Approximately 65% of RERH Holdings' residential and small business customers are in the Houston area.

In connection with RERH Holdings' intention to wind down the credit-enhanced retail structure with Merrill Lynch and to reduce future collateral posting obligations (as discussed in note 5), RERH Holdings decided during the fourth quarter of 2008 to exit the C&I portion of its business either through a wind down or sale of its C&I contracts. Except where RERH Holdings is contractually obligated to do so, RERH Holdings is no longer entering into contracts with new C&I customers and it does not expect to renew contracts with its current customers.

On December 31, 2008, RERH Holdings sold all of its Northeast (which consists of Delaware, the District of Columbia, Maryland, New Jersey and Pennsylvania) C&I contracts and is actively seeking to sell its Illinois C&I contracts. See note 11.

As of December 31, 2008, RERH Holdings, LLC's subsidiaries include:

Subsidiary	Formation Date
Reliant Energy Retail Holdings, LLC (the predecessor parent)	September 2000
Reliant Energy Retail Services, LLC	September 2000
Reliant Energy Solutions East, LLC	February 2002
RE Retail Receivables, LLC	June 2002
Reliant Energy Power Supply, LLC	April 2006

Review of Strategic Alternatives. In October 2008, Reliant Energy's Board of Directors initiated a process to review strategic alternatives and formed a special committee to oversee this process. Reliant Energy is exploring a full range of possible strategic alternatives to enhance stockholder value, including, among other possibilities, the sale of all or substantially all of Reliant Energy, as well as the sale of some or all of its retail business (which includes RERH Holdings). For discussion of Reliant Energy's agreement to sell its interests in RERH Holdings, see note 12.

Basis of Presentation. These consolidated statements include all revenues and costs directly attributable to RERH Holdings including costs for facilities and costs for functions and services performed by Reliant Energy and charged to RERH Holdings. All significant intercompany transactions have been eliminated.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates and Market Risk and Uncertainties.

Management makes estimates and assumptions to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that affect:

- the reported amount of assets, liabilities and equity;
- the reported amounts of revenues and expenses; and
- disclosure of contingent assets and liabilities at the date of the financial statements.

RERH Holdings evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which RERH Holdings believes to be reasonable under the circumstances. RERH Holdings adjusts such estimates and assumptions when facts and circumstances dictate.

RERH Holdings' critical accounting estimates include: (a) fair value of derivative assets and liabilities; (b) fair value of RERH Holdings for assessing impairments of recorded goodwill; (c) fair value of property, plant and equipment; (d) estimated revenues and energy supply costs; (e) loss contingencies and (f) deferred tax assets, valuation allowances and tax liabilities. Actual results could differ from the estimates.

RERH Holdings is subject to various risks inherent in doing business. See notes 2(c),2(d), 2(e), 2(f), 2(g), 2(h), 2(i), 2(j), 2(m), 4, 5, 6, 7, 8, 9 and 12.

(b) Principles of Consolidation.

RERH Holdings, LLC includes its accounts and those of its wholly-owned subsidiaries in its consolidated financial statements.

(c) Revenues.

Gross revenues for energy sales and services to residential and small business customers and to commercial, industrial and governmental/institutional customers are recognized upon delivery under the accrual method. Energy sales and services that have been delivered but not billed by period end are estimated. Gross revenues include energy revenues from resales of purchased power and other hedging activities, which are $1.1 billion, $533 million and $123 million during 2008, 2007 and 2006, respectively. These revenues represent a sale of excess supply to third parties in the market.

As of December 31, 2008 and 2007, RERH Holdings recorded unbilled revenues of $481 million and $435 million, respectively, for energy sales and services. Accrued unbilled revenues are based on RERH Holdings' estimates of customer usage since the date of the last meter reading provided by the independent system operators or electric distribution companies. Volume estimates are based on daily forecasted volumes and estimated customer usage by class. Unbilled revenues are calculated by multiplying volume estimates by the applicable rate by customer class. Estimated amounts are adjusted when actual usage is known and billed.

The revenues and the related energy supply costs include the estimates of customer usage based on initial usage information provided by the independent system operators and the distribution companies. RERH Holdings revises these estimates and records any changes in the period as additional settlement information becomes available (collectively referred to as market usage adjustments).

(d) Energy Supply Costs.

RERH Holdings records energy supply costs for electricity sales and services to retail customers based on estimated supply volumes for the applicable reporting period. A portion of its energy supply costs ($83 million and $74 million as of December 31, 2008 and 2007, respectively) consisted of estimated transmission and distribution charges not yet billed by the transmission and distribution utilities. In estimating supply volumes, RERH Holdings considers the effects of historical customer volumes, weather factors and usage by customer class. RERH Holdings estimates its transmission and distribution delivery fees using the same method that it uses for electricity sales and services to retail customers. In addition, RERH Holdings estimates Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) fees based on historical trends, estimated supply volumes and initial ERCOT ISO settlements. Volume estimates are then multiplied by the supply rate and recorded as purchased power in the applicable reporting period. See the discussion above regarding market usage adjustments.

(e) Fair Value Measurements.

Summary. Effective January 1, 2008, RERH Holdings adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" (SFAS No. 157) on a prospective basis for its derivative assets and liabilities. In connection with the adoption, no cumulative effect of an accounting change was recognized. For non-financial assets and liabilities, the adoption of SFAS No. 157 was deferred until January 1, 2009. See note 2(p).

Fair Value Hierarchy and Valuation Techniques. RERH Holdings applies recurring fair value measurements to its derivative assets and liabilities. In determining fair value, RERH Holdings generally uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable internally-developed inputs. Based on the observability of the inputs used in the valuation techniques, the derivative assets and liabilities are classified as follows:

Level 1: Level 1 represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category primarily includes energy derivative instruments that are exchange-traded or that are cleared and settled through the exchange.

Level 2: Level 2 represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data. This category includes over-the-counter (OTC) derivative instruments such as generic swaps and forwards and derivative instruments with affiliated companies.

Level 3: This category includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates, implied volatilities and correlations). RERH Holdings' OTC, complex or structured derivative instruments that are transacted in less liquid markets with limited pricing information are included in Level 3. Examples are structured power supply contracts and longer term natural gas contracts and options.

RERH Holdings values some of its OTC, complex or structured derivative instruments using valuation models, which utilize inputs that may not be corroborated by market data, such as market prices for power and fuel, market implied heat rates, load and price shapes, ancillary services, volatilities and correlations as well as other relevant factors as may be deemed appropriate. When such inputs are significant to the fair value measurement, the derivative assets or liabilities are classified as Level 3 when RERH Holdings does not have corroborating market evidence to support significant valuation model inputs and cannot verify the model to market transactions. RERH Holdings believes the transaction price is the best estimate of fair value at inception under the exit price methodology. Accordingly, when a pricing model is used to value such an instrument, the resulting value is adjusted so the model value at inception equals the transaction price. Valuation models are typically impacted by Level 1 or Level 2 inputs that can be observed in the market, as well as unobservable Level 3 inputs. Subsequent to initial recognition, RERH Holdings updates Level 1 and Level 2 inputs to reflect observable market changes. Level 3 inputs are updated when corroborated by available market evidence. In the absence of such evidence, management's best estimate is used.

Nonperformance Risk on Derivative Liabilities. In accordance with SFAS No. 157, fair value measurement of RERH Holdings' derivative liabilities reflects the nonperformance risk related to that liability, which is its own credit risk. RERH Holdings derives its nonperformance risk by applying Reliant Energy, Inc.'s credit default swap spread against the respective derivative liability. As of December 31, 2008, RERH Holdings had $81 million in reserves for nonperformance risk on derivative liabilities. This change in accounting estimate had an impact during 2008 as follows (income (loss)):

	2008	
	Loss before Income Taxes	Net Loss
	(in millions)	
Total derivative liabilities	$ 81(1)	$ 53

(1) Recorded in cost of sales as unrealized.

Fair Value of Derivative Instruments.

	December 31, 2008				
	Level 1	Level 2	Level 3	Reclassifications(1)	Total Fair Value
	(in millions)				
Total derivative assets	$ 650	$ 712	$ 21	$ (54)(1)	$ 1,329
Total derivative liabilities	650	1,410	117	(54)(1)	2,123
Total derivative liabilities—affiliates	—	119	—	—	119

(1) Reclassifications are required to reconcile to FIN 39-1 consolidated balance sheet presentation.

The following is a reconciliation of changes in fair value of net derivative assets and liabilities classified as Level 3:

		2008 Net Derivatives (Level 3)
		(in millions)
Balance, January 1, 2008	$	100
Total gains (losses) realized/unrealized:		
Included in earnings		98[1]
Purchases, issuances and settlements (net)		(299)
Transfers in and/or out of Level 3 (net)		5[2]
Balance, December 31, 2008	$	(96)
Changes in unrealized gains/losses relating to derivative assets and liabilities still held at December 31, 2008		(34)[1]

(1) Recorded in cost of sales.

(2) Represents fair value as of December 31, 2007.

See note 2(f).

(f) Derivatives and Hedging Activities.

RERH Holdings accounts for its derivatives instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended (SFAS No. 133).

Changes in commodity prices prior to the energy delivery period are inherent in RERH Holding's business. RERH Holdings routinely enters derivative contracts to manage its purchase and sale commitments. Fixed-price derivatives are used to fix the price for a portion of these transactions. RERH Holdings uses derivative instruments such as futures, forwards, swaps and options to execute its retail supply procurement strategy.

RERH Holdings purchases substantially all of its Texas power supply requirements from third parties. RERH Holdings continues to focus its supply procurement strategy on (a) matching supply costs and supply timing with sales commitments, (b) managing periodic adjustments of physical supply to manage ongoing operational and customer usage changes and (c) managing procurement needs within available market liquidity.

For RERH Holdings' risk management activities, it uses both derivative and non-derivative contracts that provide for settlement in cash or by delivery of a commodity. The primary types of derivative instruments RERH Holdings uses are forwards, futures, swaps and options. RERH Holdings accounts for its derivatives under one of three accounting methods (mark-to-market, accrual accounting (under the normal purchase/normal sale exception to fair value accounting) or cash flow hedge accounting) based on facts and circumstances. The fair values of derivative activities are determined by (a) prices actively quoted, (b) prices provided by other external sources or (c) prices based on models and other valuation methods. See note 2(e) for discussion on fair value measurements.

A derivative is recognized at fair value in the balance sheet whether or not it is designated as a hedge, except for derivative contracts designated as normal purchase/normal sale exceptions, which are not in the consolidated balance sheet or results of operations prior to settlement resulting in accrual accounting treatment.

Realized gains and losses on derivatives contracts not held for trading purposes are reported either on a net or gross basis based on the relevant facts and circumstances. Hedging transactions that do not physically flow are included in the same caption as the items being hedged. A summary of RERH Holdings' derivative activities and classification in its results of operations is:

Instrument	Purpose for Holding or Issuing Instrument(1)	Transactions that Physically Flow/Settle	Transactions that Financially Settle(2)
Power futures, forward, swap and option contracts	Power sales to end-use retail customers	Revenues	N/A(3)
	Supply management revenues Power	Revenues	Cost of sales
	purchases	Cost of sales	Cost of sales
Natural gas and fuel futures, forward, swap and option contracts	Natural gas and fuel purchases/sales	N/A(3)	Cost of sales

(1) The purpose for holding or issuing does not impact the accounting method elected for each instrument.

(2) Includes classification for mark-to-market derivatives.

(3) N/A is not applicable.

Unrealized gains and losses on energy derivatives consist of both gains and losses on energy derivatives during the current reporting period for derivative assets or liabilities that have not settled as of the balance sheet date and the reversal of unrealized gains and losses from prior periods for derivative assets or liabilities that settled prior to the balance sheet date but during the current reporting period.

In addition to market risk, RERH Holdings is exposed to credit and operational risk. Reliant Energy has a risk control framework, to which RERH Holdings is subject, to manage these risks, which include: (a) measuring and monitoring these risks, (b) review and approval of new transactions relative to these risks, (c) transaction validation and (d) portfolio valuation and reporting. RERH Holdings uses mark-to-market valuation, value-at-risk and other metrics in monitoring and measuring risk. Reliant Energy's risk control framework includes a variety of separate but complementary processes, which involve commercial and senior management and Reliant Energy's Board of Directors. See note 2(g) for further discussion of RERH Holdings' credit policy.

Cash Flow Hedges. If certain conditions are met, a derivative instrument may be designated as a cash flow hedge. Derivatives designated as cash flow hedges must have a high correlation between price movements in the derivative and the hedged item. The changes in fair value of cash flow hedges are deferred in accumulated other comprehensive income (loss), net of tax, to the extent the contracts are, or have been, effective as hedges, until the forecasted transactions affect earnings. At the time the forecasted transactions affect earnings, RERH Holdings reclassifies the amounts in accumulated other comprehensive income (loss) into earnings. RERH Holdings records the ineffective portion of changes in fair value of cash flow hedges immediately into earnings. For all other derivatives, changes in fair value are recorded as unrealized gains or losses in our results of operations.

If and when an acceptable level of correlation no longer exists, hedge accounting ceases and changes in fair value are recognized in the results of operations. If it becomes probable that a forecasted transaction will not occur, RERH Holdings immediately recognizes the related deferred gains or losses in its results of operations. The associated hedging instrument is then marked to market through the results of operations for the remainder of the contract term unless a new hedging relationship is redesignated.

As of December 31, 2008, 2007 and 2006, RERH Holdings does not have any designated cash flow hedges.

Presentation of Derivative Assets and Liabilities. RERH Holdings adopted FIN 39-1 on January 1, 2008. Upon adoption it elected to present its derivative assets and liabilities on a gross basis (regardless of master netting arrangements with the same counterparty). Cash collateral amounts are also presented on a gross basis. RERH Holdings applied FIN 39-1 retrospectively for all financial statements presented.

The effect to RERH Holdings December 31, 2007 consolidated balance sheet was as follows: (Note—only line items impacted are shown.)

	December 31, 2007	
	As Previously Reported	Upon Adoption of FIN 39-1
	(in millions)	
Current derivative assets	$ 129	$ 468
Total current assets	1,247	1,586
Long-term derivative assets	75	243
Total other assets	130	298
Total assets	1,421	1,928
Current derivative liabilities	336	675
Total current liabilities	1,159	1,498
Long-term derivative liabilities	38	206
Total other liabilities	71	239
Total liabilities and members' equity	1,421	1,928

(g) Credit Risk.

RERH Holdings has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. Credit risk is monitored daily and the financial condition of counterparties is reviewed periodically. RERH Holdings tries to mitigate credit risk by entering into contracts that permit netting and allow it to terminate upon the occurrence of certain events of default. RERH Holdings measures credit risk as the replacement cost for its derivative positions plus amounts owed for settled transactions.

RERH Holdings' credit exposure is based on its derivative assets and accounts receivable from its power supply counterparties, after taking into consideration netting within each contract and any master netting contracts with counterparties. RERH Holdings provides reserves for non-investment grade counterparties representing a significant portion of its credit exposure. As of December 31, 2008, RERH Holdings has no credit exposure. As of December 31, 2007, one non-investment grade counterparty represented 95% ($144 million) of RERH Holdings' credit exposure. As of December 31, 2007, RERH Holdings held no collateral from this counterparty.

(h) Selling, General and Administrative Expenses.

Selling, general and administrative expenses include, among other items, (a) selling and marketing, (b) bad debt expense, (c) financial services, (d) legal costs, (e) regulatory costs, (f) certain benefit costs and (g) costs related to the unwind of the credit-enhanced retail structure. Some of the expenses are allocated from affiliates (see note 3).

(i) Property, Plant and Equipment and Depreciation Expense.

RERH Holdings computes depreciation using the straight-line method based on estimated useful lives. Depreciation expense was $22 million, $24 million and $29 million during 2008, 2007 and 2006, respectively.

	Estimated Useful Lives (Years)	December 31, 2008	December 31, 2007
		(in millions)	
Information technology	3 – 10	$ 194	$ 183
Furniture and leasehold improvements	3 – 10	6	6
Assets under construction		21	5
Total		221	194
Accumulated depreciation		(171)	(151)
Property, plant and equipment, net		$ 50	$ 43

RERH Holdings periodically evaluates property, plant and equipment for impairment when events or circumstances indicate that the carrying value of these assets may not be recoverable. The evaluation is highly dependent on the underlying assumptions of related cash flows. RERH Holdings recorded no material property, plant and equipment impairments during 2008, 2007 and 2006.

(j) Intangible Assets and Amortization Expense.

Goodwill. RERH Holdings performs its goodwill impairment test annually on April 1 and when events or changes in circumstances indicate that the carrying value may not be recoverable. RERH Holdings continually assesses whether any indicators of impairment exist, which requires a significant amount of judgment. Such indicators may include a sustained significant decline in Reliant Energy, Inc.'s share price and market capitalization; a decline in expected future cash flows; a significant adverse change in legal factors or in the business climate; unanticipated competition; overall weakness in the industry; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of goodwill and could have a material impact on the consolidated financial statements.

During April, RERH Holdings tested goodwill for impairment and determined that no impairment existed.

During the third and fourth quarters of 2008, given recent adverse changes in the business climate and the credit markets, Reliant Energy, Inc.'s market capitalization being lower than its book value during all of the fourth quarter and extending into 2009, Reliant Energy's review of strategic alternatives to enhance stockholder value and reductions in the expected near-term cash flows from operations, RERH Holdings reviewed its goodwill for impairment. RERH Holdings concluded that no goodwill impairment occurred as of September 30, 2008. As discussed below, as of December 31, 2008, RERH Holdings concluded that its goodwill of $32 million was not impaired.

Goodwill is reviewed for impairment based on a two-step test. In the first step, RERH Holdings compares its fair value with its net book value. RERH Holdings must apply judgment in determining the fair value for purposes of performing the goodwill impairment test because quoted market prices for its business are not available. In estimating the fair value, RERH Holdings uses a combination of an income approach and a market-based approach.

- Income approach—RERH Holdings discounts its expected cash flows. The discount rate used represents the estimated weighted average cost of capital, which reflects the overall level of inherent risk involved in its operations and cash flows and the rate of return an outside investor would expect to earn. To estimate cash flows beyond the final year of its model, RERH Holdings applies a terminal value multiple to the final year EBITDA.

- Market-based approach—RERH Holdings uses the guideline public company method, which focuses on comparing its risk profile and growth prospects to select reasonably similar/guideline publicly traded companies. RERH Holdings also uses a public transaction method, which focuses on exchange prices in actual transactions as an indicator of fair value.

In weighting the results of the various valuation approaches, prior to the fourth quarter of 2008, RERH Holdings placed more emphasis on the income approach, using management's future cash flow projections and risk-adjusted discount rates. As RERH Holdings' earnings outlook declined, its earnings variability increased and Reliant Energy, Inc.'s market capitalization declined significantly in 2008, RERH Holdings increased the weighting of the estimates of fair value determined by market-based approaches. Further, the aggregate estimated fair value of Reliant Energy's reporting units was compared to its total market capitalization, adjusted for a control premium. A control premium is added to the market capitalization to reflect the value that exists with having control over an entire entity.

If the estimated fair value is higher than the recorded net book value, no impairment is considered to exist and no further testing is required. However, if the estimated fair value is below the recorded net book value, a second step must be performed to determine the goodwill impairment required, if any. In the second step, the estimated fair value from the first step is used as the purchase price in a hypothetical acquisition, which is then allocated to the entity's assets and liabilities in accordance with purchase accounting rules. The residual amount of goodwill that results from this hypothetical purchase price allocation is compared to the recorded amount of goodwill for the entity, and the recorded amount is written down to the hypothetical amount, if lower.

RERH Holdings estimates its fair value based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches, as discussed above, (b) projections about future customer mix and related revenues, (c) estimates of future cost structure, (d) risk-adjusted discount rates for estimated cash flows, (e) selection of peer group companies for the public company market approach, (f) required level of working capital, (g) assumed EBITDA multiple for terminal values and (h) time horizon of cash flow forecasts. For the most recent reporting period, RERH Holdings determined that the recently announced sale to a subsidiary of NRG Energy, Inc. was the best estimate of its value. Using that measure, the fair value exceeded the book value and therefore, the goodwill was not impaired as of December 31, 2008.

As of December 31, 2008 and 2007, RERH Holdings had $14 million and $17 million, respectively, of goodwill that is deductible for United States income tax purposes in future periods.

Other Intangibles. RERH Holdings recognizes specifically identifiable intangible assets, including renewable energy credits, when specific rights and contracts are acquired. RERH Holdings has no intangible assets with indefinite lives recorded as of December 31, 2008 and 2007.

(k) Income Taxes.

Federal. RERH Holdings is included in the consolidated federal income tax returns of Reliant Energy and calculates its income tax provision on a separate return basis, whereby Reliant Energy pays all federal income taxes on RERH Holdings' behalf and is entitled to any related tax savings. The difference between RERH Holdings' current federal income tax expense or benefit, as calculated on a separate return basis, and related amounts paid to/received from Reliant Energy, if any, were recorded in RERH Holdings' financial statements as adjustments to members' equity. Reliant Energy changed its funding policy in January 2007 and these differences are recorded to (a) income taxes payable to Reliant Energy, Inc. if RERH Holdings has cumulative taxable income on a separate return basis or (b) deferred tax assets if RERH Holdings has cumulative taxable losses on a separate return basis. Deferred federal income taxes reflected on RERH Holdings' consolidated balance sheet will ultimately be settled with Reliant Energy. See notes 3 and 7.

State. RERH Holdings is included in the consolidated state income tax returns of Reliant Energy. It calculates its state provision, related payables or receivables and deferred state income taxes on a separate return basis and primarily settles the related assets and liabilities directly with the governmental entity. See note 7.

(l) Cash and Cash Equivalents.

RERH Holdings records all highly liquid short-term investments with maturities of three months or less as cash equivalents.

(m) Allowance for Doubtful Accounts.

RERH Holdings accrues an allowance for doubtful accounts based on estimates of uncollectible revenues by analyzing counterparty credit ratings (for commercial and industrial customers), historical collections, accounts receivable agings and other factors. RERH Holdings writes-off accounts receivable balances against the allowance for doubtful accounts when it determines a receivable is uncollectible.

(n) Gross Receipts Taxes.

RERH Holdings records gross receipts taxes on a gross basis in revenues and operations and maintenance expense in its consolidated statements of operations. During 2008, 2007 and 2006, RERH Holdings' revenues and operation and maintenance expense include gross receipts taxes of $102 million, $97 million and $102 million, respectively.

(o) Sales Taxes.

RERH Holdings records sales taxes collected from its taxable customers and remitted to the various governmental entities on a net basis, thus there is no impact on its consolidated statements of operations.

(p) New Accounting Pronouncements Not Yet Adopted.

Fair Value Measurement for Non-Financial Assets and Liabilities. For some non-financial assets and liabilities, the effective date for SFAS No. 157 fair value measurement criteria is January 1, 2009. RERH Holdings does not expect the standard to have a significant impact on its consolidated financial statements.

Disclosures about Derivatives and Hedging Activities. SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS No. 161) is an amendment of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and is intended to enhance the related qualitative and quantitative disclosures by providing for additional information about objectives, strategies, accounting treatment, volume by commodity type and credit-risk-related contingent features. SFAS No. 161 was adopted on January 1, 2009.

(3) Related Party Transactions

These financial statements include the impact of significant transactions between RERH Holdings and Reliant Energy. The majority of these transactions involve the purchase or sale of energy, capacity or related services from or to RERH Holdings and allocations of costs to RERH Holdings for support services.

Support and Technical Services. Reliant Energy provides commercial support, technical services and other corporate services to RERH Holdings. Reliant Energy allocates certain support services costs to RERH Holdings based on RERH Holdings' underlying planned operating expenses relative to the underlying planned operating expenses of other entities to which Reliant Energy provides similar services and also charges RERH Holdings for certain other services based on usage. Management believes this method of allocation is reasonable. These allocations and charges were not necessarily indicative of what would have been incurred had RERH Holdings been an unaffiliated entity. Effective with the credit-enhanced retail structure, beginning December 1, 2006, Reliant

Energy charges a fee for these services calculated in the same manner and including a mark-up percentage of 1.5%, which was $1 million, $1 million and $0 during 2008, 2007 and 2006, respectively.

The following details the amounts recorded as operation and maintenance—affiliates and selling, general and administrative—affiliates:

	2008	2007	2006
Allocated or charged by Reliant Energy	$91(1)	$88(2)	$96(3)

(1) Includes $3 million for RERH Holdings' share of allocated rent expense.

(2) Includes $2 million for RERH Holdings' share of allocated rent expense.

(3) Includes $3 million for RERH Holdings' share of allocated rent expense.

Services from Reliant Energy Electric Solutions, LLC and Reliant Energy Services, Inc. Reliant Energy Retail Holdings, LLC transferred its interest in Reliant Energy Electric Solutions, LLC (REES) to Reliant Energy on January 1, 2005. During 2006 (through November 30, 2006), REES and Reliant Energy Services, Inc. (RES) primarily provided the energy supply services to RERH Holdings. The administrative costs for these services are included in the corporate support services allocations discussed above. Prior to December 1, 2006, REES and RES entered into contracts with third parties for the purposes of supplying RERH Holdings with some of the electricity necessary to serve its retail customers. RERH Holdings reimbursed REES and RES for the ultimate price of any electricity sold from REES/RES to RERH Holdings, including costs of derivative instruments, upon final delivery of that electricity. These supply contracts are subject to the provisions of the master commodity purchase and sale agreements, master netting arrangements and other contractual arrangements that REES and RES utilize with third-party customers and suppliers in connection with their supply portfolio management activities, including those activities undertaken for RERH Holdings. Effective December 1, 2006, RERH Holdings manages primarily all of its electricity supply portfolio directly with third parties.

	2008	2007 (in millions)	2006
Purchases from Reliant Energy under various commodity agreements(1)	$368	$237	$3,937

(1) Recorded in cost of sales— affiliates.

Notes Receivable—Reliant Energy, Inc. Reliant Energy manages RERH Holdings' daily cash balances. Prior to the credit-enhanced retail structure, excess cash was advanced to Reliant Energy, which provided a cash management function, and was recorded in notes receivable from Reliant Energy, Inc. RERH Holdings recorded interest income or expense, based on whether RERH Holdings invested excess funds, or borrowed funds from Reliant Energy. The amount of net interest income was $104 million during 2006. During 2006, this note receivable was distributed to Reliant Energy as a non-cash equity distribution in the amount of $1.9 billion.

Naming Rights to Houston Sports Complex. In 2000, Reliant Energy acquired the naming rights, including advertising and other benefits, for a football stadium and other convention and entertainment facilities. Pursuant to this agreement, Reliant Energy is required to pay $10 million per year from 2002 through 2032. These costs are charged to RERH Holdings by Reliant Energy and are included in selling, general and administrative expense.

Cash Contributions From (Distributions to) Reliant Energy.

	2008	2007 (in millions)	2006
RERH Holdings, LLC cash contributions from (distributions to) Reliant Energy, net	$132	$(283)	$ (3)

Income Taxes. See discussion in note 2(k) regarding RERH Holdings' policy with regards to income taxes.

	2008	2007	2006
		(in millions)	
Non-cash federal income tax contributions from Reliant Energy, Inc., net	$ —	$ —	$179

As of December 31, 2008 and 2007, RERH Holdings has $3 million and $21 million, respectively, recorded as taxes payable to Reliant Energy, Inc., which includes accrued interest payable of $3 million and $2 million, respectively. RERH Holdings has incurred interest expense related to this payable of $3 million and $7 million during 2008 and 2007, respectively.

Derivative Liabilities. In connection with the unwind of the credit-enhanced retail structure with Merrill Lynch (as discussed in note 5), RERH Holdings entered into a derivative contract with Reliant Energy. This derivative is a 40 BCFe (billion cubic feet equivalent of natural gas) hedge that extends to December 2010. During 2008, RERH Holdings recognized $119 million unrealized loss and $30 million realized loss on this transaction. These amounts are included in cost of sales—affiliates on the statement of operations.

(4) Debt

(a) Working Capital Facility.

In connection with the credit-enhanced retail structure, in December 2006, RERH Holdings entered into a $300 million working capital facility agreement with Merrill Lynch & Co., Inc. and affiliates (Merrill Lynch). The working capital facility included a $150 million minimum adjusted EBITDA requirement for RERH Holdings for each trailing four-quarter period. In December 2008, RERH Holdings terminated this working capital facility. See notes 5 and 9 for discussion of the Merrill Lynch action related to the working capital facility.

(b) Receivables Facility.

RERH Holdings had a receivables facility arrangement to sell an undivided interest in accounts receivable from its business to financial institutions on an ongoing basis. In connection with the credit-enhanced retail structure, this agreement was terminated and RERH Holdings repaid $450 million on December 1, 2006.

The borrowings under the facility bore interest at floating rates that included fees based on the facility's level of commitment and utilization. RERH Holdings serviced the receivables and received a fee of 0.4% of cash collected during 2006, which approximated the actual service costs.

(5) Credit-Enhanced Retail Structure with Merrill Lynch and Unwind of Such Structure

The credit sleeve and reimbursement agreement (the agreement) with Merrill Lynch became effective on December 1, 2006, which substantially eliminated collateral postings for RERH Holdings' business, although these collateral postings were historically made by Reliant Energy, not RERH Holdings. See discussion below regarding the decision to unwind the credit-enhanced retail structure.

Under the agreement, Merrill Lynch provides guarantees and the posting of collateral to RERH Holdings' counterparties in supply transactions for its retail energy business. Cash flow activity in connection with these contracts and related collateral is classified as operating cash flow. During 2006, RERH Holdings recorded an unrealized loss on energy derivatives of $18 million due to the differences in quantity between contracts with Merrill Lynch and its contracts with the exchange relating to existing financially settled supply contracts.

RERH Holdings paid Merrill Lynch one-time structuring fees of $14 million ($13 million in 2006 and $1 million in 2007), which were expensed as general and administrative costs. RERH Holdings also pays a fee to Merrill Lynch of $0.40 for each megawatt hour (MWh) of power that it delivers to its retail customers. This fee ($27 million, $26 million and $2 million during 2008, 2007 and 2006, respectively) is classified as interest expense. RERH Holdings is obligated to reimburse Merrill Lynch to the extent that any guarantees are called upon or any collateral posted by Merrill Lynch is foreclosed upon in the event RERH Holdings does not meet its obligations to its suppliers. To date, RERH Holdings has not been required to reimburse Merrill Lynch for these items.

The initial term of the agreement was five years. The agreement includes an "evergreen" provision that automatically extends the term of the agreement unless either party gives notice to not extend. The current termination date is December 31, 2013. RERH Holdings is permitted to terminate at any time. Merrill Lynch does not have an early termination option.

In connection with the agreement, Reliant Energy implemented a structure so that the entities comprising its retail energy business became subsidiaries of RERH Holdings, LLC. The agreement (a) restricts the ability of RERH Holdings to, among other actions, (i) encumber its assets, (ii) sell certain assets, (iii) incur additional debt, (iv) pay dividends or pay subordinated debt, (v) make investments or acquisitions or (vi) enter into certain transactions with affiliates and (b) requires RERH Holdings to manage its risks related to commodity prices. RERH Holdings' obligations under the agreement with Merrill Lynch are secured by first liens on the assets of RERH Holdings. RERH Holdings, LLC and its subsidiaries are designed to maintain the separate nature of their assets, avoid consolidation of such assets with the bankruptcy estate of Reliant Energy in the event Reliant Energy ever becomes subject to such a proceeding, and ensure that such assets are available first and foremost to satisfy their creditors' claims. The obligations of RERH Holdings under the agreement are non-recourse to Reliant Energy. See note 4(a) for discussion of the retail working capital facility.

The ongoing turmoil in the financial markets and uncertainty in the overall economic outlook have resulted in a significant increase in the cost and reduction in the availability of capital. The impact of this turmoil and uncertainty has been to increase Merrill Lynch's cost to perform under the credit-enhanced retail structure. To Reliant Energy, the credit-enhanced retail structure represents a significant concentration of credit risk with Merrill Lynch. As a result of this and because of disagreements with Merrill Lynch regarding the minimum adjusted retail EBITDA covenant in the working capital facility, in September 2008, RERH Holdings decided to pursue an orderly unwind of the credit-enhanced retail structure. To ensure that Reliant Energy would have sufficient capital to operate its retail energy business (primarily RERH Holdings) without the benefit of the credit-enhanced retail structure, Reliant Energy secured commitments for $1 billion in new capital.

In November 2008, RERH Holdings made the decision to exit the C&I portion of its business either through a wind down or sale of the C&I contracts, which will significantly reduce the long-term capital requirements for collateral and reached an agreement to sell its Northeast C&I contracts. See note 11. In connection with this decision, Reliant Energy terminated the $1 billion in new capital commitments. RERH Holdings incurred and expensed costs of $12 million (included in selling, general and administrative expenses) during 2008 in connection with these commitments and other events related to its decision to unwind the credit-enhanced retail structure.

In early December 2008, RERH Holdings exercised its right to terminate the Merrill Lynch $300 million retail working capital facility. No borrowings were outstanding under this facility. In late December 2008, Merrill Lynch filed a claim seeking a judgment declaring that under the credit sleeve and reimbursement agreement (the agreement) RERH Holdings did not have the right to terminate the working capital facility.

If Merrill Lynch is successful with its claim, it could seek to exercise remedies under the agreement. There is a range of possible remedies available to Merrill Lynch under the agreement, including, without limitation:

- declaring an unwind of the agreement, which would result in Merrill Lynch ceasing to provide credit support for new retail supply and hedging transactions;
- delivering notice to RERH Holdings' retail supply counterparties that future transactions will not have Merrill Lynch collateral support; and
- seeking to foreclose on its collateral, the assets of RERH Holdings.

However, Merrill Lynch cannot require RERH Holdings to post collateral to replace its credit support for the existing business. It is uncertain whether Merrill Lynch would exercise any of its remedies.

Merrill Lynch stated in its December 2008 claim that, reserving all its rights, until further notice it intends to continue to perform under the credit-enhanced retail structure and provide credit enhancement to RERH Holdings in connection with its business. RERH Holdings and Reliant Energy intend to continue to pursue longer-term arrangements to unwind the credit-enhanced retail structure. See note 9.

RERH Holdings believes that its business will generate adequate operating cash flow to handle any collateral postings associated with an unwind of the agreement or Merrill Lynch's notification to counterparties that they will not provide collateral support for future transactions. RERH Holdings believes that a successful foreclosure is unlikely. However, a foreclosure would be material to RERH Holdings.

For discussion of Reliant Energy's agreement to sell its interests in RERH Holdings, see note 12.

(6) Benefit Plans

RERH Holdings' eligible employees participate in Reliant Energy's stock-based incentive plans. During 2008, 2007 and 2006, RERH Holdings' pre-tax stock-based incentive plans compensation expense was $1 million, $6 million and $5 million, respectively.

RERH Holdings' employees participate in Reliant Energy's employee savings plans under Sections 401(a) and 401(k) of the Internal Revenue Code. RERH Holdings' savings plan benefit expense, including matching and discretionary contributions, was $7 million, $6 million and $4 million during 2008, 2007 and 2006, respectively.

(7) Income Taxes

(a) Summary.

RERH Holdings' income tax expense (benefit) is:

	2008	2007	2006
		(in millions)	
Current:			
Federal	$ (24)	$126	$ 179
State	10	20	26
Total current	(14)	146	205
Deferred:			
Federal	(285)	141	(95)
State	(5)	22	(14)
Total deferred	(290)	163	(109)
Income tax expense (benefit)	$(304)	$309	$ 96

A reconciliation of the federal statutory income tax rate to the effective income tax rate is:

	2008	2007	2006
Federal statutory rate	(35)%	35%	35%
Additions (reductions) resulting from:			
State income taxes, net of federal income taxes	—	3	4
Effective rate	(35)%	38%	39%

	December 31, 2008	December 31, 2007
	(in millions)	
Deferred tax assets:		
Current:		
Derivative liabilities, net	$ 190	$ 80
Derivative liabilities, net—affiliates	35	—
Allowance for doubtful accounts and credit provisions	12	12
Employee benefits	1	1
Other	3	3
Total current deferred tax assets	241	96
Long-term:		
Derivative liabilities, net	95	—
Derivative liabilities, net—affiliates	7	—
Net operating loss carryforwards	23	—
Other	2	—
Total long-term deferred tax assets	127	—
Total deferred tax assets	$ 368	$ 96
Deferred tax liabilities:		
Long-term:		
Depreciation and amortization	$ 5	$ 9
Derivative assets, net	—	13
Total long-term deferred tax liabilities	5	22
Total deferred tax liabilities	$ 5	$ 22
Accumulated deferred income taxes, net	$ 363	$ 74

(b) Tax Attributes Carryovers.

	December 31, 2008 (in millions)	Statutory Carryforward Period (in years)	Expiration Year(s)
Net Operating Loss Carryforwards:			
Federal	$ 67	20	2022 through 2027
State Tax Credit Carryforward(1)	5	1 to 20	2009 through 2027

(1) Relates to Texas margins tax credit carryforward and amount reflects the tax amount.

(c) Valuation Allowances.

RERH Holdings assesses its future ability to use deferred tax assets using the more-likely-than-not criteria. These assessments include an evaluation of its recent history of earnings and losses, future reversals of temporary differences and identification of other sources of future taxable income, including the identification of tax planning strategies in certain situations. Based on the analysis, RERH Holdings determined that no valuation allowance is needed for its deferred tax assets as of December 31, 2008 and 2007.

(d) FIN 48 and Income Tax Uncertainties.

Effective January 1, 2007, RERH Holdings adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," (FIN 48). This interpretation addresses whether (and when) tax benefits claimed in Reliant Energy's federal and RERH Holdings' state tax returns should be recorded in the financial statements. Pursuant to FIN 48, RERH Holdings may only recognize the tax benefit for financial reporting purposes from an uncertain tax position when it is more-likely-than-not that, based on the technical merits, the position will be sustained by taxing authorities or the courts. The recognized tax benefits are measured as the largest benefit having a greater than fifty percent likelihood of being realized upon settlement with a taxing authority. RERH Holdings classifies accrued interest and penalties related to uncertain income tax positions in income tax expense. Adoption of FIN 48 had no impact on RERH Holdings' consolidated financial statements.

RERH Holdings has the following in its consolidated balance sheet (included in other current liabilities):

	December 31, 2008	December 31, 2007	January 1, 2007 (Immediately After Adoption)
	(in millions)		
Unrecognized tax benefits(1)	$ 1(2)	$ —	$ —
Interest and penalties	—	—	—

(1) The activity during 2008 and 2007 was insignificant.

(2) Of this amount, $0, if recognized, would affect the effective tax rate.

During 2008, 2007 and 2006, RERH Holdings recognized $0 of income tax expense (benefit) due to changes in interest and penalties for federal and state income taxes.

RERH Holdings has the following years that remain subject to examination or are currently under audit for its major tax jurisdictions:

	Subject to Examination	Currently Under Audit
Federal	1997 to 2008	1997 to 2006
Texas	2000 to 2008	2000 to 2005
Pennsylvania	2004 to 2008	2005 to 2006

RERH Holdings, through Reliant Energy, expects to continue discussions with taxing authorities regarding tax positions related to the following, and believe it is reasonably possible some of these matters could be resolved during 2009; however, it cannot estimate the range of changes that might occur:

- $177 million payment to CenterPoint during 2004 related to residential customers; and
- the timing of tax deductions could be changed as a result of negotiations with respect to depreciation.

(8) Commitments

(a) Lease Commitments.

Cash Obligations Under Operating Leases. RERH Holdings' projected cash obligations under non-cancelable long-term operating leases as of December 31, 2008 are (in millions):

2009	$26
2010	26
2011	7
2012	2
2013	1
2014 and thereafter	—
Total	$62

Operating Lease Expense. Total lease expense for all operating leases was $24 million, $12 million and $12 million during 2008, 2007 and 2006, respectively.

(b) Guarantees and Indemnifications.

Equity Pledged as Collateral for Reliant Energy. RERH Holdings, LLC's equity is pledged as collateral under certain of Reliant Energy's credit and debt agreements, which have an outstanding balance of $1.2 billion as of December 31, 2008.

Sale of Northeast C&I Contracts. In connection with the sale of its Northeast C&I contracts in December 2008, RERH Holdings guaranteed some former customers' performance to the buyer. See note 11.

Other. RERH Holdings enters into contracts that include indemnification and guarantee provisions. In general, RERH Holdings enters into contracts with indemnities for matters such as breaches of representations and warranties and covenants contained in the contract and/or against certain specified liabilities. Examples of these contracts include asset purchase and sales agreements, retail supply agreements, service agreements and procurement agreements.

Except as otherwise noted, RERH Holdings is unable to estimate its maximum potential exposure under these agreements until an event triggering payment occurs. RERH Holdings does not expect to make any material payments under these agreements.

(c) Other Commitments.

Purchased Power Commitments. RERH Holdings is a party to purchased power contracts of various quantities and durations that are not classified as derivative assets and liabilities. These contracts are not included in the consolidated balance sheet as of December 31, 2008. Minimum purchase commitment obligations under these agreements are as follows as of December 31, 2008:

	Purchased Power Commitments(1)	
	Fixed Pricing	Variable Pricing(2)
	(in millions)	
2009	$ 121	$ 145
2010	20	—
2011	20	—
2012	20	—
2013	10	—
2014 and thereafter	—	—
Total	$ 191	$ 145

(1) As of December 31, 2008, the maximum remaining term under any individual purchased power contract is six years.

(2) For contracts with variable pricing components, RERH Holdings estimated prices based on forward commodity curves as of December 31, 2008.

Sales Commitments. As of December 31, 2008, RERH Holdings has sales commitments, including electric energy and capacity sales contracts, which are not classified as derivative assets and liabilities. The estimated minimum sales commitments over the next five years under these contracts are as follows:

	Fixed Pricing(1)	Variable Pricing(1)(2)
	(in millions)	
2009	$ 797	$ 1,417
2010	388	1,056
2011	213	792
2012	155	430
2013	64	187
Total	$ 1,617	$ 3,882

(1) In connection with the credit-enhanced retail structure, RERH Holdings estimates the fees under these sales commitments to be $13 million, $8 million, $6 million, $4 million and $1 million during 2009, 2010, 2011, 2012 and 2013, respectively. See note 5.

(2) For contracts with variable pricing components, RERH Holdings estimated prices based on forward commodity curves as of December 31, 2008.

Other Commitments. RERH Holdings has other commitments related to various agreements that aggregate as follows:

	Fixed Pricing	Variable Pricing
	(in millions)	
2009	$ 7	$ 2
2010	1	2
2011	—	2
2012	—	—
2013	—	—
2014 and thereafter	—	—
Total	$ 8	$ 6

(9) Contingencies

RERH Holdings is involved in some legal and other matters before courts and governmental agencies. Unless otherwise noted, RERH Holdings cannot predict the outcome of these matters.

Merrill Lynch Action. On December 5, 2008, RERH Holdings terminated its $300 million retail working capital facility agreement with Merrill Lynch in order to address any issue that might be asserted regarding the minimum adjusted retail EBITDA covenant in that facility. Following the termination, Merrill Lynch informed RERH Holdings that it reserved its rights to dispute the termination of the working capital facility. On December 24, 2008, Merrill Lynch filed an action in the Supreme Court of the State of New York seeking a judgment declaring that under the credit sleeve and reimbursement agreement (the agreement), RERH Holdings did not have the right to terminate the working capital facility without their consent and that such termination is an event of default under the agreement. The working capital facility provides RERH Holdings the express right to terminate the working capital facility without Merrill Lynch's consent. Consequently, RERH Holdings believes such termination does not constitute an event of default under the agreement. In January 2009, RERH Holdings filed a motion to dismiss Merrill Lynch's complaint. RERH Holdings intends to vigorously oppose the Merrill Lynch action. If Merrill Lynch is successful with its claim, it could seek to exercise remedies under the agreement. See note 5. For discussion of Reliant Energy's agreement to sell its interests in RERH Holdings, see note 12.

PUCT Cases. There are various proceedings pending before the state district court in Travis County, Texas, seeking reviews of the Public Utility Commission of Texas orders relating to the fuel factor component used in the "price-to-beat" tariff. In an earlier proceeding, a review of the PUCT's approval of our requested fuel factor change was decided in RERH Holdings' favor by the district court and was later affirmed by the court of appeals in Travis County. The remaining cases involve the same issues already addressed and decided in our favor by those courts.

Excess Mitigation Credits. From January 2002 to April 2005, CenterPoint applied excess mitigation credits (EMCs) to its monthly charges to retail energy providers. The PUCT imposed these credits to facilitate the transition to competition in Texas, which had the effect of lowering the retail energy providers' monthly charges payable to CenterPoint. CenterPoint represents that the portion of those EMCs credited to RERH Holdings totaled $385 million. In its stranded cost case, CenterPoint sought recovery of all EMCs credited to all retail electric providers, including RERH Holdings, and the PUCT ordered that relief. On appeal, the Texas Third Court of Appeals ruled that CenterPoint's stranded cost recovery should exclude EMCs credited to RERH Holdings. The case is now before the Texas Supreme Court. In November 2008, CenterPoint asked RERH Holdings to agree to suspend any limitations periods that might exist for possible claims against RERH Holdings if it is ultimately not allowed to include in its stranded cost calculation EMCs credited to RERH Holdings for price-to-beat customers. RERH Holdings agreed to suspend only unexpired deadlines, if any, that may apply to a CenterPoint claim relating to EMCs credited to RERH Holdings. Regardless of the outcome of the Texas Supreme Court proceeding, RERH Holdings believes that any claim by CenterPoint that RERH Holdings is liable to it for any EMCs credited to RERH Holdings lacks legal merit and is unsupported by the Master Separation Agreement between CenterPoint and Reliant Energy. In addition, CenterPoint has publicly stated that it has no legal recourse against RERH Holdings for any reduction in the amount of its recoverable stranded costs should EMCs credited to RERH Holdings be excluded.

(10) Estimated Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable and payable and derivative assets and liabilities approximate their carrying amounts.

(11) Sale of Northeast C&I Contracts

RERH Holdings sold its Northeast C&I contracts in December 2008 for a gain of $52 million. Contracts included in the transaction represented total load of approximately six million megawatt hours which supplied electricity and related services to more than 300 C&I customers. The Northeast C&I activity was (a) $498 million of its consolidated revenues (or 5%) and (b) $18 million of its consolidated gross margin, excluding unrealized gains/losses on energy derivatives (or 4%) during 2008. In connection with the sale, RERH Holdings agreed to guarantee the payment of all amounts due from some customers for the remainder of their current contract terms. RERH Holdings estimates the most probable maximum potential amount of future payments under the guarantee is $13 million as of December 31, 2008. This estimate is based on 60 days of average accounts receivable balances adjusted for current forward and potential future exposures based on product types. The existing contracts with the guaranteed customers expire on various dates from June 2009 to May 2012. RERH Holdings recorded a liability of $2 million associated with the guarantee, with the corresponding charge included as a component of gain on sale of assets.

(12) Subsequent Event — Reliant Energy's Sale of Texas Retail Business

On February 28, 2009, Reliant Energy entered into several agreements related to the sale of its Texas retail business, primarily RERH Holdings. Reliant Energy entered into a purchase agreement to sell its interests in RERH Holdings, LLC (excluding the interests in Reliant Energy Solutions East, LLC) to a subsidiary (the buyer) of NRG Energy, Inc. (NRG) for $287.5 million in cash plus the value of the net working capital. This sale includes the rights to Reliant Energy's name. NRG has guaranteed the obligations of the buyer. Upon closing, RERH Holdings, which is party to the credit sleeve and reimbursement agreement with Merrill Lynch, will be owned by the buyer. RERH Holdings has agreed to pay Merrill Lynch a $7.5 million fee and to increase the fees under the credit sleeve and reimbursement agreement by $3 million per month until the close. The bulk of the fees payable to Merrill Lynch are payable only upon and at closing. When the sale closes, the litigation with Merrill Lynch against RERH Holdings related to the termination of its working capital facility will be dismissed. Reliant Energy and Merrill Lynch have agreed to stay further proceedings in the litigation until June 1, 2009, or in the event regulatory approvals delay closing, July 1, 2009. The sale is subject to customary closing conditions, including the Hart-Scott-Rodino review. The buyer may terminate the agreement in connection with certain takeover proposals that it may receive prior to closing subject to the payment of a $45 million termination fee. The sale is expected to close in the second quarter of 2009. Reliant Energy will enter a one-year transition services agreement with the buyer in connection with the closing, which will include terms and conditions for information technology services, accounting services and human resources. NRG's guarantee will also apply to this transition services agreement.

Exhibit 99.2

RERH HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(thousands of dollars)	
Revenues:		
Electric sales and services revenues (including $829 and $(382) unrealized gains (losses))	$ 1,515,243	$ 1,935,363
Expenses:		
Cost of sales (including $(219,713) and $537,982 unrealized gains (losses))	1,398,220	1,181,688
Cost of sales – affiliates (including $13,988 and $0 unrealized losses)	55,710	47,792
Operation and maintenance	45,716	52,601
Operation and maintenance – affiliates	5,688	7,987
Selling, general and administrative	45,427	40,481
Selling, general and administrative – affiliates	18,824	15,809
Loss on sale of Northeast C&I contracts	525	—
Depreciation and amortization	3,268	5,562
Total operating expense	1,573,378	1,351,920
Operating Income (Loss)	(58,135)	583,443
Other Income (Expense):		
Other, net	1,204	289
Interest expense	(5,840)	(6,655)
Interest income	190	3,079
Interest expense, net – affiliates	—	(341)
Total other expense	(4,446)	(3,628)
Income (Loss) Before Income Taxes	(62,581)	579,815
Income tax expense (benefit)	(17,537)	215,125
Net Income (Loss)	$ (45,044)	$ 364,690

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (unaudited)	December 31, 2008
	(thousands of dollars)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 118,143	$ 100,669
Accounts receivable and unbilled revenue, principally customer, net of allowance of $24,381 and $34,222	589,329	838,586
Accumulated deferred income taxes	321,966	241,304
Derivative assets	1,399,482	1,007,121
Prepayments and other current assets	30,093	12,033
Total current assets	2,459,013	2,199,713
Property, plant and equipment, gross	215,586	221,468
Accumulated depreciation	(166,381)	(171,740)
Property, Plant and Equipment, net	49,205	49,728
Other Assets:		
Goodwill, net	31,631	31,631
Derivative assets	452,980	322,493
Accumulated deferred income taxes	98,439	121,598
Other	18,868	18,142
Total other assets	601,918	493,864
Total Assets	$ 3,110,136	$ 2,743,305
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable, principally trade	$ 336,137	$ 473,330
Payable to affiliates, net	10,333	11,468
Retail customer deposits	58,830	58,919
Other taxes payable	39,809	37,238
Taxes payable to RRI Energy, Inc. and related accrued interest	35,437	3,303
Accrual for transmission and distribution charges	66,782	82,945
Derivative liabilities	2,151,827	1,533,990
Derivative liabilities – affiliates	114,189	100,006
Other	62,599	75,054
Total current liabilities	2,875,943	2,376,253
Other Liabilities:		
Derivative liabilities	720,529	589,386
Derivative liabilities – affiliates	19,257	19,452
Other	11,164	10,295
Total other liabilities	750,950	619,133
Commitments and Contingencies		
Members' Equity:		
Members' equity	(516,757)	(252,081)
Total members' equity	(516,757)	(252,081)
Total Liabilities and Members' Equity	$ 3,110,136	$ 2,743,305

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(thousands of dollars)	
Cash Flows from Operating Activities:		
Net income (loss)	$ (45,044)	$ 364,690
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss on sale of Northeast C&I contracts	525	—
Depreciation and amortization	3,268	5,562
Deferred income taxes	(57,503)	131,063
Net changes in energy derivatives	225,130	(526,869)
Net changes in energy derivatives – affiliates	13,988	—
Other, net	(1,204)	(289)
Changes in other assets and liabilities:		
Accounts receivable and unbilled revenue, net	249,089	85,489
Receivables/payables – affiliates	(1,135)	(5,271)
Margin deposits, net	232	63
Net derivative assets and liabilities	1,002	(9,933)
Accounts payable	(135,307)	(8,131)
Other current assets	(18,292)	(9,924)
Other current liabilities	(14,549)	(28,099)
Other assets	(154)	579
Retail customer deposits	(89)	(1,783)
Income taxes payable/receivable	4,529	16,275
Other taxes payable	2,354	(274)
Accrual for transmission and distribution charges	(16,163)	(8,507)
Taxes payable to RRI Energy, Inc. and related accrued interest	32,134	71,185
Other liabilities	857	(225)
Net cash provided by operating activities	243,668	75,601
Cash Flows from Investing Activities:		
Capital expenditures	(4,594)	(5,275)
Other, net	(2,600)	—
Net cash used in investing activities	(7,194)	(5,275)
Cash Flows from Financing Activities:		
Distributions to RRI Energy, Inc., net	(219,000)	(75,000)
Net cash used in financing activities	(219,000)	(75,000)
Net Change in Cash and Cash Equivalents	17,474	(4,674)
Cash and Cash Equivalents at Beginning of Period	100,669	226,200
Cash and Cash Equivalents at End of Period	$ 118,143	$ 221,526
Supplemental Disclosure of Cash Flow Information:		
Cash Payments:		
Interest paid to affiliate	$ 3,352	$ —
Interest paid to third parties	7,428	8,316
Non-cash Disclosure:		
Distributions to RRI Energy, Inc., net	(632)	—

See Notes to the Consolidated Financial Statements

RERH HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Background and Basis of Presentation

(a) Background.

"RERH Holdings" refers to RERH Holdings, LLC and its consolidated subsidiaries. RERH Holdings provides electricity and energy services to retail electricity customers in Texas, including residential and small business (mass) customers and commercial, industrial and governmental/institutional (C&I) customers. Approximately 65% of RERH Holdings' residential and small business customers are in the Houston area. Until the sale of its Northeast C&I contracts in December 2008, RERH Holdings' next largest market was the market operated by PJM Interconnection, LLC, primarily in New Jersey, Maryland, the District of Columbia and Pennsylvania (PJM area). The Northeast C&I activity for the three months ended March 31, 2008 was (a) $116 million of its consolidated revenues (or 6%) and (b) $4 million of its consolidated gross margin, excluding unrealized gains/losses on energy derivatives (or 3%).

On February 28, 2009, Reliant Energy, Inc., the sole Class A member of RERH Holdings, entered into several agreements related to the sale of its Texas retail business, primarily RERH Holdings. Reliant Energy, Inc. entered into a purchase agreement to sell its interests in RERH Holdings, LLC (excluding the interests in Reliant Energy Solutions East, LLC) to a subsidiary (the buyer) of NRG Energy, Inc. (NRG) for $287.5 million in cash plus the value of the net working capital. NRG has guaranteed the obligations of the buyer. Upon closing, RERH Holdings, which is party to the credit sleeve and reimbursement agreement with Merrill Lynch & Co., Inc. and affiliates (Merrill Lynch), will be owned by the buyer. RERH Holdings has agreed to pay Merrill Lynch a $7.5 million fee and to increase the fees under the credit sleeve and reimbursement agreement by $3 million per month until the close. The bulk of the fees payable to Merrill Lynch are payable only upon and at closing. The sale closed on May 1, 2009. This sale includes the rights to the Reliant Energy name. Accordingly, Reliant Energy, Inc. changed its name to RRI Energy, Inc. (RRI) on May 2, 2009. In connection with the sale, the litigation with Merrill Lynch against RERH Holdings related to the termination of its working capital facility has been dismissed. See Note 8.

In connection with the sale transaction, RRI entered into a two-year sublease on its corporate office building with the buyer, with sublease rental income totaling $17 million for those two years. RRI also entered a one-year transition services agreement with the buyer, which includes terms and conditions for information technology services, accounting services and human resources. NRG's guarantee will also apply to this transition services agreement.

(b) Basis of Presentation.

The accompanying unaudited consolidated interim financial statements and notes (or "Interim Financial Statements") have been prepared in accordance with the SEC's regulations for interim financial statements, omit certain disclosures and should be read in conjunction with RERH Holdings' audited consolidated financial statements and notes as of December 31, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2008.

These Interim Financial Statements include all revenues and costs directly attributable to RERH Holdings including costs for facilities and costs for functions and services performed by RRI and charged to RERH Holdings. All significant intercompany transactions have been eliminated.

Estimates. Management makes estimates and assumptions to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that affect: the reported amount of assets, liabilities and equity; the reported amounts of revenues and expenses; and disclosure of contingent assets and liabilities at the date of the financial statements. RERH Holdings evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which RERH Holdings believes to be reasonable under the circumstances. RERH Holdings adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could be different from these estimates.

Adjustments and Reclassifications. The Interim Financial Statements reflect all normal recurring adjustments necessary, in the opinion of management, to present fairly RERH Holdings' financial position and results of operations for the reported periods. Amounts reported for interim periods, however, may not be indicative of a full year period due to seasonal fluctuations in demand for electricity and energy services, changes in commodity prices, changes in regulations, and other factors.

Recent Accounting Developments.

For some non-financial assets and liabilities, the effective date for Statement of Financial Accounting Standards (SFAS) No. 157 fair value measurement criteria is January 1, 2009, pursuant to FSP No. FAS 157-2, "Effective Date of FASB Statement No. 157" (FSP FAS 157-2). The adoption of FSP FAS 157-2 did not have a significant impact on RERH Holdings' consolidated financial statements.

SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS No. 161) is an amendment of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and is intended to enhance the related qualitative and quantitative disclosures by providing for additional information about objectives, strategies, accounting treatment, volume by commodity type and credit-risk-related contingent features. SFAS No. 161 was adopted on January 1, 2009.

The Financial Accounting Standards Board (FASB) issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," which is effective for interim periods ending after June 15, 2009. The FSP amends SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" and will require RERH Holdings to provide information about the fair value of its financial instruments, including methods and significant assumptions used to estimate the fair value, in interim financial statements.

The FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," which is effective for interim periods ending after June 15, 2009. The FSP provides guidance on how to determine the fair value of assets and liabilities under SFAS No. 157, "Fair Value Measurements" in the current economic environment. RERH Holdings does not expect this FSP to have a significant impact on its consolidated financial statements.

(2) Changes in Members' Equity and Comprehensive Loss

	Members' Equity	Comprehensive Loss
	(unaudited) (thousands of dollars)	
Balance at December 31, 2008	$ (252,081)	
Net loss	(45,044)	$ (45,044)
Distributions to RRI, net	(219,632)	
Comprehensive loss		$ (45,044)
Balance at March 31, 2009	$ (516,757)	

(3) Revenues and Energy Supply Costs

Gross revenues include energy revenues from resales of purchased power and other hedging activities, which are $104 million and $282 million for the three months ended March 31, 2009 and 2008, respectively. These revenues represent a sale of excess supply to third parties in the market. As of March 31, 2009 and December 31, 2008, RERH Holdings recorded unbilled revenues of $319 million and $481 million, respectively, for energy sales and services.

RERH Holdings records energy supply costs for electricity sales and services to retail customers based on estimated supply volumes for the applicable reporting period. A portion of its energy supply costs ($67 million and $83 million as of March 31, 2009 and December 31, 2008, respectively) consisted of estimated transmission and distribution charges not yet billed by the transmission and distribution utilities.

(4) Goodwill

RERH Holdings performs its goodwill impairment test annually on April 1 and when events or changes in circumstances indicate that the carrying value may not be recoverable. During April, RERH Holdings tested goodwill for impairment and determined that no impairment existed.

RERH Holdings estimates its fair value based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches, as discussed above, (b) projections about future customer mix and related revenues, (c) estimates of future cost structure, (d) risk-adjusted discount rates for estimated cash flows, (e) selection of peer group companies for the public company market approach, (f) required level of working capital, (g) assumed EBITDA multiple for terminal values and (h) time horizon of cash flow forecasts. For the most recent reporting period, RERH Holdings determined that the recently announced sale to a subsidiary of NRG was the best estimate of its value. Using that measure, the fair value exceeded the book value and therefore, the goodwill was not impaired as of March 31, 2009.

(5) Derivative Instruments and Hedging Activities

RERH Holdings accounts for its derivatives instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended (SFAS No. 133). Effective January 1, 2009, RERH Holdings adopted SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS No. 161). For additional information about our derivative instrument and hedging activities, see Note 2(f) to RERH Holdings' 2008 audited consolidated financial statements.

As of March 31, 2009 and December 31, 2008, RERH Holdings does not have any designated cash flow hedges.

Credit exposure - RERH Holdings' credit exposure is based on its derivative assets and accounts receivable from its power supply counterparties, after taking into consideration netting within each contract and any master netting contracts with counterparties. RERH Holdings provides reserves for non-investment grade counterparties representing a significant portion of its credit exposure. As of March 31, 2009 and December 31, 2008, RERH Holdings has no credit exposure.

Presentation of Derivative Assets and Liabilities. RERH Holdings presents its derivative assets and liabilities on a gross basis (regardless of master netting arrangements with the same counterparty). Cash collateral amounts are also presented on a gross basis.

As of March 31, 2009, RERH Holdings' commodity derivative assets and liabilities include amounts for non-trading activities as follows:

(in millions)	Derivative Assets		Derivative Liabilities		Net Derivative Assets (Liabilities)
	Current	Long-Term	Current	Long-Term	
Non-trading	$ 1,399	$ 453	$ (2,151)	$ (721)	$ (1,020)
Non-trading-affiliate	—	—	(114)	(19)	(133)
Total Derivatives(1)	$ 1,399	$ 453	$ (2,265)	$ (740)	$ (1,153)

(1) There were no derivatives designated as hedging instruments under SFAS No. 133 for the reporting periods presented.

RERH Holdings has the following derivative commodity contracts outstanding as of March 31, 2009:

Commodity	Unit	Notional Volumes Current	Notional Volumes Long-term
		(in millions)	
Power	MWh(1)	38	41
Natural gas	MMBTU(2)	142	114
Natural gas basis	MMBTU(2)	36	14

(1) MWh is megawatt hours.

(2) MMBTU is million British thermal units.

The income (loss) associated with RERH Holdings' energy derivatives for the three months ended March 31, 2009 is:

Derivatives Not Designated as Hedging Instruments Under SFAS No. 133	Revenues	Cost of sales
	(in millions)	
Non-Trading Commodity Contracts:		
Unrealized	$ 1	$ (220)
Unrealized-affiliate	—	(14)
Total non-trading – unrealized	$ 1	$ (234)
Non-Trading Commodity Contracts:		
Realized(1)	$ 75	$ (706)
Realized-affiliate(1)	—	(40)
Total non-trading – realized	$ 75	$ (746)

(1) Does not include realized gains or losses associated with cash month transactions, non-derivative transactions or derivative transactions that qualify for the normal purchase/normal sale exception.

Derivative Liabilities with Related Parties. In connection with the unwind of the credit-enhanced retail structure with Merrill Lynch, RERH Holdings entered into a derivative contract with RRI in October 2008. This derivative is a 40 BCFe (billion cubic feet equivalent of natural gas) hedge that extends to December 2010. During the three months ended March 31, 2009, RERH Holdings recognized $14 million unrealized loss and $40 million realized loss on this transaction. These amounts are included in cost of sales – affiliates on the statement of operations.

(6) Fair Value Measurements

Nonperformance Risk on Derivative Liabilities. In accordance with SFAS No. 157, fair value measurement of RERH Holdings' derivative liabilities reflects the nonperformance risk related to that liability, which is its own credit risk. RERH Holdings derives its nonperformance risk by applying RRI's credit default swap spread against the respective derivative liability. As of March 31, 2009, RERH Holdings had $99 million in reserves for nonperformance risk on derivative liabilities.

Fair Value of Derivative Instruments.

	March 31, 2009				
	Level 1	Level 2	Level 3	Reclassifications(1)	Total Fair Value
			(in millions)		
Total derivative assets	$ 895	$ 978	$ 25	$ (46) (1)	$ 1,852
Total derivative liabilities	895	1,878	145	(46) (1)	2,872
Total derivative liabilities – affiliates	—	133	—	—	133

(1) Reclassifications are required to reconcile to FIN 39-1 consolidated balance sheet presentation.

The following is a reconciliation of changes in fair value of net derivative assets and liabilities classified as Level 3:

	2009 Net Derivatives (Level 3)
	(in millions)
Balance, January 1, 2009	$ (96)
Total gains (losses) realized/unrealized:	
Included in earnings	(42) (1)
Purchases, issuances and settlements (net)	23
Transfers in and/or out of Level 3 (net)	(5)
Balance, March 31, 2009	$ (120)
Changes in unrealized gains/losses relating to derivative assets and liabilities still held at March 31, 2009	$ (35)(1)

(1) $36 million is recorded in cost of sales and $1 million is recorded in revenue.

For additional information about fair value measurements, see Note 2(e) to RERH Holdings' 2008 audited consolidated financial statements.

(7) Income Taxes

(a) Tax rate reconciliation.

A reconciliation of the federal statutory income tax rate to the effective income tax rate is:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Federal statutory rate	(35)%	35%
Additions (reductions) resulting from:		
State income taxes, net of federal income taxes	7%	2
Effective rate	(28)%	37%

(b) Tax Attributes Carryovers.

RERH Holdings' tax attribute carryovers will remain with RRI after the Texas retail sale to the subsidiary of NRG Energy, Inc. For tax purposes, the sale is deemed to be for assets rather than stock.

(c) Valuation Allowances.

RERH Holdings determined that no valuation allowance is needed for its deferred tax assets as of March 31, 2009 and December 31, 2008.

(d) FIN 48 and Income Tax Uncertainties.

RERH Holdings unrecognized tax benefits did not change significantly during the three months ended March 31, 2009 and 2008. During the three months ended March 31, 2009 and 2008, RERH Holdings recognized $0 of income tax expense (benefit) due to changes in interest and penalties for federal and state income taxes. In connection with the Texas retail business sale, NRG will not inherit any tax contingencies from pre-acquisition periods for federal, state and local purposes, which will remain with RRI.

(8) Contingencies

RERH Holdings is involved in some legal and other matters before courts and governmental agencies. Unless otherwise noted, RERH Holdings cannot predict the outcome of these matters.

Merrill Lynch Action. On December 5, 2008, RERH Holdings terminated its $300 million retail working capital facility agreement with Merrill Lynch in order to address any issue that might be asserted regarding the minimum adjusted retail EBITDA covenant in that facility. On December 24, 2008, Merrill Lynch filed an action in the Supreme Court of the State of New York seeking a judgment declaring that under the credit sleeve and reimbursement agreement (the agreement), RERH Holdings did not have the right to terminate the working capital facility without their consent and that such termination is an event of default under the agreement. On May 1, 2009, RERH Holdings and Merrill Lynch filed to dismiss this lawsuit and the agreement was transferred in connection with the closing of the sale of RERH Holdings' Texas retail business. The Court granted an order dismissing the action with prejudice on May 4, 2009.

Excess Mitigation Credits. From January 2002 to April 2005, CenterPoint Energy applied excess mitigation credits, or EMCs, to its monthly charges to retail electric providers as ordered by the Public Utility Commission of Texas, or PUCT. The PUCT imposed these credits to facilitate the transition to competition in Texas, which had the effect of lowering the retail electric providers' monthly charges payable to CenterPoint Energy. As indicated in its Petition for Review filed with the Supreme Court of Texas on June 2, 2008, CenterPoint Energy has claimed that the portion of those EMCs credited to Reliant Energy Retail Services, LLC, or RERS, a retail electric provider and subsidiary of RERH Holdings LLC, totaled $385 million for RERS' "Price to Beat" Customers. It is unclear what the actual number may be. "Price to Beat" was the rate RERS was required by state law to charge residential and small commercial customers that were transitioned to RERS from the incumbent integrated utility company commencing in 2002. In its original stranded cost case brought before the PUCT on March 31, 2004, CenterPoint Energy sought recovery of all EMCs that were credited to all retail electric providers, including RERS, and the PUCT ordered that relief in its Order on Rehearing in Docket No. 29526, on December 17, 2004. After an appeal to state district court, the court entered a final judgment on August 26, 2005, affirming the PUCT's order with regard to EMCs credited to RERS. Various parties filed appeals of that judgment with the Court of Appeals for the Third District of Texas with the first such appeal filed on the same date as the state district court judgment and the last such appeal filed on October 10, 2005. On April 17, 2008, the Court of Appeals for the Third District reversed the lower court's decision ruling that CenterPoint Energy's stranded cost recovery should exclude only EMCs credited to RERS for its "Price to Beat" customers. On June 2, 2008, CenterPoint Energy filed a Petition for Review with the Supreme Court of Texas and on June 19, 2009, the Court agreed to consider the CenterPoint Energy appeal as well as two related petitions for review filed by other entities. Oral argument will occur on October 6, 2009.

In November 2008, CenterPoint Energy and RRI, on behalf of itself and affiliates including RERS, agreed to suspend unexpired deadlines, if any, related to limitations periods that might exist for possible claims against RRI and its affiliates if CenterPoint Energy is ultimately not allowed to include in its stranded cost calculation those EMCs previously credited to RERS. Regardless of the outcome of the Texas Supreme Court proceeding, we believe that any possible future CenterPoint Energy claim against RERS for EMCs credited to RERS would lack legal merit. No such claim has been filed.

Replacement Reserve Responsibility. On November 14, 2006, Constellation Energy Commodities Group, or Constellation, filed a complaint with the PUCT alleging that ERCOT misapplied the Replacement Reserve Settlement, or RPRS, Formula contained in the ERCOT protocols from April 10, 2006, through September 27, 2006. Specifically, Constellation disputed approximately $4 million in under-scheduling charges for capacity insufficiency asserting that ERCOT applied the wrong protocol. Reliant Energy Power Supply, which is a subsidiary of RERH Holdings LLC referred to herein as REPS, other market participants, ERCOT, and PUCT Staff opposed Constellation's complaint. On January 25, 2008, the PUCT entered an order finding that ERCOT correctly settled the capacity insufficiency charges for the disputed dates in accordance with ERCOT protocols and denied Constellation's complaint. On April 9, 2008 Constellation appealed the PUCT order to the Civil District Court of Travis County, Texas and on June 19, 2009, the court issued a judgment reversing the PUCT order, finding that the ERCOT protocols were in irreconcilable conflict with each other.

Under the PUCT ordered formula, Qualified Scheduling Entities, or QSEs, who under-scheduled capacity within any of ERCOT's four congestion zones were assessed under-scheduling charges which defrayed the costs incurred by ERCOT for RPRS that would otherwise be spread among all load-serving QSEs. Under the Court's decision, all RPRS costs would be assigned to all load-serving QSEs based upon their load ratio share without assessing any separate charge to those QSEs who under-scheduled capacity. If under-scheduling charges for capacity insufficient QSEs were not used to defray RPRS costs, REPS' share of the total RPRS costs allocated to QSEs would increase.

REPS intends to file an appeal to the Third Court of Appeals in Travis County, Texas, thereby staying the effect of the trial court's decision. If all appeals are unsuccessful, on remand to the PUCT, it would determine the appropriate methodology for giving effect to the trial court's decision. It is not known at this time whether only Constellation's under-scheduling charges, the under-scheduling charges of all other QSEs that disputed REPS charges for the same time frame, the entire market, or some other approach would be used for any resettlement.

Unaudited Pro Forma Condensed Combined Financial Statements of NRG Energy, Inc.

Effective May 1, 2009, NRG Energy, Inc. (“NRG” or “the Company”), through its wholly owned subsidiary, NRG Retail LLC, or NRG Retail, completed its acquisition of the Texas electric retail business operations (referred to herein as Reliant Energy) of Reliant Energy, Inc. (now known as RRI Energy, Inc. and referred to herein as RRI). NRG paid RRI $287.5 million in cash at closing, from NRG’s cash on hand, and will remit approximately $82 million to RRI for acquired net working capital over the 8 months following the closing. In addition, NRG recognized a $31 million non-cash gain on settlement of a pre-existing relationship, representing the in-the-money value to NRG of an agreement that permits Reliant Energy to call on certain NRG gas plants when necessary for Reliant Energy to meet its load obligations; this is considered a component of the consideration in accordance with Statement of Financial Accounting Standards (SFAS) No. 141 (revised 2007) — *Business Combinations*, or SFAS 141R.

Reliant Energy constituted substantially all of the business of RERH Holdings, LLC and Subsidiaries, or RERH, a wholly owned subsidiary of RRI. NRG did not acquire the portions of the business reported under RERH related to retail markets outside of Texas. In addition, NRG acquired a power purchase agreement on a wind farm in Texas, as well as related Renewable Energy Certificates and hedges, which were not part of RERH.

The acquisition of Reliant Energy is accounted for under the acquisition method of accounting in accordance with SFAS 141R. Accordingly, NRG has conducted a preliminary assessment of net assets acquired, and has recognized provisional amounts for identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values, while transaction and integration costs associated with the acquisition are expensed as incurred. The initial accounting for the business combination is not complete because the appraisals necessary to assess the fair values of the net assets acquired and the amount of goodwill to be recognized are still in process, and the Company is also in the process of valuing the tax basis of the assets and liabilities acquired, which will affect the deferred tax balances. The provisional amounts recognized are subject to revision as more detailed analyses are completed and additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments and the tax basis values will affect the final balance of goodwill.

The following unaudited pro forma condensed combined financial information and explanatory notes present the impact of the purchase on the companies’ respective historical financial positions and results of operations and have been derived by applying pro forma adjustments to the combined historical financial statements of NRG and RERH. The historical unaudited pro forma condensed consolidated financial information for RERH has been adjusted to reflect the elimination of the specified assets and liabilities of RERH that were not acquired or assumed, and the addition of the specified assets acquired and liabilities assumed that were not part of RERH. In addition, certain amounts in RERH’s historical condensed consolidated financial information have been reclassified to conform to NRG’s presentation. The pro forma adjustments are directly attributable to the Acquisition and based upon available information and certain assumptions that NRG believes are reasonable. The unaudited pro forma condensed combined balance sheet and income statements do not include intercompany eliminations between NRG and Reliant Energy.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2008 and for the three months ended March 31, 2009 have been prepared as if the Acquisition occurred on January 1, 2008. The unaudited pro forma condensed combined balance sheet as of March 31, 2009 assumes the Acquisition was completed on that date.

These unaudited pro forma condensed combined balance sheet and statements of operations has been derived from and should be read in conjunction with:

- NRG’s separate historical financial statements as included in NRG’s 2008 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009;
- Audited Consolidated Balance Sheets of RERH Holdings, LLC and Subsidiaries as of December 31, 2008 and 2007, and the related Consolidated Statements of Operations, Members’ Equity and Comprehensive Income (Loss), and Cash Flows for each of the years in the three-year period ended December 31, 2008, included in this Form 8-K/A filing as Exhibit 99.1; and
- Unaudited Condensed Consolidated Balance Sheet of RERH Holdings, LLC and Subsidiaries as of March 31, 2009, and the related Condensed Consolidated Statements of Operations, and Cash Flows for the three months ended March 31, 2009 and 2008, included in this Form 8-K/A filing as Exhibit 99.2.

The unaudited pro forma financial statements and related notes are provided for illustrative purposes only and do not purport to be indicative of the results which would have actually been obtained had the Acquisition been completed on the date indicated or which may be expected to occur in the future. No effect has been given for costs that may be incurred in integrating the operations of NRG and Reliant Energy, or for operational efficiencies that may have been achieved if the Acquisition had occurred on January 1, 2008.

NRG Energy, Inc.
Pro Forma Condensed Combined Statement of Operations
For the Three Months ended March 31, 2009
(Unaudited)
(In millions, except per share amounts)

	NRG Energy, Inc. and Subsidiaries	RERH Holdings, LLC and Subsidiaries	Reliant Energy Purchase Adjustments (Note 3)	Reliant Energy Reporting Reclassifications (Note 4)	Acquisition Method Accounting and Other Adjustments (Note 5)	Pro Forma
Operating Revenues						
Total Operating Revenues	$ 1,658	$ 1,515	$ (27)	$ —	$ (44)(1)	$ 3,102
Operating Costs and Expenses						
Cost of operations	766	1,398	(46)	54(a)	(10)(2)	2,212
				45(b)		
				5(c)		
Cost of operations – affiliates	—	56	(2)	(54)(a)	—	—
Operations and maintenance	—	45	—	(45)(b)	—	—
Operations and maintenance – affiliates	—	6	(1)	(5)(c)	—	—
Depreciation and amortization	169	3	—	—	29(3)	201
Selling, general and administrative	95	46	(2)	19(d)	(12)(4)	146
Selling, general and administrative – affiliates	—	19	—	(19)(d)	—	—
Development costs	13	—	—	—	—	13
Total operating costs and expenses	1,043	1,573	(51)	—	7	2,572
Operating Income/(Loss)	615	(58)	24	—	(51)	530
Other Income/(Expense)						
Equity in earnings of unconsolidated affiliates	22	—	—	1(e)	—	23
Other expense, net	(3)	1	—	(1)(e)	—(5)	(3)
Interest expense	(138)	(6)	—	—	—	(144)
Total other income/(expense)	(119)	(5)	—	—	—	(124)
Income/(Loss) From Continuing Operations Before Income Taxes	496	(63)	24	—	(51)	406
Income tax expense (benefit)	298	(18)	7	—	(20)(6)	267
Income (Loss) From Continuing Operations	$ 198	$ (45)	$ 17	$ —	$ (31)	$ 139
Earnings Per Share from Continuing Operations						
Weighted Average Shares Outstanding — Basic	237					237
Basic Earnings Per Share	$ 0.78	N/A				$ 0.53
Weighted Average Shares Outstanding — Diluted	275					275
Diluted Earnings Per Share	$ 0.70	N/A				$ 0.49

N/A – Not applicable

The accompanying notes are an integral part of the unaudited pro forma condensed combined statements of operations.

NRG Energy, Inc.
Pro Forma Condensed Combined Statement of Operations
For the Year ended December 31, 2008
(In millions, except per share amounts)

	NRG Energy, Inc. and Subsidiaries	RERH Holdings, LLC and Subsidiaries	Reliant Energy Purchase Adjustments (Note 3)	Reliant Energy Reporting Reclassifications (Note 4)	Acquisition Method Accounting and Other Adjustments (Note 5)	Pro Forma
			(Unaudited)			
Operating Revenues						
Total Operating Revenues	$ 6,885	$ 9,151	$ (564)	$ —	$ (332)(1)	$15,140
Operating Costs and Expenses						
Cost of operations	3,598	9,115	(88)	(194)(a)	(63)(2)	12,606
				223(b)		
				15(c)		
Cost of operations – affiliates	—	368	(562)	194(a)	—	—
Operations and maintenance	—	228	(5)	(223)(b)	—	—
Operations and maintenance – affiliates	—	19	(4)	(15)(c)	—	—
Depreciation and amortization	649	22	—	—	204(3)	875
Selling, general and administrative	319	230	(9)	72(d)	—(4)	612
Selling, general and administrative – affiliates	—	72	—	(72)(d)	—	—
Gain on sale of Northeast C&I contracts	—	(52)	52	—	—	—
Development costs	46	—	—	—	—	46
Total operating costs and expenses	4,612	10,002	(616)	—	141	14,139
Operating Income/(Loss)	2,273	(851)	52	—	(473)	1,001
Other Income/(Expense)						
Equity in earnings of unconsolidated affiliates	59	—	—	—	—	59
Other income, net	16	7	—	(3)(f)	(6)(5)	14
Other income, net – affiliates	—	(3)	—	3(f)	—	—
Interest expense	(583)	(30)	3	—	—	(610)
Total other income/(expense)	(508)	(26)	3	—	(6)	(537)
Income/(Loss) From Continuing Operations Before Income Taxes	1,765	(877)	55	—	(479)	464
Income tax expense (benefit)	713	(304)	19	—	(189)(6)	239
Income (Loss) From Continuing Operations	$ 1,052	$ (573)	$ 36	$ —	$ (290)	$ 225
Less: Net Loss Attributable to Noncontrolling Interest	(1)	—	—	—	—	(1)
Income (Loss) From Continuing Operations Attributable to NRG	$ 1,053	$ (573)	$ 36	$ —	$ (290)	$ 226
Earnings Per Share from Continuing Operations Attributable to NRG						
Weighted Average Shares Outstanding — Basic	235					235
Basic Earnings Per Share	$ 4.25	N/A				$ 0.73
Weighted Average Shares Outstanding — Diluted	275					237(21)
Diluted Earnings Per Share	$ 3.80	N/A				$ 0.72

N/A – Not applicable

The accompanying notes are an integral part of the unaudited pro forma condensed combined statements of operations.

NRG Energy, Inc.
Pro Forma Condensed Combined Balance Sheet
March 31, 2009
(Unaudited)
(In millions)

	NRG Energy, Inc. and Subsidiaries	RERH Holdings, LLC and Subsidiaries	Reliant Energy Purchase Adjustments (Note 3)	Reliant Energy Reporting Reclassifications (Note 4)	Acquisition Method Accounting and Other Adjustments (Note 5)	Pro Forma
ASSETS						
Current Assets						
Cash and cash equivalents	$ 1,188	$ 118	$ 2	$ —	$ (288)(7)	$ 1,020
Funds deposited by counterparties	1,275	—	—	—	—	1,275
Restricted cash	17	—	—	—	—	17
Accounts receivable and unbilled receivable, net	399	590	(12)	—	—	977
Inventory	488	—	—	—	—	488
Derivative instruments valuation	3,862	1,399	8	—	55(8)	5,324
Deferred income taxes	—	322	(14)	(308)(g)	—	—
Collateral on deposit	178	—	—	—	—	178
Prepayments and other current assets	258	30	(2)	51(h)	9(9)	351
					5(10)	
Total current assets	7,665	2,459	(18)	(257)	(219)	9,630
Property, plant, and equipment, net of accumulated depreciation	11,544	49	—	—	12(11)	11,605
Other Assets						
Equity investments in affiliates	494	—	—	7(i)	—	501
Notes receivable, less current portion	403	—	—	—	—	403
Goodwill	1,718	32	—	—	(32)(12)	1,718
Intangible assets, net of accumulated amortization	815	—	—	7(i)	733(13)	2,251
					481(13)	
					178(13)	
					37(14)	
Nuclear decommissioning trust	286	—	—	—	—	286
Derivative instruments valuation	1,148	453	5	—	—	1,606
Deferred income taxes	—	98	(15)	(83)(g)	—	—
Other non-current assets	125	19	(3)	5(h)	3(10)	135
				(14)(i)		
Total other assets	4,989	602	(13)	(78)	1,400	6,900
Total Assets	$ 24,198	$ 3,110	$ (31)	$ (335)	$ 1,193	$ 28,135

The accompanying notes are an integral part of the unaudited pro forma condensed combined balance sheet.

NRG Energy, Inc.
Pro Forma Condensed Combined Balance Sheet (Continued)
March 31, 2009
(Unaudited)
(In millions)

	NRG Energy, Inc. and Subsidiaries	RERH Holdings, LLC and Subsidiaries	Reliant Energy Purchase Adjustments (Note 3)	Reliant Energy Reporting Reclassifications (Note 4)	Acquisition Method Accounting and Other Adjustments (Note 5)	Pro Forma
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Current portion of long-term debt and capital leases	$ 263	$ —	$ —	$ —	$ —	$ 263
Accounts payable	358	336	(6)	10[j]	23[15]	721
Payable to RRI Energy, Inc.	—	—	—	—	82[16]	82
Payable to affiliates, net	—	10	—	(10)[j]	—	—
Retail customer deposits	—	59	—	(59)[k]	—	—
Other taxes payable	—	40	—	(40)[l]	—	—
Taxes payable to RRI Energy, Inc.	—	35	—	(35)[m]	—	—
Accrual for transmission and distribution charges	—	67	—	(67)[n]	—	—
Derivative instruments valuation	3,000	2,152	(29)	114[o]	20[8]	5,257
Derivative instruments valuation – affiliate	—	114	—	(114)[o]	—	—
Deferred income taxes	418	—	—	(308)[g]	304[17]	414
Margin collected	1,277	—	—	—	—	1,277
Other current liabilities	269	63	—	51[h]	1[10]	585
				59[k]		
				40[l]		
				35[m]		
				67[n]		
Total current liabilities	5,585	2,876	(35)	(257)	430	8,599
Other Liabilities						
Long-term debt and capital leases	7,685	—	—	—	—	7,685
Nuclear decommissioning reserve	288	—	—	—	—	288
Nuclear decommissioning trust liability	195	—	—	—	—	195
Deferred income taxes	1,303	—	—	(83)[g]	79[17]	1,288
					(11)[18]	
Derivative instruments valuation	420	721	(10)	19[p]	7[8]	1,157
Derivative instruments valuation – affiliates	—	19	—	(19)[p]	—	—
Non-current out-of-market contracts	271	—	—	—	126[14]	419
					22[19]	
Other long-term obligations	737	11	—	5[h]	1[10]	754
Total non-current liabilities	10,899	751	(10)	(78)	224	11,786
Total Liabilities	16,484	3,627	(45)	(335)	654	20,385
3.625% preferred stock	247	—	—	—	—	247
Stockholders' Equity	7,467	(517)	14	—	539[20]	7,503
Total Liabilities and Stockholders' Equity	$ 24,198	$ 3,110	$ (31)	$ (335)	$ 1,193	$ 28,135

The accompanying notes are an integral part of the unaudited pro forma condensed combined balance sheet.

NRG Energy, Inc.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements
(In millions)

Note 1 — Basis of Presentation

The unaudited pro forma condensed combined statements of operations are based on historical statements of operations of NRG and Reliant Energy for the year ended December 31, 2008 and for the three months ended March 31, 2009, after giving effect to the Acquisition as if the transaction had occurred on January 1, 2008. The unaudited pro forma condensed combined balance sheet as of March 31, 2009 assumes the Acquisition was completed on that date. Certain amounts in Reliant Energy's historical condensed consolidated financial statements have been reclassified to conform with NRG's presentation.

The acquisition of Reliant Energy is accounted for under the acquisition method of accounting in accordance with SFAS 141R. Accordingly, NRG has conducted a preliminary assessment of net assets acquired, and has recognized provisional amounts for identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values, while transaction and integration costs associated with the transaction are expensed as incurred. The initial accounting for the business combination is not complete because the appraisals necessary to assess the fair values of the net assets acquired and the amount of goodwill to be recognized are still in process, and the Company is also in the process of valuing the tax basis of the assets and liabilities acquired, which will affect the deferred tax balances. The provisional amounts recorded for net assets acquired are subject to revision as more detailed analyses are completed and additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments and the tax basis values will affect the final balance of goodwill.

The unaudited pro forma condensed combined financial information and explanatory notes present the impact of the Acquisition on the companies' respective historical financial positions and results of operations and have been derived by applying pro forma adjustments to the combined historical financial statements of NRG and RERH. The historical unaudited pro forma condensed consolidated financial information for RERH has been adjusted to reflect the elimination of the specified assets and liabilities of RERH that were not acquired or assumed, and the addition of the power purchase agreement on a wind farm in Texas, as well as related Renewable Energy Certificates and hedges, that were not part of RERH. In addition, certain amounts in RERH's historical condensed consolidated financial information have been reclassified to conform with NRG's presentation. The pro forma adjustments are directly attributable to the Acquisition and based upon available information and certain assumptions that NRG believes are reasonable. The unaudited pro forma condensed combined balance sheet and income statements do not include intercompany eliminations between NRG and RERH.

The unaudited pro forma financial statements and related notes are provided for illustrative purposes only and do not purport to be indicative of the results which would have actually been obtained had the Acquisition been completed on the date indicated or which may be expected to occur in the future. No effect has been given for costs that may be incurred in integrating the operations of NRG and Reliant Energy, or for operational efficiencies that may have been achieved if the Acquisition had occurred on January 1, 2008.

Recent Accounting Developments Affecting NRG Historical Income Statement for the Year Ended December 31, 2008

The Company adopted FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement),* or FSP APB 14-1, on January 1, 2009, applying it retrospectively to all periods presented. FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) do not fall within the scope of paragraph 12 of Accounting Principles Board Opinion No. 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants,* and specifies that issuers of such instruments should separately account for the liability component and the equity component represented by the embedded conversion option in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Upon settlement, the entity shall allocate consideration transferred and transaction costs incurred to the extinguishment of the liability component and the reacquisition of the equity component.

During the third quarter 2006, NRG's unrestricted wholly-owned subsidiaries CSF I and CSF II issued notes and preferred interests, or CSF Debt, which included an embedded derivative requiring NRG to pay to Credit Suisse Group, or CS, at maturity, either in cash or stock at NRG's option, the excess of NRG's then current stock price over a threshold price. The CSF Debt and its embedded derivative are accounted for under the guidance in FSP APB 14-1. While FSP APB 14-1 is fully reflected in NRG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, it is not reflected in the historical financial statements included in NRG's 2008 Annual Report on Form 10-K. The following table summarizes the effect of the adoption of FSP APB 14-1 on NRG's income and per-share amounts for the year ending December 31, 2008, which is reflected in NRG's historical income statement data included herein:

(In millions, except per share amounts)	
Increase/(decrease):	
Interest Expense	$(37)
Income From Continuing Operations	37
Basic Earnings Per Share	$.16
Diluted Earnings Per Share	$.14

The Company also adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51, Consolidated Financial Statements*, or SFAS 160, on January 1, 2009. This Statement amends ARB No. 51 to establish accounting and reporting standards for the minority interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB No. 51's consolidation procedures for consistency with the requirements of SFAS 141R. This Statement is applied prospectively from the date of adoption, except for the presentation and disclosure requirements, which shall be applied retrospectively. Accordingly, the Company has conformed its financial statement presentation and disclosures to the requirements of SFAS 160. While SFAS 160 is fully reflected in NRG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, it is not reflected in the historical financial statement presentation included in NRG's 2008 Annual Report on Form 10-K; there was no change in income from continuing operations attributable to NRG for the year ended December 31, 2008.

Note 2 — Preliminary Consideration and Allocation

The following table summarizes the consideration as of the acquisition date in accordance with SFAS 141R:

(In millions)	
Cash payment to RRI at closing	$288
Cash remittance to RRI of acquired working capital	82
Non-cash gain recognized by NRG on settlement of pre-existing relationship	31
Total consideration	$401

The following table summarizes the provisional values assigned to the net assets acquired, as of the acquisition date:

(In millions)	
Cash and cash equivalents	$ 6
Accounts receivable	569
Inventory	3
Derivative instrument assets valuation – current	1,507
Prepayments and other current assets	52
Property, plant and equipment, net	72
Intangible assets	1,435
Derivative instruments assets valuation – non-current	435
Deferred income taxes, net	11
Other non-current assets	5
Accounts payable, principally trade	(385)
Retail customer deposits	(58)
Derivative instrument liabilities valuation – current	(2,310)
Other current liabilities	(91)
Derivative instrument liabilities valuation – non-current	(686)
Non-current out-of-market contracts	(148)
Other long-term liabilities	(16)
Total	$ 401

The preliminary valuation of the additional intangible assets and liabilities recorded as a result of the Acquisition is as follows:

	Valuation (In millions)	Weighted Average Amortization Period
Intangible Assets:		
Commercial and Industrial In-market Contracts	$ 733	5 years
Mass Customer Relationships	481	8 years
Trade Names	178	15 years
In-market energy supply contracts	37	1 - 7 years
Total intangible assets	$ 1,429	
Out-of-market contracts:		
Energy supply contracts	$ 126	1 - 7 years
Commercial and Industrial Contracts	22	5 years
Total Out-of-market contracts	$ 148	

The fair value measurements of the intangible assets and liabilities were primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in SFAS No. 157 — *Fair Value Measurement*, or SFAS 157.

The fair value of Reliant Energy's Commercial and Industrial Contracts, or C&I Contracts, both in-market and out-of-market, was estimated based on the present value of the above/below market cash flows attributable to the contracts based on contract type, discounted utilizing a current market interest rate consistent with the overall credit quality of the portfolio. The fair values also account for Reliant Energy's historical costs to acquire customers. The above/below market cash flows were estimated by comparing the expected cash flows to be generated based on existing contracted prices and expected volumes with the cash flows from estimated current market contract prices for the same expected volumes. The estimated current market contract prices were derived considering current market costs, such as price of energy, transmission and distribution costs, and miscellaneous fees, plus a normal profit margin. The weighted average amortization period was determined based on volumes for the portfolio that are expected to be delivered.

The Mass Customer Relationships were valued using an "excess earnings method". Under this approach, the Company estimated the present value of expected future cash flows resulting from the existing customer relationships, considering attrition and charges for contributory assets (such as net working capital, fixed assets, software, workforce and trade names) utilized in the business, discounted at an independent power producer peer group's weighted average cost of capital. The weighted average amortization period was determined based on the expected discounted future net cash flows by year.

The Trade Names were valued using a "relief from royalty" method, an approach under which fair value is estimated to be the present value of royalties saved because NRG owns the intangible asset and therefore does not have to pay a royalty for its use. The Trade Names were valued in two parts based on Reliant Energy's two primary customer segments – Mass Customers and C&I Customers. The avoided royalty revenues were discounted at an independent power producer peer group's weighted average cost of capital. The Trade Names will be amortized on a straight-line basis over 15 years.

The fair value of the in-market and out-of-market energy supply contracts was determined in accordance with SFAS 157. These contracts will be amortized over periods ranging through 2016, based on the expected delivery under the respective contracts.

The following table presents the estimated amortization related to intangible assets for 2009 - 2014:

Year Ended December 31,	C&I Contracts	Mass Customer Relationships	Trade Names	Energy Supply Contracts
2009 (post Acquisition)	$ 253	$ 157	$ 8	$ 16
2010	208	106	12	—
2011	134	63	12	2
2012	93	47	12	3
2013	45	33	12	4
2014	—	26	12	4

The following table presents the estimated amortization related to out-of-market contracts for 2009 - 2014:

Year Ended December 31,	Energy Supply Contracts	C&I Contracts
2009 (post Acquisition)	$ 66	$ 1
2010	40	11
2011	11	7
2012	5	2
2013	2	1
2014	—	—

Note 3 — RERH Purchase Adjustments

Adjustments to eliminate portions of the business related to retail markets outside of Texas that were reported under RERH, and were not included in the Acquisition, and to add the power purchase agreement on a wind farm in Texas, as well as related Renewable Energy Certificates and hedges, that were not part of RERH and were included in the Acquisition.

Note 4 — Reporting Reclassifications

(a) Adjustments to reclassify Reliant Energy's cost of operations-affiliates, which represent related party transactions with RRI, to third party costs.

(b) Adjustments to reclassify Reliant Energy's operations and maintenance expense to cost of operations, to conform with NRG's presentation.

(c) Adjustments to reclassify Reliant Energy's operations and maintenance expense-affiliates, which represent related party transactions with RRI, to third party costs.

(d) Adjustments to reclassify Reliant Energy's selling, general and administrative expenses-affiliates, which represent related party transactions with RRI, to third party costs.

(e) Adjustments to reclassify Reliant Energy's equity in earnings of unconsolidated affiliates to conform with NRG's presentation.

(f) Adjustments to reclassify Reliant Energy's other income, net-affiliates, which represent related party transactions with RRI, to third party other income, net.

(g) Adjustments to reclassify Reliant Energy's deferred income taxes included as assets to deferred income tax liabilities, to conform with NRG's presentation.

(h) Adjustment to reclassify Reliant Energy's option premiums paid and collected, to conform with NRG's presentation.

(i) Adjustment to reclassify Reliant Energy's other assets to conform with NRG's presentation.

(j) Adjustment to reclassify Reliant Energy's payables to affiliates, which represent related party transactions with RRI, to liabilities due to third parties.

(k) Adjustment to reclassify Reliant Energy's Retail customer deposits to conform with NRG's presentation.

(l) Adjustment to reclassify Reliant Energy's other taxes payable to conform with NRG's presentation.

(m) Adjustment to reclassify Reliant Energy's taxes payable to RRI Energy, Inc., which represent related party transactions with RRI, to liabilities due to third parties.

(n) Adjustment to reclassify Reliant Energy's accrual for transmission and distribution charges to conform with NRG's presentation.

(o) Adjustments to reclassify Reliant Energy's current derivative liabilities-affiliate, which represent related party transactions with RRI, to liabilities due to third parties.

(p) Adjustments to reclassify Reliant Energy's non-current derivative liabilities-affiliate, which represent related party transactions with RRI, to liabilities due to third parties.

Note 5 — Acquisition Method Accounting and Other Adjustments

1. Adjustment to record amortization of Reliant Energy intangible assets related to C&I Contracts.
2. Adjustment to record amortization of Reliant Energy net out-of-market energy supply contract liabilities acquired by NRG. The net fair value adjustment for out-of-market energy supply contracts acquired is $89 million.
3. Adjustment to record amortization of Reliant Energy intangible assets related to Mass Customer Relationships and Trade Names. No adjustment was recorded for depreciation of Property, plant and equipment, as there was no material change on a pro forma basis for the three months ending March 31, 2009 or the twelve months ending December 31, 2008.
4. Adjustment to remove acquisition-related costs incurred through March 31, 2009. No acquisition-related costs were incurred by NRG or Reliant Energy in 2008.
5. Adjustment to interest income for the reduction in available cash and cash equivalents due to the use of $370 million to fund the Acquisition, assuming both the $287.5 million initial cash payment and the estimated $82 million payment to RRI for acquired net working capital were made on January 1, 2008. Interest rates of 0.33% and 1.66% for the three months ended March 31, 2009 and the year ended December 31, 2008, respectively, were used to estimate the reduction in interest income. These rates reflect NRG's average interest rates over the respective periods.
6. Adjustment to record the tax effect of pro forma adjustments to revenue and expense, calculated utilizing NRG's estimated combined statutory federal and state tax rate of 39.55%.
7. Adjustment to record the $287.5 million cash consideration paid to RRI at closing.
8. Adjustment to record the acquisition-date fair value of Reliant Energy derivatives.
9. Adjustment to record the tax effect of the accrual for acquisition-related costs, calculated utilizing NRG's estimated combined deferred statutory federal and state tax rate of 38.9%.
10. Adjustment to certain historical derivative balances to conform with NRG's valuation methodologies.
11. Adjustment to reflect the acquisition-date fair value of Reliant Energy's property, plant and equipment.
12. Adjustment to eliminate historical goodwill on RERH's balance sheet.
13. Adjustment to record the acquisition-date fair value of identifiable intangible assets acquired. See Note 2 for further information.
14. Adjustment to record acquisition-date fair value of energy supply contracts acquired. See Note 2 for further information.
15. Adjustment to record acquisition-related costs incurred after March 31, 2009, net of taxes.
16. Adjustment to record the estimated remittance due to RRI for acquired net working capital.
17. Adjustment to eliminate historical deferred taxes of Reliant Energy.
18. Adjustment to record net deferred income taxes related to the assets acquired and liabilities assumed through the Acquisition.
19. Adjustment to record the acquisition-date fair value of out-of-market C&I Contracts acquired.
20. Adjustments to eliminate the historical deficit of Reliant Energy.
21. Weighted Average Shares Outstanding – Diluted shares decreased by 38 million, as NRG's 5.75% Preferred Stock and 4% Preferred Stock became anti-dilutive based on 2008 pro forma Income From Continuing Operations Attributable to NRG.