UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K/A

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) March 31, 2005

NRG Energy, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-15891	**41-1724239**
(Commission File Number)	(IRS Employer Identification No.)
211 Carnegie Center	**Princeton, NJ 08540**
(Address of Principal Executive Offices)	(Zip Code)

609-524-4500

(Registrant's Telephone Number, Including Area Code)

(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 (*see* General Instruction A.2. below):

☐ 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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Item 8.01 Other Items

On June 15, 2005, NRG Energy, Inc., or NRG, filed audited financial statements for seven of its significant subsidiaries for the year ended December 31, 2004 pursuant to Rule 3-16 of Regulation S-X, in connection with the filing of a Pre-Effective Amendment No. 1 to the Registration Statement on Form S-4 to register its 8% second priority senior secured notes due in 2013. This Form 8-K is being amended to also file financial statements for the quarter ended March 31, 2005 for those seven significant subsidiaries pursuant to Rule 3-16 of Regulation S-X, which are incorporated herein by reference as Exhibits 99.1 to 99.7.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired (not applicable)

(b) Pro Forma Financial Information (not applicable)

(c) Exhibits

EXHIBIT 99.1	**NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES**
EXHIBIT 99.2	**NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES**
EXHIBIT 99.3	**LOUISIANA GENERATING LLC**
EXHIBIT 99.4	**NRG MID ATLANTIC GENERATING LLC AND SUBSIDIARIES**
EXHIBIT 99.5	**INDIAN RIVER POWER LLC**
EXHIBIT 99.6	**OSWEGO HARBOR POWER LLC**
EXHIBIT 99.7	**NRG INTERNATIONAL LLC AND SUBSIDIARIES**

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.
(Registrant)

By: /s/ TIMOTHY W. J. O'BRIEN
Timothy W. J. O'Brien
Vice President, General Counsel and Secretary

Dated: June 14, 2005

Exhibit Index

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EXHIBIT 99.1

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Consolidated Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

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NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,827	$ 24,888
Restricted cash	3,738	3,733
Accounts receivable	1,835	3,139
Accounts receivable — affiliates	72,269	33,042
Inventory	119,531	155,499
Deferred income taxes	23,005	—
Derivative instruments valuation	15,773	65,608
Prepayments and other current assets	42,554	34,789
Total current assets	307,532	320,698
Property, Plant and Equipment		
In service	866,718	854,132
Under construction	17,856	30,331
Total property, plant and equipment	884,574	884,463
Less accumulated depreciation	61,083	49,374
Net property, plant and equipment	823,491	835,089
Other Assets		
Derivative instruments valuation	105	344
Intangible assets, net of accumulated amortization of $13,793, and $12,159, respectively	177,793	180,110
Deferred income taxes	4,023	—
Other assets	9,715	9,656
Total other assets	191,636	190,110
Total Assets	$ 1,322,659	$ 1,345,897
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 5,867	$ 12,212
Accrued station service costs	35,094	33,490
Other accrued liabilities	5,560	5,571
Current deferred income taxes	—	260
Derivative instruments valuation	69,479	14,389
Total current liabilities	116,000	65,922
Other Liabilities		
Deferred income taxes	—	24,570
Derivative instruments valuation	14,597	148
Other long-term obligations	14,332	14,162
Total liabilities	144,929	104,802
Member's equity	1,177,730	1,241,095
Total liabilities and member's equity	$ 1,322,659	$ 1,345,897

The accompanying notes are an integral part of these consolidated financial statements.

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31, 2005	March 31, 2004
	(in thousands)	
Operating Revenues		
Revenues	$302,172	$276,125
Operating Costs and Expenses		
Operating costs	207,131	175,735
Depreciation	11,818	11,960
General and administrative expenses	6,085	12,307
Reorganization items	—	320
Income from operations	77,138	75,803
Other income, net	113	55
Interest (expense) income, net	(84)	715
Income before income taxes	77,167	76,573
Income tax expense	33,229	33,003
Net income	$ 43,938	$ 43,570

The accompanying notes are an integral part of these consolidated financial statements.

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY AND COMPREHENSIVE INCOME

	Member's		Member's Contributions/ Distributions	Accumulated Net Income	Accumulated Other Comprehensive Income	Total Member's Equity
	Units	Amount				
			(in thousands except for units)			
Balance at December 31, 2003 (audited)	1,000	$ 1	$ 1,220,745	$ 5,846	$ —	$1,226,592
Deferred unrealized loss on derivatives, net	—	—	—	—	(8,689)	(8,689)
Net income	—	—	—	43,570	—	43,570
Comprehensive income	—	—	—	—	—	34,881
Contribution from member	—	—	31,170	—	—	31,170
Balance at March 31, 2004 (unaudited)	1,000	$ 1	$ 1,251,915	$ 49,416	$ (8,689)	$1,292,643
Balance at December 31, 2004 (audited)	1,000	$ 1	$ 1,068,658	$ 170,974	$ 1,462	$1,241,095
Deferred unrealized loss on derivatives, net	—	—	—	—	(41,276)	(41,276)
Net income	—	—	—	43,938	—	43,938
Comprehensive income	—	—	—	—	—	2,662
Contribution from member	—	—	53,973	—	—	53,973
Distribution to member	—	—	(120,000)	—	—	(120,000)
Balance at March 31, 2005 (unaudited)	1,000	$ 1	$ 1,002,631	$ 214,912	$ (39,814)	$1,177,730

The accompanying notes are an integral part of these consolidated financial statements.

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Cash flows from operating activities		
Net income	$ 43,938	$ 43,570
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	11,818	11,960
Amortization of intangible assets	1,644	4,977
Current tax expense — noncash contribution from member	53,973	31,170
Deferred income taxes	(20,744)	1,833
Unrealized loss on derivatives	47,222	788
Loss on disposal of assets	963	—
Changes in assets and liabilities		
Accounts receivable	1,304	10
Accounts receivable/payable — affiliates	(38,554)	9,725
Inventory	35,968	23,920
Prepayments and other current assets	(7,765)	(8,658)
Accounts payable	(6,345)	(177)
Accrued interest	—	(2,557)
Accrued station service costs and other accrued liabilities	1,593	(3,210)
Changes in other assets and liabilities	47	125
Net cash provided by operating activities	125,062	113,476
Cash flows from investing activities		
Decrease (increase) in restricted cash	(5)	480
Capital expenditures	(1,118)	(7,623)
Net cash used in investing activities	(1,123)	(7,143)
Cash flows from financing activities		
Principal payments of note payable — affiliate	—	15,000
Distribution to member	(120,000)	—
Net cash (used in) provided by financing activities	(120,000)	15,000
Net change in cash and cash equivalents	3,939	121,333
Cash and cash equivalents		
Beginning of period	24,888	6,250
End of period	$ 28,827	$127,583

The accompanying notes are an integral part of these consolidated financial statements.

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

NRG Northeast Generating LLC, or the Company, or NRG Northeast, a wholly owned subsidiary of NRG Energy, Inc., or NRG Energy, owns electric power generation plants in the northeastern region of the United States. The Company was formed in 1999 for the purpose of financing, acquiring, owning, operating and maintaining, through its subsidiaries and affiliates the power generation facilities owned by Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, Oswego Harbor Power LLC and Somerset Power LLC.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 of the Company's financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures in those financial statements. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our consolidated financial position as of March 31, 2005, the results of our operations and member's equity for the three months ended March 31, 2005 and 2004, and our cash flows for the three months ended March 31, 2005 and 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Restricted Cash

Restricted cash consists primarily of funds held by the Company that are restricted in their use due to contractual arrangements with the New York State Department of Taxation & Finance related to automotive fuel, petroleum business and sales tax.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Accounting for Derivative Instruments and Hedging Activity

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to the Company's power sales contracts, oil contracts, long-term gas purchase agreements and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. At March 31, 2005, the Company had various commodity contracts extending through December 2006 .

Energy and Energy Related Commodities

The Company is exposed to commodity price variability in electricity, emission allowances, and coal, oil, and gas used to meet fuel requirements. In order to manage these commodity price risks, NRG Power Marketing may enter into transactions for physical delivery of particular commodities for a specific period. Financial instruments are used to hedge physical deliveries, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

During the three months ended March 31, 2005 and March 31, 2004, any gain or loss the Company recognized due to ineffectiveness of commodity cash flow hedges was immaterial to the financial results.

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS No. 133, as amended, on the Company's other comprehensive income balance attributable to hedged derivatives for the three months ended March 31, 2005 and March 31, 2004:

	For the three Months Ended March 31, 2005	For the three Months Ended March 31, 2004
Energy Commodities Gains (Losses)		
Beginning accumulated OCI balance	$ 1,462	$ —
Unwound from OCI during period due to unwinding of previously deferred amounts	(2,689)	2,084
Mark to market of hedge contracts	(69,702)	(17,354)
Current year tax effect	31,115	6,581
Ending accumulated OCI balance	$ (39,814)	$ (8,689)
Gains\(Losses) expected to unwind from OCI during next 12 months	$ (33,615)	

During the three months ended March 31, 2005 and March 31 2004, the Company reclassified gains of approximately $2.7 million and losses of approximately $2.1 million from OCI to current period earnings, respectively. This amount is recorded on the same line in the statement of operations in which the hedged item is recorded. Also during the three months ended March 31, 2005 and March 31 2004, the Company recorded losses in OCI of approximately $69.7 million and approximately $17.4 million, respectively, related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 at March 31, 2005 and March 31, 2004 was a loss of approximately $39.8 million and approximately $8.7 million, respectively.

Statement of Operations

The following table summarizes the pre-tax effects of non-hedge derivatives and derivatives that no longer qualify as hedges on the Company's statement of operations for the three months ended March 31, 2005 and March 31, 2004, respectively:

	For the three Months Ended March 31, 2005	For the three Months Ended March 31, 2004
Energy Commodities Gains		
Revenues	$ (50,927)	$ (275)
Operating costs	(3,705)	513
Total statement of operations impact before tax	$ (47,222)	$ (788)

During the three months ended March 31, 2005 and 2004, our pre-tax earnings were affected by unrealized losses of $47.2 million and $0.8 million, respectively, associated with changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Note 4 — Commitments and Contingencies

Legal Issues

Consolidated Edison Co. of New York v. Federal Energy Regulatory Commission, Docket No. 01-1503

Consolidated Edison and others petitioned the U.S. Court of Appeals for the District of Columbia Circuit for review of certain FERC orders in which FERC refused to order a re-determination of prices in the NYISO operating reserves markets for the period from January 29, 2000 to March 27, 2000. On November 7, 2003, the Court issued a decision, which found that the NYISO's method of pricing spinning reserves violated the NYISO tariff. The Court also required FERC to determine whether the exclusion from the non-spinning market of a generating facility known as Blenheim-Gilboa and resources located in western New York also constituted a tariff violation and/or whether these exclusions enabled NYISO to use its Temporary Extraordinary Procedure or TEP authority to require refunds. On March 4, 2005, FERC issued an order stating that no refunds would be required for the tariff violation associated with the pricing of spinning reserves. In the order, FERC also stated that the exclusion of the Blenheim-Gilboa facility and western reserves from the non-spinning market was not a market flaw and the NYISO was correct not to use its TEP authority to revise the prices in this market. A motion for rehearing of the Order was filed by the April 3, 2005 deadline. If the March 4, 2005 order is reversed and refunds are required, NRG entities which may be affected include NRG Power Marketing, Inc., Astoria Gas Turbine Power LLC and Arthur Kill Power LLC. Although non-NRG-related entities would share responsibility for payment of any such refunds, under the petitioners' theory the cumulative exposure to our above-listed entities could exceed $23 million.

Electricity Consumers Resource Council v. Federal Energy Regulatory Commission, Docket No. 03-1449

On December 19, 2003 the Electricity Consumers Resource Council, or ECRC, appealed to the U.S. Court of Appeals for the District of Columbia Circuit a 2003 FERC decision approving the implementation of a demand curve for the New York installed capacity, or ICAP, market. ECRC claims that the implementation of the ICAP demand curve violates section 205 of the Federal Power Act because it constitutes unreasonable ratemaking. On May 13, 2005, the court denied ECRC's appeal upholding the 2003 FERC decision. A petition for rehearing may be filed within 45 days of the decision.

Connecticut Light & Power Company v. NRG Power Marketing Inc., Docket No. 3:01-CV-2373 (AWT), U.S District Court, District of Connecticut (filed on November 28, 2001)

Connecticut Light & Power Company, or CL&P, sought recovery of amounts it claimed it was owed for congestion charges under the terms of an October 29, 1999 contract between the parties. CL&P withheld approximately $30 million from amounts owed to NRG Power Marketing, Inc., or PMI, and PMI counterclaimed. CL&P filed its motion for summary judgment to which PMI filed a response on March 21, 2003. By reason of the stay issued by the bankruptcy court, the court has not ruled on the pending motion. On November 6, 2003, the parties filed a joint stipulation for relief from the stay in order to allow the proceeding to go forward that was promptly granted. PMI cannot estimate at this time the overall exposure for congestion charges for the full term of the contract.

The State of New York and Erin M. Crotty, as Commissioner of the New York State Department of Environmental Conservation v. Niagara Mohawk Power Corporation et al., U. S. District Court for the Western District of New York, Civil Action No. 02-CV-002S

In January 2002, the New York Department of Environmental Conservation, or NYSDEC, sued Niagara Mohawk Power Corporation or NiMo, and NRG Energy and certain of NRG Energy's affiliates in federal court in New York. The complaint asserted that projects undertaken at NRG Energy's Huntley and Dunkirk plants by NiMo, the former owner of the facilities, required preconstruction permits pursuant to the Clean Air Act and that the failure to obtain these permits violated federal and state laws. On January 11, 2005, the Company reached agreement with the State of New York and NYDEC to settle this matter. The settlement requires the reduction of sulfur dioxide (SO_2) by over 86 percent and nitrogen oxide by over 80 percent in aggregate at the Huntley and Dunkirk plants. To do so, units 63 and 64 at Huntley will be retired after receiving the appropriate regulatory approvals. Units 65 and 66 will be retired eighteen months later. The Company also agreed to limits on the transfer of certain federal SO_2 allowances. NRG Energy is not subject to any penalty as a result of the settlement. Through the end of the decade, the Company expects ongoing compliance with the emissions limits set out in the settlement will be achieved through capital expenditures already planned. This includes conversion to low sulfur western coal at the Huntley and Dunkirk plants that will be completed by Spring 2006. On April 16, 2005, NYDEC filed a motion with the court to enter the consent decree and on April 19, 2005, we filed a supporting motion. We expect the court to enter the consent decree by the third quarter of 2005.

NRG NORTHEAST GENERATING LLC AND SUBSIDIARIES

Niagara Mohawk Power Corporation v. NRG Energy, Inc., Huntley Power, LLC, and Dunkirk Power, LLC, Supreme Court, State of New York, County of Onondaga, Case No. 2001-4372 (filed on July 13, 2001)

NiMo filed suit in state court in New York seeking a declaratory judgment with respect to its obligations to indemnify NRG Energy under the asset sales agreement. The Company asserted that NiMo is obligated to indemnify it for any related compliance costs associated with resolution of the above referenced NYSDEC enforcement action. On October 18, 2004, the parties reached a confidential settlement, less any related compliance costs associated with resolution of the NYDEC action referenced above.

Connecticut Light & Power v. NRG Energy, Inc., Federal Energy Regulatory Commission Docket No. EL03-10-000-Station Service Dispute (filed October 9, 2002); Binding Arbitration

On July 1, 1999, Connecticut Light and Power Company, or CL&P and NRG Energy agreed that NRG Energy would purchase certain CL&P generating facilities. The transaction closed on December 14, 1999, whereupon NRG Energy took ownership of the facilities. CL&P began billing NRG Energy for station service power and delivery services provided to the facilities and NRG Energy refused to pay asserting that the facilities self-supplied their station service needs. On October 9, 2002, Northeast Utilities Services Company, on behalf of itself and CL&P, filed a complaint at FERC seeking an order requiring NRG Energy to pay for station service and deliver services. On December 20, 2002, FERC issued an Order finding that at times when NRG Energy is not able to self-supply its station power needs, there is a sale of station power from a third-party and retail charges apply. CL&P renewed its demand for payment, which was again refused by NRG Energy. In August 2003, the parties agreed to submit the dispute to binding arbitration. The parties each selected one respective arbitrator. A neutral arbitrator cannot be selected until the party-appointed arbitrators have been given a mutually agreed upon description of the dispute, which has yet to occur. Once the neutral arbitrator is selected, a decision is required within 90 days unless otherwise agreed by the parties. The potential loss inclusive of amounts paid to CL&P and accrued could exceed $6 million.

Niagara Mohawk Power Corporation v. Dunkirk Power LLC, NRG Dunkirk Operations, Inc., Huntley Power LLC, Huntley Power Operations, Inc., Oswego Power LLC and NRG Oswego Operations, Inc., Supreme Court, Erie County, Index No. 1-2000-8681- Station Service Dispute (filed October 2, 2000)

NiMo seeks to recover damages less payments received through the date of judgment, as well as any additional amounts due and owing, for electric service provided to the Dunkirk Plant after September 18, 2000. NiMo claims that NRG Energy failed to pay retail tariff amounts for utility services commencing on or about June 11, 1999, and continuing to September 18, 2000, and thereafter. NiMo alleged breach of contract, suit on account, violation of statutory duty, and unjust enrichment claims. Prior to trial, the parties entered into a Stipulation and Order filed August 9, 2002, consolidating this action with two other actions against the Company's Huntley and Oswego subsidiaries, both of which cases assert the same claims and legal theories. On October 8, 2002, a Stipulation and Order was filed staying this action pending submission to FERC of some or all of these disputes in the action. The potential loss inclusive of amounts paid to NiMo and accrued is approximately $23.2 million.

Niagara Mohawk Power Corporation V. Huntley Power LLC, NRG Huntley Operations, Inc., NRG Dunkirk Operations, Inc., Dunkirk Power LLC, Oswego Harbor Power LLC, and NRG Oswego Operations, Inc., Case Filed November 26, 2002 in Federal Energy Regulatory Commission Docket No. EL 03-27-000

This is the companion action to the above referenced action filed by NiMo at FERC asserting the same claims and legal theories. On November 19, 2004, FERC denied NiMo's petition and ruled that the Huntley, Dunkirk and Oswego plants could net their service station obligations over a 30 calendar day period from the day NRG Energy acquired the facilities. In addition, FERC ruled that neither NiMo nor the New York Public Service Commission could impose a retail delivery charge on the NRG facilities because they are interconnected to transmission and not to distribution. On April 22, 2005, FERC denied NiMo's motion for rehearing. NiMo appealed to the U.S. Court of Appeals for the D.C. Circuit which, on May 12, 2005, ordered this appeal consolidated with several other pending station service disputes involving NiMo. As NiMo has appealed the FERC's denial, we will not reverse any amounts accrued until such time as it is assumed that our risk of loss has ceased.

The Company believes that it has valid defenses to the legal proceedings and investigations described above and intends to defend them vigorously. However, litigation is inherently subject to many uncertainties. There can be no assurance that additional litigation will not be filed against the Company or its subsidiaries in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. Unless specified above, the Company is unable to predict the outcome these legal proceedings and investigations may have or reasonably estimate the scope or amount of any associated costs and potential liabilities. An unfavorable outcome in one or more of these proceedings could have a material impact on the Company's financial position, results of operations or cash flows.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," and related guidance, the Company record reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable. Management has assessed each of these matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

Environmental Matters

We are subject to a broad range of foreign, federal, state and local environmental and safety laws and regulations in the development, ownership, construction and operation of our projects. These laws and regulations generally require that we obtain governmental permits and approvals before construction or during operation of our power plants. Environmental laws have become increasingly stringent over time, particularly the regulation of air emissions from power generators. Such laws generally require regular capital expenditures for power plant upgrades, modifications and the installation of certain pollution control equipment. It is not possible at this time to determine when or to what extent additional facilities or modifications to existing or planned facilities will be required due to potential changes to environmental and safety laws and regulations, regulatory interpretations or enforcement policies. In general, future laws and regulations are expected to require the addition of emissions control equipment or the imposition of certain restrictions on the operations of NRG Northeast. We expect that future liability under, or compliance with, environmental and safety requirements could have a material effect on the operations or competitive position of NRG Northeast.

Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products located at the facility and may be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and remediation costs incurred by the party in connection with any releases or threatened releases. These laws impose strict (without fault) and joint and several liability. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. Although NRG Northeast has been involved in on-site contamination matters, to date, NRG Northeast has not been named as a potentially responsible party with respect to any off-site waste disposal matter.

As part of acquiring existing generating assets, NRG Northeast has inherited certain environmental liabilities associated with regulatory compliance and site contamination. Often potential compliance implementation plans are changed, delayed or abandoned due to one or more of the following conditions: (a) extended negotiations with regulatory agencies, (b) a delay in promulgating rules critical to dictating the design of expensive control systems, (c) changes in governmental/regulatory personnel, (d) changes in governmental priorities or (e) selection of a less expensive compliance option than originally envisioned.

In response to liabilities associated with these activities, NRG Northeast establishes accruals where it is probable that it will incur environmental costs under applicable law or contracts and it is possible to reasonably estimate these costs. NRG Northeast adjusts the accruals when new remediation or other environmental liability responsibilities are discovered and probable costs become estimable, or when current liability estimates are adjusted to reflect new information or a change in the law. At March 31, 2005 and December 31, 2004, NRG Northeast has established such accruals in the amount of approximately $4.0 million, primarily related to its Arthur Kill and Astoria projects. In 2004 NRG Northeast also established accruals of $1.5 million related to its Connecticut projects.

Coal ash is produced as a by-product of coal combustion at the Dunkirk, Huntley, and Somerset Generating Stations. NRG Northeast attempts to direct its coal ash to beneficial uses. Even so, significant amounts of ash are landfilled. At Dunkirk and Huntley, ash is disposed of at landfills owned and operated by NRG Northeast. No material liabilities outside the costs associated with closure, post-closure care and monitoring are expected at these facilities. NRG Northeast maintains financial assurance to cover costs associated with closure, post-closure care and monitoring activities. NRG Northeast has funded a trust to provide such financial assurance in the amount of $5.9 million.

NRG Northeast must also maintain financial assurance for closing interim status Resource Conservation and Recovery Act facilities at the Devon, Middletown, Montville and Norwalk Generating Stations and has funded a trust in the amount of $1.5 million accordingly.

The Company inherited historical clean-up liabilities when it acquired the Somerset, Devon, Middletown, Montville, Norwalk Harbor, Arthur Kill and Astoria Generating Stations. During installation of a sound wall at Somerset Station in 2003, oil contaminated soil was encountered. The Company has delineated the general extent of contamination, determined it to be minimal, and has placed an activity use limitation on that section of the property. Site contamination liabilities arising under the Connecticut Transfer Act at

Devon, Middletown, Montville and Norwalk Harbor Stations have been identified. The Company has proposed a remedial action plan to be implemented over the next two to eight years (depending on the station) to address historical ash contamination at the facilities. The total estimated cost is not expected to exceed $1.5 million. Remedial obligations at the Arthur Kill generating station have been established in discussions between the Company and the NYSDEC and are estimated to cost between $1 million and $2 million. Remedial investigations continue at the Astoria generating station with long-term clean-up liability expected to be within the range of $2.5 million to $4.3 million. While installing groundwater monitoring wells at Astoria to track our remediation of a historical fuel oil spill, the drilling contractor encountered deposits of coal tar in two borings. The Company reported the coal tar discovery to the NYSDEC in 2003 and delineated the extent of this contamination. The Company may also be required to remediate the coal tar contamination and/or record a deed restriction on the property if significant contamination is to remain in place.

We estimate that we will incur total environmental capital expenditures of $197.6 million during 2005 through 2010 for the facilities in New York, Connecticut, Delaware and Massachusetts. These expenditures will be primarily related to installation of particulate, SO_2 and NO_X controls, as well as installation of BTA under the Phase II 316(b) Rule.

Huntley Power LLC, Dunkirk Power LLC and Oswego Power LLC were issued Notices of Violation for opacity exceedances and entered into a Consent Order with NYSDEC, effective March 31, 2004. The Consent Order required the respondents to pay a collective civil penalty of $1 million which was paid in April 2004. The Order also establishes stipulated penalties (payable quarterly) for future violations of opacity requirements and a compliance schedule. The Company is currently in dispute with NYSDEC over the method of calculation for any such stipulated penalties. The Company has placed $1.3 million in a reserve as of March 31, 2005, and does not believe that the final resolution will involve a material larger amount.

Note 5 — Guarantees

In November 2002, the FASB issued FASB Interpretation, or FIN 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others".* In connection with the adoption of Fresh Start, all outstanding guarantees were considered new; accordingly, the Company applied the provisions of FIN 45 to all of the guarantees.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the following subsidiaries were reduced from $1,725.0 million to $1,350.0 million.

Subsidiary
NRG Northeast Generating LLC (Direct)
Dunkirk Power LLC (Indirect)
Huntley Power LLC (Indirect)
Astoria Gas Turbine Power LLC (Indirect)
Arthur Kill Power LLC (Indirect)
Somerset Power LLC (Indirect)
Oswego Harbor Power LLC (Indirect)
Connecticut Jet Power LLC (Indirect)
Devon Power LLC (Indirect)
Middletown Power LLC (Indirect)
Montville Power LLC (Indirect)
Norwalk Power LLC (Indirect)

Note 6 — Regulatory Issues

New England

On August 23, 2004, ISO-NE filed its proposal for locational installed capacity, or LICAP, with FERC, which will decide the issue in a litigated proceeding before an administrative law judge. Under the proposal, separate capacity markets would be created for distinct areas of New England, including southwest Connecticut. While the Company views this proposal as a positive development, as it is currently proposed it would not permit us to recover all of the Company's fixed costs. In response, the Company has submitted testimony which includes an alternative proposal. FERC's goal is to make a decision on the precise terms of the LICAP market in the fall of 2005, to be effective January 1, 2006. The hearing is completed and post-trial briefs have been filed. The initial decision by the administrative law judge is scheduled to be issued on June 15, 2005.

On January 27, 2005, FERC approved the settlement of various reliability must-run, or RMR, agreements between some of our Connecticut generation facilities and ISO-NE. Under the settlement, the Company will receive monthly payments for the Devon 11-14, Montville and Middletown facilities until December 31, 2005, the day before the expected implementation date for LICAP. The settlement also requires the payment of third party maintenance expenses by NEPOOL participants incurred by Devon 11-14, Middletown, Montville, and Norwalk Harbor and are capped at $30 million for the period April 1, 2004 through December 31, 2005. The settlement also approves prior RMR agreements involving Devon 7 and 8, both of which are on deactivated reserves. FERC's goal is to make a decision on the precise terms of the NEPOOL LICAP market by June 1, 2005, to be effective January 1, 2006.

New York

On January 7, 2005, NYISO filed proposed LICAP demand curves for the following capability years: 2005-06, 2006-07 and 2007-08. Under the NYISO proposal, the LICAP price for New York City generation would be $126 per KW year for the capacity year 2006-07. In addition, the NYISO requested a rate of $67 per KW year for the capacity year 2006-07 for the rest of New York State excluding Long Island. On January 28, 2005, the Company filed a protest at FERC asserting the LICAP price for New York City for 2006-07 should be at least $140 per KW year. On April 21, 2005, FERC accepted the proposed demand curve with some modifications. It is anticipated that capacity prices for New York state, excluding New York City and Long Island, will probably increase by $1 per KW year. The FERC's modification should increase the capacity prices in New York City, but the existing in-city mitigation measures will prevent us from obtaining those higher prices.

Our New York City generation is presently subject to price mitigation in the installed capacity market. When the capacity market is tight, the price we receive is limited by the mitigation price. However when the New York City capacity market is not tight, such as during the winter season, the proposed demand curve price levels should increase our revenues from capacity sales.

NYISO Claims

In November 2002, NYISO notified us of claims related to New York City mitigation adjustments, general NYISO billing adjustments and other miscellaneous charges related to sales between November 2000 and October 2002. New York City mitigation adjustments totaled $11.4 million. The issue related to NYISO's concern that NRG would not have sufficient revenue to cover subsequent revisions to its energy market settlements. As of March 31, 2005 and December 31, 2004, NYISO held $3.9 million in escrow for such future settlement revisions.

Note 7 — Income Taxes

The Company is included in the consolidated tax return filings as a wholly owned indirect subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as of the earliest period presented, as if the Company had prepared separate filings. The Company's ultimate parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries. Because the Company is not a party to a tax sharing agreement, current tax expense is recorded as a capital contribution from the Company's parent.

In assessing the realizabilty of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of taxable income in future periods. Management considers both positive and negative evidence, projected operating income and capital gains, and available tax planning strategies in making this assessment. Based upon projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% as follows:

	Three Months Ended			
	March 31, 2005		March 31, 2004	
	Amount	Rate	Amount	Rate
	(In thousands)			
Income before taxes	$ 77,167		$ 76,573	
Tax at 35%	27,008	35.0%	26,801	35.0%
State taxes (net of federal benefit)	6,173	8.0%	6,126	8.0%
Other	48	0.1%	76	0.1%
Income tax expense	$ 33,229	43.1%	$ 33,003	43.1%

Note 8 — Related Party Transactions

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $5.9 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general and administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees, and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

For the three months ended March 31, 2005 and 2004, the Company recorded operating and maintenance costs billed from NRG Operating Services of $59.7 million and $55.4 million, respectively.

At March 31, 2005 and December 31, 2004, the Company had an accounts receivable affiliate balance of $72.3 and $33.0 million, respectively. These balances are settled on a periodic basis and are due from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of Northeast Generating LLC.

EXHIBIT 99.2

NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

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NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(In thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 29,624	$ 19,861
Accounts receivable, net of allowance for doubtful accounts of $13 and $13, respectively	37,127	40,231
Inventory	29,563	33,972
Derivative instruments valuation	1,572	205
Prepayments and other current assets	6,639	8,000
Total current assets	104,525	102,269
Property, Plant and Equipment		
In service	945,495	946,057
Under construction	9,149	1,943
Total property, plant and equipment	954,644	948,000
Less accumulated depreciation	(79,520)	(64,921)
Net property, plant and equipment	875,124	883,079
Other Assets		
Decommissioning fund investments	4,894	4,954
Intangible assets, net of amortization of $16,816 and $13,751, respectively	71,996	81,374
Other assets	871	871
Total assets	$1,057,410	$ 1,072,547
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Note payable — affiliate	$ 1,424	$ 1,425
Accounts payable	12,913	5,870
Accounts payable — affiliates	10,383	17,020
Accrued interest — affiliate	2,364	620
Other current liabilities	15,101	18,085
Total current liabilities	42,185	43,020
Other liabilities		
Note payable-affiliate	77,270	76,672
Out of market contracts	314,021	318,664
Other long-term obligations	4,262	3,899
Total non-current liabilities	395,553	399,235
Total liabilities	437,738	442,255
Member's equity	619,672	630,292
Total liabilities and member's equity	$1,057,410	$ 1,072,547

The accompanying notes are an integral part of these consolidated financial statements.

NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Operating Revenues		
Revenues	$ 117,146	$ 95,265
Operating Costs and Expenses		
Operating costs	81,287	59,595
Depreciation and amortization	15,142	16,962
General and administrative expenses	2,691	4,341
Reorganization items	—	723
Restructuring charges	10	—
Total operating costs and expenses	99,130	81,621
Operating Income	18,016	13,644
Other income (expense), net		
Other income, net	17	85
Interest expense	(2,340)	(2,350)
Total other expense, net	(2,323)	(2,265)
Income From Continuing Operations Before Income Taxes	15,693	11,379
Income tax expense	6,313	4,578
Net income	$ 9,380	$ 6,801

The accompanying notes are an integral part of these consolidated financial statements.

NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

	Member's Units	Amount	Member's Contributions/ Distributions	Accumulated Net Income	Total Member's Equity
			(In thousands except for units)		
Balance at December 31, 2003 (audited)	1,000	$ 1	$ 662,538	$ 293	$662,832
Net loss and comprehensive loss	—	—	—	6,801	6,801
Balance at March 31, 2004 (unaudited)	1,000	$ 1	$ 662,538	$ 7,094	$669,633
Balance at December 31, 2004 (audited)	1,000	$ 1	$ 630,291	$ —	$630,292
Net income and comprehensive income	—	—	—	9,380	9,380
Distribution to member	—	—	(20,000)	—	(20,000)
Balance at March 31, 2005 (unaudited)	1,000	$ 1	$ 610,291	$ 9,380	$619,672

The accompanying notes are an integral part of these consolidated financial statements.

NRG SOUTH CENTRAL GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Cash flows from operating activities		
Net income	$ 9,380	$ 6,801
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	15,142	16,962
Deferred income taxes	6,313	4,578
Amortization of intangibles	3,064	3,492
Amortization of debt discount	598	634
Amortization of out-of-market power contracts	(4,642)	(5,030)
Unrealized gain on derivatives	(1,367)	(351)
Changes in assets and liabilities		
Accounts receivable	3,104	5,804
Inventory	4,409	1,592
Prepayments and other current assets	1,361	722
Accounts payable	7,043	4,024
Accounts payable — affiliates	(6,636)	10,227
Accrued interest	1,744	1,715
Other current assets and liabilities	—	10,099
Other assets and liabilities	(2,604)	292
Net cash provided by operating activities	36,909	61,561
Cash flows from investing activities		
Capital expenditures	(7,206)	(22,309)
Decrease in notes receivable	—	584
Decrease in trust funds	60	—
Decrease in restricted cash	—	99
Net cash used in investing activities	(7,146)	(21,626)
Cash flows from financing activities		
Distribution to member	(20,000)	—
Repayment of note payable — affiliate	—	(2,639)
Net cash used in financing activities	(20,000)	(2,639)
Net change in cash and cash equivalents	9,763	37,296
Cash and cash equivalents		
Beginning of period	19,861	4,612
End of period	$ 29,624	$ 41,908

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

NRG South Central Generating LLC, or NRG South Central or the Company, is a wholly owned subsidiary of NRG Energy, Inc., or NRG Energy. NRG South Central owns 100% of Louisiana Generating LLC, or Louisiana Generating; NRG New Roads Holding LLC, or New Roads; NRG Sterlington Power LLC, or Sterlington; Big Cajun I Peaking Power LLC, or Big Cajun Peaking; and NRG Bayou Cove LLC, or Bayou Cove.

NRG South Central was formed for the purpose of financing, acquiring, owning, operating and maintaining through its subsidiaries and affiliates the facilities owned by Louisiana Generating and any other facilities that it or its subsidiaries may acquire in the future.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 to the Company's annual financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures in the annual financial statements. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our consolidated financial position as of March 31, 2005, the results of our operations, cash flows and member's equity for the three months ended March 31, 2005 and the three months ended March 31, 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Accounting for Derivative Instruments and Hedging Activity

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to the Company's long-term power sales contracts, long-term gas purchase contracts and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. At March 31, 2005, the Company had various commodity contracts extending through December 2005 .

Energy and Energy Related Commodities

The Company is exposed to commodity price variability in electricity, emission allowances, natural gas, oil derivatives and coal used to meet fuel requirements. In order to manage these commodity price risks, NRG Power Marketing may enter into transactions for physical delivery of particular commodities for a specific period. Financial instruments are used to hedge physical deliveries, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

During the three months ended March 31, 2005 and 2004, respectively, the Company recognized no gain or loss due to ineffectiveness of commodity cash flow hedges.

Interest Rates

From time to time, the Company may use interest rate hedging instruments to protect it from an increase in the cost of borrowings. At March 31, 2005 and December 31, 2004, respectively, there were no such instruments outstanding.

Statement of Operations

The following table summarizes the effects of SFAS No. 133 on the Company's statements of operations for the three months ended March 31, 2005, and for the three months ended March 31, 2004, respectively:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Revenues	$ 270	$ 352
Cost of operations	(637)	—
Total statement of operations impact before tax	$ 907	$ 352

For the three months ended March 31, 2005 and 2004, the Company recognized no gain or loss due to the ineffectiveness of commodity cash flow hedges, and no components of NRG South Central's derivative instruments gains or losses were excluded from the assessment of effectiveness.

The Company's earnings for the three months ended March 31, 2005 and 2004, were increased by $0.9 million and $0.4 million, respectively, associated with the changes in fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Note 4 — Commitments and Contingencies

Contractual Commitments

Power Supply Agreements with the Distribution Cooperatives

During March 2000, Louisiana Generating entered into certain power supply agreements with eleven distribution cooperatives to provide energy, capacity and transmission services. The agreements are standardized into three types, Form A, B, and C. In connection with push down accounting resulting from NRG Energy's fresh start accounting, certain of the Company's long-term power supply agreements were determined to be at above or below market rates. As a result, the Company valued these agreements and recognized the fair value of such contracts on the December 6, 2003 balance sheet. The fair value of these contracts that were deemed to be valuable have been included in intangible assets. The fair value of contracts determined to be significantly out-of-market were recorded as noncurrent liabilities. The favorable and unfavorable contract valuation amounts will be amortized as a net increase to revenues over the terms and conditions of each contract. These contracts consist primarily of the long-term power sale agreements the Company has with its cooperative customers and certain others. The gross carrying amount of the unfavorable out-of-market power sales agreements at March 31, 2005 and December 31, 2004 was $342.2 million and $342.2 million, respectively. During the three months ended March 31, 2005, approximately $4.6 million was amortized as an increase to revenues.

Form A Agreements

Six of the distribution cooperatives entered into Form A power supply agreements. The Form A agreement is an all-requirements power supply agreement which has an initial term of 25 years, commencing on March 31, 2000. After the initial term, the agreement continues on a year-to-year basis, unless terminated by either party giving five years advance notice.

Under the Form A power supply agreement, Louisiana Generating is obligated to supply the distribution cooperative all of the energy and capacity required by the distribution cooperative for service to its retail customers although the distribution cooperative has certain limited rights under which it can purchase energy and capacity from third parties.

The Company must contract for all transmission service required to serve the distribution cooperative and will pass through the costs of transmission service to the cooperative. The Company is required to supply at its cost, without pass through, control area services and ancillary services which transmission providers are not required to provide.

The distribution cooperatives have an option to choose one of two fuel options; all six selected the first option which is a fixed fee through 2004 and determined using a formula which is based on gas prices and the cost of delivered coal for the period thereafter. At the end of the fifteenth year of the contract, the cooperatives may switch to the second fuel option. The second fuel option consists of a pass-through of fuel costs, with a guaranteed coal heat rate and purchased energy costs, excluding the demand component in purchased power. From time to time, Louisiana Generating may offer fixed fuel rates which the cooperative may elect to utilize. The variable operation and maintenance charge is fixed through 2004 and escalates at either approximately 3% per annum or in accordance with actual changes in specified indices as selected by the distribution cooperative. Five of the distribution cooperatives elected the fixed escalation provision and one elected the specified indices provision.

Form B Agreements

One distribution cooperative selected the Form B Power Supply Agreement. The term of the Form B power supply agreement commences on March 31, 2000, and ends on December 31, 2024. The Form B power supply agreement allows the distribution cooperative the right to elect to limit its purchase obligations to “base supply” or also to purchase “supplemental supply.” Base supply is the distribution cooperative’s ratable share of the generating capacity purchased by Louisiana Generating from Cajun Electric. Supplemental supply is the cooperative’s requirements in excess of the base supply amount. The distribution cooperative, which selected the Form B agreement, also elected to purchase supplemental supply.

For base supply, Louisiana Generating charges the distribution cooperative a demand charge, an energy charge and a fuel charge. The demand charge for each contract year is set forth in the agreement and is subject to increase for environmental legislation or occupational safety and health laws enacted after the effective date of the agreement. Louisiana Generating can increase the demand charge to the extent its cost of providing supplemental supply exceeds $400/MW. The energy charge is fixed through 2004, and decreased slightly for the remainder of the contract term. The fuel charge is a pass-through of fuel and purchased energy costs. The distribution cooperative may elect to be charged based on a guaranteed coal-fired heat rate of 10,600 Btu/kWh, and it may also select fixed fuel factors as set forth in the agreement for each year through 2008. The one distribution cooperative which selected this form of agreement elected to utilize the fixed fuel factors. For the years after 2008, Louisiana Generating will offer additional fixed fuel factors for five-year periods that may be elected. For the years after 2008, the distribution cooperative may also elect to have its charges computed under the pass-through provisions with or without the guaranteed coal-fired heat rate.

At the beginning of year six, Louisiana Generating will establish a rate fund equal to the ratable share of $18 million. The amount of the fund will be approximately $720,000. This fund will be used to offset the energy costs of the Form B distribution cooperatives which elected the fuel pass-through provision of the fuel charge, to the extent the cost of power exceeds $0.04/kWh. Any funds remaining at the end of the term of the power supply agreement will be returned to Louisiana Generating.

Form C Agreements

Four distribution cooperatives selected the Form C power supply agreement. The Form C power supply agreement is identical to the Form A power supply agreement, except for the following:

The term of the Form C power supply agreement was for four years following the closing date of the acquisition of the Cajun facilities. In October 2003, the Louisiana Public Service Commission approved contract extensions for all four Form C distribution cooperatives for terms of an additional five or ten years.

Louisiana Generating will not offer the distribution cooperatives which select the Form C agreement any new incentive rates, but will continue to honor existing incentive rates. At the end of the term of the agreement, the distribution cooperative is obligated to purchase the specific delivery facilities for a purchase price equal to the depreciated book value.

Louisiana Generating must contract for all transmission services required to serve the distribution cooperative and will pass through the costs of transmission service to the cooperative. Louisiana Generating is required to supply at its cost, without pass-through, control area services and ancillary services which transmission providers are not required to provide.

Included in the amended and restated Form C agreements is a provision for an annual $250,000 Economic Development Contribution to be shared among the four Form C distribution cooperatives, beginning in April 2004 and extending through the end of the contract terms.

Other Power Supply Agreements

Louisiana Generating assumed Cajun Electric's rights and obligations under two consecutive long-term power supply agreements with South Western Electric Power Company, or SWEPCO, one agreement with South Mississippi Electric Power Association, or SMEPA, and one agreement with Municipal Energy Agency of Mississippi, or MEAM.

The SWEPCO Operating Reserves and Off-Peak Power Sale Agreement, terminates on December 31, 2007. The agreement requires Louisiana Generating to supply 100 MW of off-peak energy during certain hours of the day to a maximum of 292,000 MWh per year and an additional 100 MW of operating reserve capacity and the associated energy within ten minutes of a phone request during certain hours to a maximum of 43,800 MWh of operating reserve energy per year. The obligation to purchase the 100 MW of off-peak energy is contingent on Louisiana Generating's ability to deliver operating reserve capacity and energy associated with operating reserve capacity. At Louisiana Generating's request, it will supply up to 100 MW of nonfirm, on peak capacity and associated energy.

The SWEPCO Operating Reserves Capacity and Energy Power Sale Agreement is effective January 1, 2008 through December 31, 2026. The agreement requires Louisiana Generating to provide 50 MW of operating reserve capacity within ten minutes of a phone request. In addition, SWEPCO is granted the right to purchase up to 21,900 MWh/year of operating reserve energy.

The SMEPA Unit Power Sale Agreement is effective through May 31, 2009, unless terminated following certain regulatory changes, changes in fuel costs or destruction of the Cajun facilities. The agreement requires Louisiana Generating to provide 75 MW of capacity and the associated energy from Big Cajun II, Unit 1 and an option for SMEPA to purchase additional capacity and associated energy if Louisiana Generating determines that it is available, in 10 MW increments, up to a total of 200 MW. SMEPA is required to schedule a minimum of 25 MW plus 37% of any additional capacity that is purchased. The capacity charge was fixed through May 31, 2004, and increases for the period from June 1, 2004 to May 31, 2009, including transmission costs to the delivery point and any escalation of expenses. The energy charge is 110% of the incremental fuel cost for Big Cajun II, Unit 1.

The MEAM Power Sale Agreement is effective through May 31, 2010, with an option for MEAM to extend through September 30, 2015, upon five years advance notice. The agreement requires Louisiana Generating to provide 20 MW of firm capacity and associated energy with an option for MEAM to increase the capacity purchased to a total of 30 MW upon five years advance notice. The capacity charge is fixed. The operation and maintenance charge is a fixed amount which escalates at 3.5% per year. There is a transmission charge which varies depending upon the delivery point. The price for energy associated with the firm capacity is 110% of the incremental generating cost to Louisiana Generating and is adjusted to include transmission losses to the delivery point.

Coal Supply Agreements

Louisiana Generating has a coal supply agreement with Triton Coal. The coal is primarily sourced from Triton Coal's Buckskin and North Rochelle mines located in the Powder River Basin, Wyoming. In December 2004, Louisiana Generating extended the coal purchase contract though 2007. The agreement establishes a base price per ton for coal supplied by Triton Coal. The base price is subject to adjustment for changes in the level of taxes or other government fees and charges, variations in the caloric value and sulfur content of the coal shipped, and changes in the price of SO2 emission allowances. The base price is based on certain annual weighted average quality specifications, subject to suspension and rejection limits.

In March 2005, NRG Energy entered into an agreement to purchase 23.75 million tons of coal over a period of four years and nine months from Buckskin Mining Company (Buckskin). The coal will be sourced from Buckskin's mine in the Powder River Basin, Wyoming, and will be used primarily in NRG Energy's coal-burning generation plants in the South Central region.

Coal Transportation Agreement

Louisiana Generating's previous coal transportation agreement with DTE Energy expired March 31, 2005. Total payments under this agreement in 2005 are expected to be $1.5 million. The Company has entered into a new coal transportation agreement with Burlington Northern and Santa Fe Railway and an affiliate of ACT for a term of ten years, from April 1, 2005 through March 31, 2015. This agreement provides for the transportation of all of the coal requirements of Big Cajun II from the mines in Wyoming to Big Cajun II. A related agreement between Louisiana Generating and ACT grants Louisiana Generating the option to require ACT to perform the harbor operations related to the unloading of coal at Big Cajun II. Louisiana Generating has given notice to ACT that it will exercise the option and the transition of harbor services operations to ACT is scheduled for April 1, 2005.

Transmission and Interconnection Agreements

Louisiana Generating assumed Cajun Electric's existing transmission agreements with Central Louisiana Electric Company, SWEPCO; and Entergy Services, Inc., acting as agent for Entergy Arkansas, Inc., Entergy Gulf States, Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. Louisiana Generating also entered into two interconnection and operating agreements with Entergy Gulf States, Inc. on May 1, 2002 and one interconnection and operating agreement with Entergy Gulf States, Inc. on August 26, 2004. The Cajun facilities are connected to the transmission system of Entergy Gulf States, Inc. and power is delivered to the distribution cooperative at various delivery points on the transmission systems of Entergy Gulf States, Inc., Entergy Louisiana Inc., Central Louisiana Electric Company and SWEPCO. Louisiana Generating also assumed from Cajun Electric 20 interchange and sales agreements with utilities and cooperatives, providing access to a 12 state area.

Environmental Matters

The construction and operation of power projects are subject to stringent environmental and safety protection and land use laws and regulation in the United States. These laws and regulations generally require lengthy and complex processes to obtain licenses, permits and approvals from federal, state and local agencies. If such laws and regulations become more stringent and the Company's facilities are not exempted from coverage, the Company could be required to make extensive modifications to further reduce potential environmental impacts. Also, the Company could be held responsible under environmental and safety laws for the cleanup of pollutants released at its facilities or at off-site locations where it may have sent wastes, even if the release or off-site disposal was conducted in compliance with the law.

The Company and its subsidiaries strive to at least meet the standards of compliance with applicable environmental and safety regulations. Nonetheless, the Company expects that future liability under or compliance with environmental and safety requirements could have a material effect on its operations or competitive position. It is not possible at this time to determine when or to what extent additional facilities or modifications of existing or planned facilities will be required as a result of possible changes to environmental and safety regulations, regulatory interpretations or enforcement policies. In general, future laws and regulations are expected to require the addition of emission control equipment or the imposition of restrictions on the Company's operations.

The Company establishes accruals where it is probable that it will incur environmental costs under applicable law or contracts and it is possible to reasonably estimate these costs. The Company adjusts the accruals when new remediation or other environmental liability responsibilities are discovered and probable costs become estimable, or when current liability estimates are adjusted to reflect new information or a change in the law.

Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products located at the facility. We may also be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and remediation costs incurred by the party in connection with any hazardous material releases or threatened releases. These laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, impose liability without regard to whether the owner knew of or caused the presence of the hazardous substances, and courts have interpreted liability under such laws to be strict (without fault) and joint and several. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. The Company has not been named as a potentially responsible party with respect to any off-site waste disposal matter.

Liabilities associated with closure, post-closure care and monitoring of the ash ponds owned and operated on site at the Big Cajun II Generating Station are addressed through the use of a trust fund maintained by the Company. The value of the trust fund is approximately $4.9 million at March 31, 2005.

The Louisiana Department of Environmental Quality, or LADEQ, has promulgated State Implementation Plan revisions to bring the Baton Rouge ozone nonattainment area into compliance with applicable National Ambient Air Quality Standards. The Company participated in development of the revisions, which require the reduction of NO(x) emissions at the gas-fired Big Cajun I Power Station and coal-fired Big Cajun II Power Station to 0.1 pounds NO(x) per million Btu heat input and 0.21 pounds NO(x) per million Btu heat input, respectively. This revision of the Louisiana air rules would constitute a change-in-law covered by agreement between the Company and the electric cooperatives (power offtakers) allowing the costs of added combustion controls to be passed through to the cooperatives. The capital cost of combustion controls required at the Big Cajun II Generating Station to meet the state's NOx regulations will total about $10.0 million each for Units 1 & 2. Unit 3 has already made such changes.

Legal Issues

U.S. Environmental Protection Agency Request for Information under Section 114 of the Clean Air Act and Notice of Violation

On January 27, 2004, Louisiana Generating, LLC and Big Cajun II received a request for information under Section 114 of the federal Clean Air Act from the USEPA Region 6 seeking information primarily relating to physical changes made at Big Cajun II. Louisiana Generating, LLC and Big Cajun II submitted several responses to the USEPA in response to follow-up requests. On February 15, 2005, Louisiana Generating, LLC received a Notice of Violation, or NOV, alleging violations of the New Source Review provisions of the Clean Air Act at Big Cajun II Units 1 and 2 from 1998 through the NOV date. On April 7, 2005 we met with USEPA and the Department of Justice to discuss the NOV. Given the preliminary stage of this NOV process, the Company cannot predict the outcome of the matter at this time.

In the Matter of Louisiana Generating, LLC, Adversary Proceeding No. 2002-1095 1-EQ on the Docket of the Louisiana Division of Administrative Law

During 2000, the Louisiana Department of Environmental Quality, or DEQ, issued a Part 70 Air Permit modification to the Company to construct and operate two 120 MW natural gas-fired turbines. The Part 70 Air Permit set emissions limits for the criteria air pollutants, including NOx, based on the application of Best Available Control Technology, or BACT. The BACT limitation for NOx was based on the guarantees of the manufacturer, Siemens-Westinghouse. The Company sought an interim emissions limit to allow Siemens-Westinghouse time to install additional control equipment. To establish the interim limit, DEQ issued a Compliance Order and Notice of Potential Penalty on September 8, 2002, which is, in part, subject to the referenced administrative hearing. DEQ alleged violations related to NOx emissions. The Company denied those allegations and will contest any future penalty assessment, while also seeking an amendment of its limit for NOx. Quarterly status reports are being submitted to an Administrative Law Judge. In late February 2004, the Company timely submitted to the DEQ an amended BACT analysis and an amended Prevention of Significant Deterioration and Title V permit application to amend the NOx limit, which application is pending. The Company may also assert breach of warranty claims against the manufacturer.

Travis Ballou, et. al. v. Ralph Mabey, et. al., No. 03-30343 in the United States Court of Appeals for the Fifth Circuit
Kenneth Austin, et.al v. Ralph Mabey, et. al., No. 00-728-D-1 in the United States District Court for the Middle District of Louisiana

Two lawsuits against the Company are pending in Federal Court involving 39 former employees of Cajun Electric Power Cooperative, Inc. who claim age/race/sex discrimination in failure to hire by the Company. One lawsuit, which included four plaintiffs, was dismissed on summary judgment. The District Court's summary judgment ruling was affirmed by the U.S. Court of Appeals for the Fifth Circuit on February 10, 2005. On May 9, 2005, the District Court granted six additional motions for summary judgment. In the remaining lawsuit involving 35 plaintiffs, the District Court has now granted the Company's Motions for Summary Judgment pertaining to nineteen plaintiffs, denied the Company's Motions for Summary Judgment pertaining to four plaintiffs and is still considering the Company's Motions for Summary Judgment pertaining to the remaining twelve plaintiffs.

BNSF Railway Company v. Louisiana Generating LLC, Case No. 531992, 19thJudicial District Court, Parish of East Baton Rouge (filed May 6, 2005)

This lawsuit alleges breach of the coal transportation contract that expired on March 31, 2005. Specifically, the plaintiff alleges the shipment of coal via another carrier in 2004 and the failure to tender a minimum amount of coal during 2003, and further alleges that both actions constituted a breach of the contract. An accrual has been established.

The Company believes that it has valid defenses to the legal proceedings and investigations described above and intends to defend them vigorously. However, litigation is inherently subject to many uncertainties. There can be no assurance that additional litigation will not be filed against the Company or its subsidiaries in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. Unless specified above, the Company is unable to predict the outcome these legal proceedings and investigations may have or reasonably estimate the scope or amount of any associated costs and potential liabilities. An unfavorable outcome in one of more of these proceedings could have a material impact on the Company's financial position, results of operations or cash flows.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," and related guidance, the Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable. Management has assessed each of these matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

Note 5 — Regulatory Issues

The Company's assets are located within the franchise territory of Entergy Corporation, or Entergy, a vertically integrated utility. The utility performs the scheduling, reserve and reliability functions that are administered by the Independent System Operators, or ISOs, or Regional Transmission Organizations, or RTOs, in certain other regions of the United States. The Company operates a National Electric Reliability Council, or NERC, certified control areas within the Entergy franchise territory, which is comprised of the Company's generating assets and its co-op customer loads. Although the reliability functions performed are essentially the same, the primary differences between these markets lie principally in the physical delivery and price discovery mechanisms. In the South Central region, all power sales and purchases are consummated bilaterally between individual counter-parties, and physically delivered either within or across the physical control areas of the transmission owners from the source generator to the sink load. Transacting counter-parties are required to reserve and purchase transmission services from the intervening transmission owners at their Federal Energy Regulatory Commission, or FERC, approved tariff rates. Included with these transmission services are the reserve and ancillary costs. Energy prices in the South Central region are determining and agreed to in bilateral negotiations between representatives of the transacting counter-parties, using market information gleaned by the individual marketing agents arranging the transactions.

In the South Central region, including Entergy's franchise territory, the present energy market is not a centralized market and does not have an ISO or RTO as is found in the Northeast markets. The Company presently has long-term all requirements contracts with 11 Louisiana Distribution Cooperatives, and long-term contracts with the Municipal Energy Agency of Mississippi, South Mississippi Electric Power Association and Southwestern Electric Power Company. The Distribution Cooperatives serve approximately 300,000 to 350,000 retail customers.

On March 31, 2004, Entergy filed with FERC a proposal to have an independent coordinator of transmission, or ICT, monitor Entergy's operation of its transmission system, to review the pricing structure for transmission expansion and to oversee a proposed weekly procurement process by which Entergy and other load serving entities could purchase energy. On March 22, 2005, FERC approved the ICT proposal for a two year period, subject to certain conditions. On May 27, 2005 it is expected that Entergy will file its detailed ICT proposal with FERC. On December 17, 2004, FERC ordered that an investigation and evidentiary hearing be held on the issue of whether Entergy is providing access to its transmission system in a just and reasonable manner. On March 22, 2005, FEEC suspended the hearing.

Note 6 — Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45, or FIN No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*". In connection with the adoption of Fresh Start, all outstanding guarantees were considered new; accordingly, the Company applied the provisions of FIN 45 to all of the guarantees.

The obligations described below update, and should be read in conjunction with, the complete descriptions under "Note 19 — Guarantees" in NRG South Central LLC's annual financial statement for the year ended December 31, 2004.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the following subsidiaries were reduced from $1,725.0 million to $1,350.0 million.

Subsidiary
NRG South Central LLC (Direct)
Louisiana Generating LLC (Indirect)
NRG New Roads Holding LLC (Indirect)
NRG Bayou Cove LLC (Indirect)
Big Cajun II Unit 4 LLC (Indirect)

Note 7 — Income Taxes

The Company is included in the consolidated tax return filings as a wholly owned subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as of the earliest period presented, as if the Company had prepared separate filings. The Company's parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries and prior to January 1, 2003, income taxes were not recorded or allocated to non tax paying entities or entities such as the Company which are treated as disregarded entities for tax purposes. Because the Company is not a party to a tax sharing agreement, current tax expense (benefit) is recorded as a capital contribution from (distribution to) the Company's parent.

Management believes that it is more likely than not that no benefit will be realized on a substantial portion of the Company's deferred tax assets. This assessment included consideration of positive and negative evidence, including the Company's current financial position and results of current operations, projected future taxable income, including projected operating and capital gains and our available tax planning strategies. Therefore, a valuation allowance of $211.2 million was recorded against the net deferred tax assets, including net operating loss carryforwards.

Subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of March 31, 2005, will be allocated to intangible assets.

In the first quarter of 2005, the Company utilized $23.6 million of U.S. net operating losses carryforward of $397.4 million which will expire by 2023 if unutilized. There is a net carryforward amount of $373.8 million available at March 31, 2005.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% as follows:

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	Rate	Amount	Rate
	(In thousands)			
Income before taxes	$ 15,693		$ 11,379	
Tax at 35%	5,493	35.0%	3,983	35.0%
State taxes (net of federal benefit)	816	5.2%	592	5.2%
Other	4	0.0%	3	0.0%
Income tax expense	$ 6,313	40.2%	$ 4,578	40.2%

Note 8 — Related Party Transactions

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $1.6 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general and administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

At March 31, 2005 and December 31, 2004, the Company had an accounts payable affiliate balance of $10.4 and $17.0 million, respectively. These balances are settled on a periodic basis and are due from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of South Central Generating LLC.

EXHIBIT 99.3

LOUISIANA GENERATING LLC

Unaudited Consolidated Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

LOUISIANA GENERATING LLC

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LOUISIANA GENERATING LLC

BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(In thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 29,624	$ 19,861
Accounts receivable, net of allowance for doubtful accounts of $13 and $13, respectively	37,114	40,231
Inventory	28,402	32,819
Prepayments and other current assets	5,862	7,130
Total current assets	101,002	100,041
Property, Plant and Equipment		
In service	893,285	893,847
Under construction	9,349	2,143
Total property, plant and equipment	902,634	895,990
Less accumulated depreciation	(75,840)	(61,933)
Net property, plant and equipment	826,794	834,057
Other Assets		
Decommissioning fund investments	4,894	4,954
Intangible assets, net of amortization of $16,816 and $13,752, respectively	67,584	77,581
Other assets	871	871
Total Assets	$1,001,145	$ 1,017,504
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	12,899	5,835
Accounts payable — affiliates	13,260	15,697
Other current liabilities	14,514	17,984
Total current liabilities	40,673	39,516
Other Liabilities		
Out of market contracts	343,472	351,649
Other long-term obligations	3,639	3,282
Total non-current liabilities	347,111	354,931
Total liabilities	387,784	394,447
Member's Equity	613,361	623,057
Total liabilities and member's equity	$1,001,145	$ 1,017,504

The accompanying notes are an integral part of these financial statements.

LOUISIANA GENERATING LLC

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Operating Revenues		
Revenues	$ 120,436	$ 98,421
Operating Costs and Expenses		
Operating costs	86,435	64,311
Depreciation and amortization	14,449	16,148
General and administrative expenses	2,283	3,921
Reorganization items	—	669
Restructuring charges	10	—
Total operating costs and expenses	103,177	85,049
Operating Income	17,259	13,372
Other income (expense), net		
Other income (expense), net	(21)	21
Total other income (expense), net	(21)	21
Income From Continuing Operations Before Income Taxes	17,238	13,393
Income tax expense	6,934	5,387
Net Income	$ 10,304	$ 8,006

The accompanying notes are an integral part of these financial statements.

LOUISIANA GENERATING LLC

STATEMENTS OF MEMBER'S EQUITY

	Member's Units	Amount	Member's Net Income Distributions	Accumulated Member's (Loss)	Total Equity
			(In thousands except units)		
Balances at December 31, 2003 (audited)	1,000	$ 1	$ 649,622	$ 456	$650,079
Net income and comprehensive income	—	—	—	8,006	8,006
Balances at March 31, 2004 (unaudited)	1,000	$ 1	$ 649,622	$ 8,462	$658,085
Balances at December 31, 2004 (audited)	1,000	$ 1	$ 623,056	$ —	$623,057
Net income and comprehensive income	—	—	—	10,304	10,304
Distribution to member	—	—	(20,000)	—	(20,000)
Balances at March 31, 2005 (unaudited)	1,000	$ 1	$ 603,056	$ 10,304	$613,361

The accompanying notes are an integral part of these financial statements.

LOUISIANA GENERATING LLC

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Cash flows from operating activities		
Net income	$ 10,304	$ 8,006
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and Amortization	14,449	16,148
Deferred income taxes	6,934	5,387
Amortization of intangible	3,064	3,354
Amortization of out-of-market contracts	(8,177)	(8,537)
Changes in assets and liabilities		
Accounts receivable	3,117	5,763
Inventory	4,417	1,629
Prepayments and other current assets	1,268	643
Accounts payable	7,064	4,022
Accounts payable — affiliates	(2,438)	12,397
Other current assets and liabilities	(3,053)	10,110
Net cash provided by operating activities	36,949	58,922
Cash flows from investing activities		
Capital expenditures	(7,186)	(22,309)
Decrease in notes receivable	—	584
Decrease in restricted cash	—	99
Net cash used in investing activities	(7,186)	(21,626)
Cash flows from financing activities		
Distribution to member	(20,000)	—
Net cash used in financing activities	(20,000)	—
Net change in cash and cash equivalents	9,763	37,296
Cash and cash equivalents		
Beginning of period	19,861	4,612
End of period	$ 29,624	$ 41,908

The accompanying notes are an integral part of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

Louisiana Generating LLC, or Louisiana Generating or the Company; is an indirect wholly owned subsidiary of NRG Energy, Inc., or NRG Energy. NRG South Central LLC, or South Central; owns 100% of the Company.

NRG South Central was formed for the purpose of financing, acquiring, owning, operating and maintaining through its subsidiaries and affiliates the facilities owned by Louisiana Generating and any other facilities that it or its subsidiaries may acquire in the future.

The Company was formed for the purpose of acquiring, owning, operating and maintaining the electric generating facilities acquired from Cajun Electric Power Cooperative, Inc., or Cajun Electric. Pursuant to a competitive bidding process, as part of the Chapter 11 bankruptcy proceeding of Cajun Electric, Louisiana Generating acquired the non-nuclear electric power generating assets of Cajun Electric.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 to the Company's annual financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures in the annual financial statements. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our financial position as of March 31, 2005, the results of our operations and member's equity for the three months ended March 31, 2005 and 2004, and our cash flows for the three months ended March 31, 2005 and 2004. Certain prior year amounts have been reclassified for comparative purposes.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Accounting for Derivative Instruments and Hedging Activity

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to South Central, the Company's parent, long-term power sales contracts, long-term gas purchase contracts and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. However, the Company does enter into long-term contracts that are exempt from SFAS No. 133. Derivative activities are conducted by an affiliate of South Central and are not recorded by the Company.

Note 4 — Commitments and Contingencies

Contractual Commitments

Power Supply Agreements with the Distribution Cooperatives

During March 2000, the Company entered into certain power supply agreements with eleven distribution cooperatives to provide energy, capacity and transmission services. The agreements are standardized into three types, Form A, B, and C. In connection with push down accounting resulting from NRG Energy's fresh start accounting, certain of the Company's long-term power supply agreements were determined to be at above or below market rates. As a result, the Company valued these agreements and recognized the fair value of such contracts on the December 6, 2003 balance sheet. The fair value of these contracts that were deemed to be valuable has been included in intangible assets. The fair value of contracts determined to be significantly out-of-market were recorded as non-current liabilities. The favorable and unfavorable contract valuation amounts will be amortized as a net increase to revenues over the terms and conditions of each contract. These contracts consist primarily of the long-term power sale agreements the Company has with its cooperative customers and certain others. The gross carrying amount of the unfavorable out-of-market power sales agreements at March 31, 2005 and December 31, 2004 was $390.5 million and $390.5 million, respectively. During the three months ended March 31, 2005 and 2004, approximately $8.2 million and $3.0 million, respectively, was amortized as an increase to revenues.

Form A Agreements

Six of the distribution cooperatives entered into Form A power supply agreements. The Form A agreement is an all-requirements power supply agreement which has an initial term of 25 years, commencing on March 31, 2000. After the initial term, the agreement continues on a year-to-year basis, unless terminated by either party giving five years advance notice.

Under the Form A power supply agreement, the Company is obligated to supply the distribution cooperative all of the energy and capacity required by the distribution cooperative for service to its retail customers although the distribution cooperative has certain limited rights under which it can purchase energy and capacity from third parties.

The Company must contract for all transmission service required to serve the distribution cooperative and will pass through the costs of transmission service to the cooperative. The Company is required to supply at its cost, without pass through, control area services and ancillary services which transmission providers are not required to provide.

The distribution cooperatives have an option to choose one of two fuel options; all six selected the first option which is a fixed fee through 2004 and determined using a formula which is based on gas prices and the cost of delivered coal for the period thereafter. At the end of the fifteenth year of the contract, the cooperatives may switch to the second fuel option. The second fuel option consists of a pass-through of fuel costs, with a guaranteed coal heat rate and purchased energy costs, excluding the demand component in purchased power. From time to time, the Company may offer fixed fuel rates which the cooperative may elect to utilize. The variable operation and maintenance charge is fixed through 2004 and escalates at either approximately 3% per annum or in accordance with actual changes in specified indices as selected by the distribution cooperative. Five of the distribution cooperatives elected the fixed escalation provision and one elected the specified indices provision.

Form B Agreements

One distribution cooperative selected the Form B Power Supply Agreement. The term of the Form B power supply agreement commences on March 31, 2000, and ends on December 31, 2024. The Form B power supply agreement allows the distribution cooperative the right to elect to limit its purchase obligations to “base supply” or also to purchase “supplemental supply.” Base supply is the distribution cooperative’s ratable share of the generating capacity purchased by the Company from Cajun Electric. Supplemental supply is the cooperative’s requirements in excess of the base supply amount. The distribution cooperative, which selected the Form B agreement, also elected to purchase supplemental supply.

For base supply, the Company charges the distribution cooperative a demand charge, an energy charge and a fuel charge. The demand charge for each contract year is set forth in the agreement and is subject to increase for environmental legislation or occupational safety and health laws enacted after the effective date of the agreement. The Company can increase the demand charge to the extent its cost of providing supplemental supply exceeds $400/MW. The energy charge is fixed through 2004, and decreased slightly for the remainder of the contract term. The fuel charge is a pass-through of fuel and purchased energy costs. The distribution cooperative may elect to be charged based on a guaranteed coal-fired heat rate of 10,600 Btu/kWh, and it may also select fixed fuel factors as set forth in the agreement for each year through 2008. The one distribution cooperative which selected this form of agreement elected to utilize the fixed fuel factors. For the years after 2008, the Company will offer additional fixed fuel factors for five-year periods that may be elected. For the years after 2008, the distribution cooperative may also elect to have its charges computed under the pass-through provisions with or without the guaranteed coal-fired heat rate.

At the beginning of year six, the Company will establish a rate fund equal to the ratable share of $18 million. The amount of the fund will be approximately $720,000. This fund will be used to offset the energy costs of the Form B distribution cooperatives which elected the fuel pass-through provision of the fuel charge, to the extent the cost of power exceeds $0.04/kWh. Any funds remaining at the end of the term of the power supply agreement will be returned to the Company.

Form C Agreements

Four distribution cooperatives selected the Form C power supply agreement. The Form C power supply agreement is identical to the Form A power supply agreement, except for the following.

The term of the Form C power supply agreement was for four years following the closing date of the acquisition of the Cajun facilities. In October 2003, the Louisiana Public Service Commission approved contract extensions for all four Form C distribution cooperatives for terms of an additional five or ten years.

The Company will not offer the distribution cooperatives which select the Form C agreement any new incentive rates, but will continue to honor existing incentive rates. At the end of the term of the agreement, the distribution cooperative is obligated to purchase the specific delivery facilities for a purchase price equal to the depreciated book value.

Other Power Supply Agreements

The Company assumed Cajun Electric’s rights and obligations under two consecutive long-term power supply agreements with South Western Electric Power Company, or SWEPCO, one agreement with South Mississippi Electric Power Association, or SMEPA, and one agreement with Municipal Energy Agency of Mississippi, or MEAM.

The SWEPCO Operating Reserves and Off-Peak Power Sale Agreement, terminates on December 31, 2007. The agreement requires the Company to supply 100 MW of off-peak energy during certain hours of the day to a maximum of 292,000 MWh per year and an additional 100 MW of operating reserve capacity and the associated energy within ten minutes of a phone request during certain hours to a maximum of 43,800 MWh of operating reserve energy per year. The obligation to purchase the 100 MW of off-peak energy is contingent on the Company's ability to deliver operating reserve capacity and energy associated with operating reserve capacity. At the Company's request, it will supply up to 100 MW of nonfirm, on peak capacity and associated energy.

The SWEPCO Operating Reserves Capacity and Energy Power Sale Agreement is effective January 1, 2008 through December 31, 2026. The agreement requires the Company to provide 50 MW of operating reserve capacity within ten minutes of a phone request. In addition, SWEPCO is granted the right to purchase up to 21,900 MWh/year of operating reserve energy.

The SMEPA Unit Power Sale Agreement is effective through May 31, 2009, unless terminated following certain regulatory changes, changes in fuel costs or destruction of the Cajun facilities. The agreement requires the Company to provide 75 MW of capacity and the associated energy from Big Cajun II, Unit 1 and an option for SMEPA to purchase additional capacity and associated energy if the Company determines that it is available, in 10 MW increments, up to a total of 200 MW. SMEPA is required to schedule a minimum of 25 MW plus 37% of any additional capacity that is purchased. The capacity charge was fixed through May 31, 2004, and increases for the period from June 1, 2004 to May 31, 2009, including transmission costs to the delivery point and any escalation of expenses. The energy charge is 110% of the incremental fuel cost for Big Cajun II, Unit 1.

The MEAM Power Sale Agreement is effective through May 31, 2010, with an option for MEAM to extend through September 30, 2015, upon five years advance notice. The agreement requires the Company to provide 20 MW of firm capacity and associated energy with an option for MEAM to increase the capacity purchased to a total of 30 MW upon five years advance notice. The capacity charge is fixed. The operation and maintenance charge is a fixed amount which escalates at 3.5% per year. There is a transmission charge which varies depending upon the delivery point. The price for energy associated with the firm capacity is 110% of the incremental generating cost to the Company and is adjusted to include transmission losses to the delivery point.

Coal Supply Agreements

The Company has a coal supply agreement with Triton Coal. The coal is primarily sourced from Triton Coal's Buckskin and North Rochelle mines located in the Powder River Basin, Wyoming. In December 2004, the Company extended the coal purchase contract though 2007. The agreement establishes a base price per ton for coal supplied by Triton Coal. The base price is subject to adjustment for changes in the level of taxes or other government fees and charges, variations in the caloric value and sulfur content of the coal shipped, and changes in the price of SO2 emission allowances. The base price is based on certain annual weighted average quality specifications, subject to suspension and rejection limits.

In March 2005, NRG Energy entered into an agreement to purchase 23.75 million tons of coal over a period of four years and nine months from Buckskin Mining Company (Buckskin). The coal will be sourced from Buckskin's mine in the Powder River Basin, Wyoming, and will be used primarily in NRG Energy's coal-burning generation plants in the South Central region.

Coal Transportation Agreement

The Company's previous coal transportation agreement with DTE Energy expired March 31, 2005. Total payments under this agreement in 2005 are expected to be $1.5 million. The Company has entered into a new coal transportation agreement with Burlington Northern and Santa Fe Railway and an affiliate of ACT for a term of ten years, from April 1, 2005 through March 31, 2015. This agreement provides for the transportation of all of the coal requirements of Big Cajun II from the mines in Wyoming to Big Cajun II. A related agreement between the Company and ACT grants the Company the option to require ACT to perform the harbor operations related to the unloading of coal at Big Cajun II. The Company has given notice to ACT that it will exercise the option and the transition of harbor services operations to ACT is scheduled for April 1, 2005.

Transmission and Interconnection Agreements

The Company assumed Cajun Electric's existing transmission agreements with Central Louisiana Electric Company, SWEPCO; and Entergy Services, Inc., acting as agent for Entergy Arkansas, Inc., Entergy Gulf States, Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. The Company also entered into two interconnection and operating agreements with Entergy Gulf States, Inc. on May 1, 2002 and one interconnection and operating agreement with Entergy Gulf States, Inc. on August

26, 2004. The Cajun facilities are connected to the transmission system of Entergy Gulf States, Inc. and power is delivered to the distribution cooperative at various delivery points on the transmission systems of Entergy Gulf States, Inc., Entergy Louisiana Inc., Central Louisiana Electric Company and SWEPCO. Louisiana Generating also assumed from Cajun Electric 20 interchange and sales agreements with utilities and cooperatives, providing access to a 12 state area.

Environmental Matters

The construction and operation of power projects are subject to stringent environmental and safety protection and land use laws and regulation in the United States. These laws and regulations generally require lengthy and complex processes to obtain licenses, permits and approvals from federal, state and local agencies. If such laws and regulations become more stringent and the Company's facilities are not exempted from coverage, the Company could be required to make extensive modifications to further reduce potential environmental impacts. Also, the Company could be held responsible under environmental and safety laws for the cleanup of pollutants released at its facilities or at off-site locations where it may have sent wastes, even if the release or off-site disposal was conducted in compliance with the law.

The Company strives to at least meet the standards of compliance with applicable environmental and safety regulations. Nonetheless, the Company expects that future liability under or compliance with environmental and safety requirements could have a material effect on its operations or competitive position. It is not possible at this time to determine when or to what extent additional facilities or modifications of existing or planned facilities will be required as a result of possible changes to environmental and safety regulations, regulatory interpretations or enforcement policies. In general, future laws and regulations are expected to require the addition of emission control equipment or the imposition of restrictions on the Company's operations.

The Company establishes accruals where it is probable that it will incur environmental costs under applicable law or contracts and it is possible to reasonably estimate these costs. The Company adjusts the accruals when new remediation or other environmental liability responsibilities are discovered and probable costs become estimable, or when current liability estimates are adjusted to reflect new information or a change in the law.

Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products located at the facility. We may also be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and remediation costs incurred by the party in connection with any hazardous material releases or threatened releases. These laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, impose liability without regard to whether the owner knew of or caused the presence of the hazardous substances, and courts have interpreted liability under such laws to be strict (without fault) and joint and several. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. The Company has not been named as a potentially responsible party with respect to any off-site waste disposal matter.

Liabilities associated with closure, post-closure care and monitoring of the ash ponds owned and operated on site at the Big Cajun II Generating Station are addressed through the use of a trust fund maintained by the Company. The value of the trust fund is approximately $4.9 million at March 31, 2005.

The Louisiana Department of Environmental Quality, or LADEQ, has promulgated State Implementation Plan revisions to bring the Baton Rouge ozone nonattainment area into compliance with applicable National Ambient Air Quality Standards. The Company participated in development of the revisions, which require the reduction of NO(x) emissions at the gas-fired Big Cajun I Power Station and coal-fired Big Cajun II Power Station to 0.1 pounds NO(x) per million Btu heat input and 0.21 pounds NO(x) per million Btu heat input, respectively. This revision of the Louisiana air rules would constitute a change-in-law covered by agreement between the Company and the electric cooperatives (power offtakers) allowing the costs of added combustion controls to be passed through to the cooperatives. The capital cost of combustion controls required at the Big Cajun II Generating Station to meet the state's NOx regulations will total about $10.0 million each for Units 1 & 2. Unit 3 has already made such changes.

Legal Issues

U.S. Environmental Protection Agency Request for Information under Section 114 of the Clean Air Act and Notice of Violation

On January 27, 2004, Louisiana Generating, LLC and Big Cajun II received a request for information under Section 114 of the federal Clean Air Act from the USEPA Region 6 seeking information primarily relating to physical changes made at Big Cajun II. Louisiana

Generating, LLC and Big Cajun II submitted several responses to the USEPA in response to follow-up requests. On February 15, 2005, Louisiana Generating, LLC received a Notice of Violation, or NOV, alleging violations of the New Source Review provisions of the Clean Air Act at Big Cajun II Units 1 and 2 from 1998 through the NOV date. On April 7, 2005, we met with USEPA and the Department of Justice to discuss the NOV. Given the preliminary stage of this NOV process, the Company cannot predict the outcome of the matter at this time.

In the Matter of Louisiana Generating, LLC, Adversary Proceeding No. 2002-1095 1-EQ on the Docket of the Louisiana Division of Administrative Law

During 2000, the Louisiana Department of Environmental Quality, or DEQ, issued a Part 70 Air Permit modification to the Company to construct and operate two 120 MW natural gas-fired turbines. The Part 70 Air Permit set emissions limits for the criteria air pollutants, including NOx, based on the application of Best Available Control Technology, or BACT. The BACT limitation for NOx was based on the guarantees of the manufacturer, Siemens-Westinghouse. The Company sought an interim emissions limit to allow Siemens-Westinghouse time to install additional control equipment. To establish the interim limit, DEQ issued a Compliance Order and Notice of Potential Penalty on September 8, 2002, which is, in part, subject to the referenced administrative hearing. DEQ alleged violations related to NOx emissions. The Company denied those allegations and will contest any future penalty assessment, while also seeking an amendment of its limit for NOx. Quarterly status reports are being submitted to an Administrative Law Judge. In late February 2004, the Company timely submitted to the DEQ an amended BACT analysis and an amended Prevention of Significant Deterioration and Title V permit application to amend the NOx limit, which application is pending. The Company may also assert breach of warranty claims against the manufacturer.

Travis Ballou, et. al. v. Ralph Mabey, et. al., No. 03-30343 in the United States Court of Appeals for the Fifth Circuit
Kenneth Austin, et.al v. Ralph Mabey, et. al., No. 00-728-D-1 in the United States District Court for the Middle District of Louisiana

Two lawsuits against the Company are pending in Federal Court involving 39 former employees of Cajun Electric Power Cooperative, Inc. who claim age/race/sex discrimination in failure to hire by the Company. One lawsuit, which included four plaintiffs, was dismissed on summary judgment. The District Court's summary judgment ruling was affirmed by the U.S. Court of Appeals for the Fifth Circuit on February 10, 2005. On May 9, 2005, the District Court granted six additional motions for summary judgment. In the remaining lawsuit involving 35 plaintiffs, the District Court has now granted the Company's Motions for Summary Judgment pertaining to nineteen plaintiffs, denied the Company's Motions for Summary Judgment pertaining to four plaintiffs and is still considering the Company's Motions for Summary Judgment pertaining to the remaining twelve plaintiffs.

BNSF Railway Company v. Louisiana Generating LLC, Case No. 531992, 19th Judicial District Court, Parish of East Baton Rouge (filed May 6, 2005)

This lawsuit alleges breach of the coal transportation contract that expired on March 31, 2005. Specifically, the plaintiff alleges the shipment of coal via another carrier in 2004 and the failure to tender a minimum amount of coal during 2003, and further alleges that both actions constituted a breach of the contract. An accrual has been established.

The Company believes that it has valid defenses to the legal proceedings and investigations described above and intends to defend them vigorously. However, litigation is inherently subject to many uncertainties. There can be no assurance that additional litigation will not be filed against the Company or its subsidiaries in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. Unless specified above, the Company is unable to predict the outcome these legal proceedings and investigations may have or reasonably estimate the scope or amount of any associated costs and potential liabilities. An unfavorable outcome in one of more of these proceedings could have a material impact on the Company's financial position, results of operations or cash flows.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," and related guidance, the Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable. Management has assessed each of these matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

LOUISIANA GENERATING LLC

Note 5 — Regulatory Issues

The Company's assets are located within the franchise territory of Entergy Corporation, or Entergy, a vertically integrated utility. The utility performs the scheduling, reserve and reliability functions that are administered by the Independent System Operators, or ISOs, or Regional Transmission Organizations, or RTOs, in certain other regions of the United States. The Company operates a National Electric Reliability Council, or NERC, certified control areas within the Entergy franchise territory, which is comprised of the Company's generating assets and its co-op customer loads. Although the reliability functions performed are essentially the same, the primary differences between these markets lie principally in the physical delivery and price discovery mechanisms. In the South Central region, all power sales and purchases are consummated bilaterally between individual counter-parties, and physically delivered either within or across the physical control areas of the transmission owners from the source generator to the sink load. Transacting counter-parties are required to reserve and purchase transmission services from the intervening transmission owners at their Federal Energy Regulatory Commission, or FERC, approved tariff rates. Included with these transmission services are the reserve and ancillary costs. Energy prices in the South Central region are determining and agreed to in bilateral negotiations between representatives of the transacting counter-parties, using market information gleaned by the individual marketing agents arranging the transactions.

In the South Central region, including Entergy's franchise territory, the present energy market is not a centralized market and does not have an ISO or RTO as is found in the Northeast markets. The Company presently has long-term all requirements contracts with 11 Louisiana Distribution Cooperatives, and long-term contracts with the Municipal Energy Agency of Mississippi, South Mississippi Electric Power Association and Southwestern Electric Power Company. The Distribution Cooperatives serve approximately 300,000 to 350,000 retail customers.

On March 31, 2004, Entergy filed with FERC a proposal to have an independent coordinator of transmission, or ICT, monitor Entergy's operation of its transmission system, to review the pricing structure for transmission expansion and to oversee a proposed weekly procurement process by which Entergy and other load serving entities could purchase energy. On March 22, 2005, FERC approved the ICT proposal for a two year period, subject to certain conditions. On May 27, 2005 it is expected that Entergy will file its detailed ICT proposal with FERC. On December 17, 2004, FERC ordered that an investigation and evidentiary hearing be held on the issue of whether Entergy is providing access to its transmission system in a just and reasonable manner. On March 22, 2005, FREC suspended the hearing.

Note 6 — Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45, or FIN No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*". In connection with the adoption of Fresh Start, all outstanding guarantees were considered new; accordingly, the Company applied the provisions of FIN 45 to all of the guarantees.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the Company was reduced from $1,725.0 million to $1,350.0 million.

Note 7 — Income Taxes

The Company is included in the tax return filings as a wholly owned subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as if the Company had prepared separate filings. The Company's parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries and prior to January 1, 2003, income taxes were not recorded or allocated to non tax paying entities or entities such as the Company which are treated as disregarded entities for tax purposes. Because the Company is not a party to a tax sharing agreement, current tax expense (benefit) is recorded as a capital contribution from (distribution to) the Company's parent.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of taxable income in future periods. Management considers both positive and negative evidence, projected operating income and capital gains, and available tax planning strategies in making this assessment. Based upon projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the majority of the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2005.

Subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of March 31, 2005, will be allocated to intangible assets.

In 2005, we utilized $24.5 million of U.S. net operating loss carryforward of $225.0 million. There is a net carryforward amount of $200.5 million available at March 31, 2005.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% primarily due to the appropriation of state income taxes on earnings taxed at state and local jurisdiction.

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	Rate	Amount	Rate
	(In thousands)			
Income before taxes	$ 17,238		$ 13,393	
Tax at 35%	6,033	35.0%	4,688	35.0%
State taxes (net of federal benefit)	896	5.2%	696	5.2%
Other	5	0.0%	3	0.0%
Income tax expense	$ 6,934	40.2%	$ 5,387	40.2%

Note 8 — Related Party Transactions

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $1.5 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general and administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

At March 31, 2005 and December 31, 2004, the Company had an accounts payable affiliate balance of $13.3 and $15.7 million, respectively. These balances are settled on a periodic basis and are due to or from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of South Central Generating LLC. South Central Generating LLC is the parent company of Louisiana Generating LLC.

For the three months ended March 31, 2005 and 2004, the Company recorded revenue of $3.6 million and $3.5 million, respectively, from amortization of out of market power contracts with subsidiaries of South Central Generating LLC.

For the three months ended March 31, 2005 and 2004, the Company recorded operating costs of $5.3 million and $5.2 million, respectively, for power purchases from subsidiaries of South Central Generating LLC.

EXHIBIT 99.4

MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

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NRG MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(In thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 10,164	$ 545
Accounts receivable	—	1,160
Accounts receivable — affiliates	4,727	10,055
Inventory	22,365	19,800
Derivative instruments valuation	5,554	13,946
Prepayments and other current assets	1,966	2,105
Total current assets	44,776	47,611
Property, Plant and Equipment		
In Service	575,060	570,098
Under construction	1,732	5,890
Total property, plant and equipment	576,792	575,988
Less accumulated depreciation	(34,555)	(27,765)
Net property, plant and equipment	542,237	548,223
Other Assets		
Investment in projects	1,280	1,280
Intangible assets, net of accumulated amortization of $4,690 and $3,817, respectively	59,881	60,754
Non current derivative asset	152	1,124
Other assets	6,957	6,924
Total other assets	68,270	70,082
Total Assets	$ 655,283	$ 665,916
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Current portion of capital lease	$ 17	$ 16
Accounts payable — trade	17	9
Accrued expenses	312	215
Derivative instruments valuation	37,441	2,355
Other current liabilities	95	102
Total current liabilities	37,882	2,697
Other Liabilities		
Long term capital lease	197	202
Noncurrent unrealized derivative liability	15,965	25
Noncurrent deferred income tax	25,808	47,045
Other long-term obligations	5,095	4,576
Total non-current liabilities	47,065	51,848
Total liabilities	84,947	54,545
Member's equity	570,336	611,371
Total liabilities and member's equity	$ 655,283	$ 665,916

The accompanying notes are an integral part of these consolidated financial statements.

NRG MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Operating Revenues		
Revenues	$ 30,288	$ 54,416
Operating Costs and Expenses		
Operating costs	49,323	34,468
Depreciation	6,791	6,571
General and administrative expenses	946	2,584
Income (loss) from operations	(26,772)	10,793
Interest expense	(4)	—
Other income, net	82	68
Income (loss) before income taxes	(26,694)	10,861
Income tax expense (benefit)	(10,845)	4,414
Net income (loss)	$ (15,849)	$ 6,447

The accompanying notes are an integral part of these consolidated financial statements.

NRG MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Member's Units	Member's Amount	Member's Contributions/ Distributions	Accumulated Net Income/ (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity
	(In thousands except units)					
Balances at December 31, 2003 (audited)	1,000	$ 1	$ 630,386	$ (1,473)	$ —	$628,914
Net income	—	—	—	6,447	—	6,447
Balances at March 31, 2004 (unaudited)	1,000	1	630,386	4,974	—	635,361
Balances at December 31, 2004 (audited)	1,000	$ 1	$ 609,875	$ —	$ 1,495	$611,371
Deferred unrealized loss on derivatives, net	—	—	—	—	(15,186)	(15,186)
Net loss	—	—	—	(15,849)	—	(15,849)
Comprehensive loss	—	—	—	—	—	(31,035)
Distribution to member	—	—	(10,000)	—	—	(10,000)
Balances at March 31, 2005 (unaudited)	1,000	$ 1	$ 599,875	$ (15,849)	$ (13,691)	$570,336

The accompanying notes are an integral part of these consolidated financial statements.

NRG MID ATLANTIC GENERATING LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Cash flows from operating activities		
Net income (loss)	$ (15,849)	$ 6,447
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	6,791	6,571
Amortization of intangibles	873	1,356
Loss on disposal of assets	14	—
Unrealized (gain) loss on derivatives	34,812	(219)
Deferred income taxes	(10,845)	4,414
Changes in assets and liabilities		
Accounts receivable	1,160	—
Accounts receivable — affiliates	5,328	5,155
Inventory	(2,565)	888
Prepayments and other current assets	139	522
Other assets	(33)	(15)
Accounts payable — trade	8	(27)
Accounts payable — affiliates	—	2,376
Other long term liabilities	519	68
Accrued liabilities	97	45
Other assets and liabilities	(7)	29
Net cash provided by operating activities	20,442	27,610
Cash flows from investing activities		
Capital expenditures	(819)	(452)
Net cash used in investing activities	(819)	(452)
Cash flows from financing activities		
Payments on long-term borrowings and capital leases	(4)	5,320
Distribution to member	(10,000)	—
Net cash (used in) provided by financing activities	(10,004)	5,320
Net change in cash and cash equivalents	9,619	32,478
Cash and cash equivalents		
Beginning of period	545	77
End of period	$ 10,164	$ 32,555

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

NRG Mid Atlantic Generating LLC, or the Company, a wholly owned subsidiary of NRG Energy, Inc., or NRG Energy, owns electric power generation plants in the mid-atlantic region of the United States. The Company was formed in May, 2000 for the purpose of financing, acquiring, owning, operating and maintaining, through its subsidiaries the power generation facilities owned by Indian River Power LLC, or Indian River, Vienna Power LLC, or Vienna, Keystone Power LLC, or Keystone and Conemaugh Power LLC, or Conemaugh.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 in our financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with those financial statements. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our consolidated financial position as of March 31, 2005, the results of our operations, cash flows and member's equity for the three months ended March 31, 2005 and March 31, 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Derivative Instruments and Hedging Activity

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to the Company's power sales contracts, oil contracts, long-term gas purchase agreements and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. At March 31, 2005, the Company had various commodity contracts extending through December 2006.

Energy and Energy Related Commodities

The Company is exposed to commodity price variability in electricity, emission allowances, and coal, gas, and oil used to meet fuel requirements. In order to manage these commodity price risks, NRG Power Marketing may enter into transactions for physical delivery of particular commodities for a specific period. Financial instruments are used to hedge physical deliveries, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

During the three months ended March 31, 2005 and March 31, 2004, any gain or loss the Company recognized due to ineffectiveness of commodity cash flow hedges was immaterial to the financial results.

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS No. 133, as amended, on the Company's other comprehensive income balance attributable to hedged derivatives for the three months ended March 31, 2005 and March 31, 2004:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Energy Commodities Gains (Losses)		
Beginning accumulated OCI balance	$ 1,495	$ —
Unwound from OCI during period due to unwinding of previously deferred amounts	(2,250)	—
Mark to market of hedge contracts	(23,328)	—
Current year tax effect	10,392	—
Ending accumulated OCI balance	$ (13,691)	$ —
Losses expected to unwind from OCI during next 12 months	$ (10,289)	

During the three months ended March 31, 2005, the Company reclassified gains of approximately $2.3 million from OCI to current period earnings. This amount is recorded on the same line in the statement of operations in which the hedged item is recorded. Also during the three months ended March 31, 2005 the Company recorded losses in OCI of approximately $23.3 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 at March 31, 2005 was a loss of approximately $13.7 million.

Statement of Operations

The following table summarizes the pre-tax effects of non-hedge derivatives and derivatives that no longer qualify as hedges on the Company's statement of operations for the three months ended March 31, 2005 and March 31, 2004, respectively:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Energy Commodities Gains		
Revenues	$ (34,900)	$ 219
Operating costs	(87)	—
Total statement of operations impact before tax	$ (34,813)	$ 219

During the three months ended March 31, 2005 and 2004, our pre-tax earnings were affected by unrealized losses of approximately $34.8 million and unrealized gains of approximately $0.2 million, respectively, associated with changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Note 4 — Commitments and Contingencies

Environmental Matters

The Company's subsidiary, Indian River, is responsible for the costs associated with closure, post-closure care and monitoring of the ash landfill owned and operated by the Company on the site of the Indian River Generating Station. No material liabilities outside such costs are expected. In accordance with certain regulations established by the Delaware Department of Natural Resources and Environmental Control, the Company has established a fully funded trust fund to provide for financial assurance for the closure and post-closure related costs in the amount of $6.8 million. The amounts contained in this fund will be dispersed as authorized by the Delaware Department of Natural Resources and Environmental Control. This amount is recorded in other noncurrent assets on the consolidated balance sheets.

The Company estimates that it will incur capital expenditures of approximately $22.2 million during the years 2005 through 2010 related to addressing certain environmental matters at the Indian River Generating Station. These matters include the expected closure of the existing ash landfill, the construction of a new ash landfill nearby, the addition of controls to reduce NOx emissions, fuel yard modifications and electrostatic precipitator refurbishments to reduce opacity

The company's subsidiary, Vienna Power, is responsible for the remediation of a small oil leak that occurred on September 4, 2001. The company has been working with the State of Maryland to define the cleanup requirements. Based on discussions to date, the Company has estimated the scope of the work to cost approximately $475,000.

Note 5 — Guarantees

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the following subsidiaries were reduced from $1,725.0 million to $1,350.0 million.

Subsidiary
NRG Mid Atlantic Generating LLC (Direct)
Indian River Power LLC (Indirect)
Vienna Power LLC (Indirect)
Keystone Power LLC (Indirect)
Conemaugh Power LLC (Indirect)

Note 6 — Regulatory Issues

On January 25, 2005, FERC issued an order approving the PJM proposal to increase the compensation for generators which are located in load pockets and are mitigated at least 80% of their running time. Specifically, when the generators would be subject to mitigation, the generator would have the option of recovering their variable costs plus $40 or a negotiated rate with PJM, based on the facility's going forward costs. If the generator declines both options, it could file for an alternative rate with FERC. The revisions to the cost capping rule could impact the revenues earned by several of the Company's facilities. In the order, FERC also substantially revised the exemption facilities built after 1996 had from the capping mitigation rule. Under the order the exemption for facilities located in original PJM territory now applies only if the facility was constructed after April 1, 1999. If construction of the facility began after September 30, 2003, the exemption would not apply.

MID ATLANTIC GENERATING LLC AND SUBSIDIARIES

Note 7 — Income Taxes

The Company is included in the consolidated tax return filings as a wholly owned indirect subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as of the earliest period presented, as if the Company had prepared separate filings. The Company's ultimate parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries and prior to January 1, 2003, income taxes were not recorded or allocated to non tax paying entities or entities such as the Company which are treated as disregarded entities for tax purposes. Because the Company is not a party to a tax sharing agreement, current tax expense (benefit) is recorded as a capital contribution from (distribution to) the Company's parent.

In assessing the realizabilty of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of taxable income in future periods. Management considers both positive and negative evidence, projected operating income and capital gains, and available tax planning strategies in making this assessment. Based upon projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

In 2005, we utilized $12.6 million of U.S. net operating losses carryforward of $72.8 million. There is a net carryforward amount of $60.2 million available at March 31, 2005 which will expire by 2023 if unutilized.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% as follows:

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	Rate	Amount	Rate
	(In thousands)			
Income (loss) before taxes	$(26,694)		$ 10,861	
Tax at 35%	(9,343)	35.0%	3,802	35.0%
State taxes (net of federal benefit)	(1,495)	5.6%	608	5.6%
Other	(7)	—%	4	—%
Income tax (benefit) expense	$(10,845)	40.6%	$ 4,414	40.6%

Note 8 — Related Party Transactions

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $1.4 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general and administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

For the three months ended March 31, 2005 and 2004, the Company recorded operating and maintenance costs billed from NRG Operating Services of $11.4 million and $9.6 million, respectively.

At March 31, 2005 and December 31, 2004, the Company had an accounts receivable affiliate balance of $4.7 and $10.1 million, respectively. These balances are settled on a periodic basis and are due to or from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of NRG Mid Atlantic Generating LLC.

EXHIBIT 99.5

INDIAN RIVER POWER LLC

Unaudited Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

INDIAN RIVER POWER LLC

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INDIAN RIVER POWER LLC

BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(In thousands)	
ASSETS		
Current assets		
Accounts receivable	$ —	$ 1,160
Accounts receivable — affiliates	14,908	6,330
Inventory	18,595	16,320
Prepayments and other current assets	1,046	1,510
Total current assets	34,549	25,320
Property, Plant and Equipment		
In service	403,101	398,356
Under construction	1,263	5,279
Total property, plant and equipment	404,364	403,635
Less accumulated depreciation	(23,188)	(18,538)
Net property, plant and equipment	381,176	385,097
Other Assets		
Intangible assets, net of accumulated amortization of $3,586 and $2,913, respectively	50,653	51,325
Other assets	6,772	6,738
Total other assets	57,425	58,063
Total Assets	$ 473,150	$ 468,480
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable — trade	$ 17	$ 4
Accrued expenses	177	125
Total current liabilities	194	129
Other Liabilities		
Deferred income tax	24,014	22,160
Other long-term obligations	4,600	4,531
Total non-current liabilities	28,614	26,691
Total Liabilities	28,808	26,820
Member's equity	444,342	441,660
Total liabilities and Member's Equity	$ 473,150	$ 468,480

The accompanying notes are an integral part of these financial statements.

INDIAN RIVER POWER LLC

STATEMENTS OF OPERATIONS
(Unaudited)

	Three months Ended March 31, 2005	Three months Ended March 31, 2004
	(In thousands)	
Operating Revenues		
Revenues	$ 52,312	$ 41,557
Operating Costs and Expenses		
Operating costs	42,409	28,366
Depreciation	4,651	4,401
General and administrative expenses	765	1,618
Income from operations	4,487	7,172
Other income, net	49	40
Income before income taxes	4,536	7,212
Income tax expense	1,854	2,947
Net income	$ 2,682	$ 4,265

The accompanying notes are an integral part of these financial statements.

INDIAN RIVER POWER LLC

STATEMENTS OF MEMBER'S EQUITY
Three Months Ended March 31, 2005 and March 31, 2004

	Member Units	Member Amount	Member Contributions/ Distributions	Accumulated Net Income (Loss)	Total Member's Equity
			(In thousands except units)		
Balances at December 31, 2003 (audited)	1,000	$ 1	$ 396,291	$ (1,562)	$394,730
Net income	—	—	—	4,265	4,265
Balances at March 31, 2004 (unaudited)	1,000	$ 1	$ 396,291	$ 2,703	$398,995
Balances at December 31, 2004 (audited)	1,000	$ 1	$ 433,134	$ 8,525	$441,660
Net income	—	—	—	2,682	2,682
Balances at March 31, 2005 (unaudited)	1,000	$ 1	$ 433,134	$ 11,207	$444,342

The accompanying notes are an integral part of these financial statements.

INDIAN RIVER POWER LLC

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Cash flows from operating activities		
Net income	$ 2,682	$ 4,265
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,651	4,401
Amortization of intangibles	672	1,112
Loss on disposal of assets	14	—
Deferred income taxes	1,854	2,947
Changes in assets and liabilities		
Accounts receivable	1,160	—
Accounts receivable — affiliates	(8,578)	—
Inventory	(2,275)	1,186
Prepayments and other current assets	464	265
Other assets	(34)	(14)
Accounts payable — trade	13	8
Accounts payable — affiliates	—	(14,095)
Accrued liabilities	52	—
Other non current liabilities	69	68
Changes in other assets and liabilities	—	5
Net cash provided by operating activities	744	148
Cash flows from investing activities		
Capital expenditures	(744)	(148)
Net cash used in investing activities	(744)	(148)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	—	—
Net change in cash and cash equivalents	—	—
Cash and cash equivalents		
Beginning of period	—	—
End of period	$ —	$ —

The accompanying notes are an integral part of these financial statements.

INDIAN RIVER POWER LLC

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

Indian River Power LLC, or the Company, is an indirect wholly owned subsidiary of NRG Energy, Inc., or NRG Energy. NRG Mid Atlantic Generating LLC, or Mid Atlantic Gen, owns 100% of the Company. Mid Atlantic Gen is a wholly owned subsidiary of NRG Energy.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 of the company's annual financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures in those financial statements. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our consolidated financial position as of March 31, 2005, the results of our operations, cash flows and member's equity for the three months ended March 31, 2005 and March 31, 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Commitments and Contingencies

Environmental Matters

Indian River Power LLC is responsible for the costs associated with closure, post-closure care and monitoring of the ash landfill owned and operated by the Company on the site of the Indian River Generating Station. No material liabilities outside such costs are expected. In accordance with certain regulations established by the Delaware Department of Natural Resources and Environmental Control, the Company has established a fully funded trust fund to provide for financial assurance for the closure and post-closure related costs in the amount of $6.8 million. The amounts contained in this fund will be dispersed as authorized by the Delaware Department of Natural Resources and Environmental Control. This amount is recorded in other noncurrent assets on the balance sheets.

The Company estimates that it will incur capital expenditures of approximately $25 million during the years 2005 through 2010 related to addressing certain environmental matters at the Indian River Generating Station. These matters include the expected closure of the existing ash landfill, the construction of a new ash landfill nearby, the addition of controls to reduce NOx emissions, fuel yard modifications and electrostatic precipitator refurbishments to reduce opacity.

Note 4 — Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45, or FIN 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*". In connection with push down accounting, all outstanding guarantees were considered new; accordingly, the Company applied the provisions of FIN 45 to all of the guarantees.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the Company was reduced from $1,725.0 million to $1,350.0 million.

Note 5 — Regulatory Issues

On January 25, 2005, FERC issued an order approving the Pennsylvania, Jersey, Maryland Interconnection, or PJM, proposal to increase the compensation for generators which are located in load pockets and are mitigated at least 80% of their running time. Specifically, when the generators would be subject to mitigation, the generator would have the option of recovering their variable costs plus $40 or a negotiated rate with PJM, based on the facility's going forward costs. If the generator declines both options, it could file for an alternative rate with FERC. The revisions to the cost capping rule could impact the revenues earned by several of the Company's facilities. In the order, FERC also substantially revised the exemption facilities built after 1996 had from the capping mitigation rule. Under the order the exemption for facilities located in original PJM territory now applies only if the facility was constructed after April 1, 1999. If construction of the facility began after September 30 2003, the exemption would not apply.

Note 6 — Income Taxes

The Company is included in the consolidated tax return filings as a wholly owned indirect subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as of the earliest period presented, as if the Company had prepared separate filings. The Company's ultimate parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries nor has it historically pushed down or allocated income taxes to non tax paying entities or entities such as the Company which are treated as disregarded entities for tax purposes. Because the Company is not a party to a tax sharing agreement, current tax expense (benefit) is recorded as a capital contribution from (distribution to) the Company's parent.

In assessing the realizeability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of taxable income in future periods. Management considers both positive and negative evidence, projected operating income and capital gains, and available tax planning strategies in making this assessment. Based upon projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

For the period ended March 31, 2005, the company utilized $7.6 million of US net operating loss carryforwards of $49.6 million. There is a net operating loss carryforward of $42.0 million available at March 31, 2005 which will expire by 2023 if unutilized.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% as follows:

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	**Rate**	**Amount**	**Rate**
	(In thousands)			
Income before taxes	$ 4,536		$ 7,212	
Tax at 35%	1,588	35.0%	2,524	35.0%
State taxes (net of federal benefit)	266	5.9%	423	5.8%
Income tax expense	$ 1,854	40.9%	$ 2,947	40.8%

Note 7 — Related Party Transactions

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $0.8 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general and administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

For the three months ended March 31, 2005 and 2004, the Company recorded operating and maintenance costs billed from NRG Operating Services of $9.5 million and $7.9 million, respectively.

At March 31, 2005 and December 31, 2004, the Company had an accounts receivable affiliate balance of $14.9 and $6.3 million, respectively. These balances are settled on a periodic basis and are due to or from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of NRG Mid Atlantic Generating LLC. NRG Mid Atlantic Generating LLC is the parent company of Indian River Power LLC.

EXHIBIT 99.6

OSWEGO HARBOR POWER LLC

Unaudited Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

OSWEGO HARBOR POWER LLC

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OSWEGO HARBOR POWER LLC

BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(In thousands)	
ASSETS		
Current assets		
Restricted cash	$ 1,417	$ 1,414
Accounts receivable — affiliates	34,311	3,155
Inventory	49,058	67,396
Derivative instruments valuation	—	2,383
Prepayments and other current assets	2,319	1,675
Current deferred income tax	828	—
Total current assets	87,933	76,023
Property, plant and equipment, net of accumulated depreciation of $14,490 and $11,678, respectively	241,202	243,888
Deferred Income Taxes	120	—
Intangible assets, net of accumulated amortization of $2,674 and $2,535, respectively	34,758	34,897
Total assets	$ 364,013	$ 354,808
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 543	$ 1,666
Other accrued liabilities	57	—
Derivative Instruments Valuation	2,077	—
Accrued station service costs	10,880	10,510
Other current liabilities	1,113	1,139
Total current liabilities	14,670	13,315
Other long-term obligations	294	287
Deferred income taxes	90,271	91,073
Total liabilities	105,235	104,675
Member's equity	258,778	250,133
Total liabilities and member's equity	$ 364,013	$ 354,808

The accompanying notes are an integral part of these financial statements.

OSWEGO HARBOR POWER LLC

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Operating Revenues		
Revenues	$ 41,802	$ 32,887
Operating Costs and Expenses		
Operating costs	26,699	22,566
Depreciation	2,812	2,864
General and administrative expenses	938	1,401
Income from operations	11,353	6,056
Other income, net	3	2
Interest expense	—	(7)
Income before income taxes	11,356	6,051
Income tax expense	4,534	2,421
Net income	$ 6,822	$ 3,630

The accompanying notes are an integral part of these financial statements.

OSWEGO HARBOR POWER LLC

STATEMENTS OF MEMBER'S EQUITY AND COMPREHENSIVE INCOME

	Member's		Member's Contributions/ Distributions	Accumulated Net Income (Loss)	Accumulated Other Comprehensive Income	Total Member's Equity (Deficit)
	Units	Amount				
			(In thousands except units)			
Balances at December 31, 2003 (audited)	1,000	$ 1	$ 227,189	$ (427)	$ —	$226,763
Deferred unrealized losses on derivatives, net	—	—	—	—	—	—
Net income	—	—	—	3,630	—	3,630
Contribution from member	—	—	2,421	—	—	2,421
Distribution to member	—	—	(1)	—	—	(1)
Balances at March 31, 2004 (unaudited)	1,000	$ 1	$ 229,609	$ 3,203	$ —	$232,813
Balances at December 31, 2004 (audited)	1,000	$ 1	$ 246,705	$ 1,987	$ 1,440	$250,133
Deferred unrealized losses on derivatives, net	—	—	—	—	(2,689)	(2,689)
Net income	—	—	—	6,822	—	6,822
Contribution from member	—	—	4,512	—	—	4,512
Balances at March 31, 2005 (unaudited)	1,000	$ 1	$ 251,217	$ 8,809	(1,249)	$258,778

The accompanying notes are an integral part of these financial statements.

OSWEGO HARBOR POWER LLC

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(In thousands)	
Cash flows from operating activities		
Net income (loss)	$ 6,822	$ 3,630
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	2,812	2,791
Amortization of intangible assets	139	682
Deferred income taxes	22	—
Current tax expense — non-cash contribution from member	4,512	2,421
Changes in assets and liabilities		
Accounts receivable— affiliates	(31,156)	(23,277)
Inventory	18,338	15,672
Prepayments and other current assets	(644)	(225)
Accounts payable – Trade	(1,011)	—
Accounts payable – Affiliate	(112)	—
Accrued station service costs and other accrued liabilities	407	802
Net cash provided by (used in) operating activities	129	2,496
Cash flows from investing activities		
Decrease/ (increase) in restricted cash	(3)	(3)
Capital expenditures	(126)	—
Net cash used in investing activities	(129)	(3)
Cash flows from financing activities		
Principal payments on notes payable-affiliate	—	(2,493)
Net cash (used in) provided by financing activities	—	(2,493)
Net change in cash and cash equivalents	—	—
Cash and cash equivalents		
Beginning of period	—	—
End of period	$ —	$ —

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

Oswego Harbor Power LLC, or the company is an indirect wholly owned subsidiary of NRG Energy, Inc., or NRG Energy. NRG Northeast Generating LLC, or NRG Northeast owns 100% of the Company. NRG Northeast is a wholly owned subsidiary of NRG Energy.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 to the Company's annual financial statements for the year ended December 31, 2004, as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly the Company's financial position as of March 31, 2005, the results of our operations and member's equity for the three months ended March 31, 2005 and 2004, and our cash flows for the three months ended March 31, 2005 and 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Restricted Cash

Restricted cash consists primarily of funds held by the Company that are restricted in their use due to contractual arrangements with the New York State Department of Taxation & Finance related to automotive fuel, petroleum business and sales tax. These funds are used to pay for current operating expenses as per the contractual restrictions.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Accounting for Derivative Instruments and Hedging Activities

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to the Company's power sales contracts, oil contracts and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. At March 31, 2005, the Company had various commodity contracts extending through February 2006.

OSWEGO HARBOR POWER LLC

Energy and Energy Related Commodities

The Company is exposed to commodity price variability in electricity, emission allowances, and oil used to meet fuel requirements. In order to manage these commodity price risks, NRG Power Marketing may enter into transactions for physical delivery of particular commodities for a specific period. Financial instruments are used to hedge physical deliveries, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

During the three months ended March 31, 2005 and March 31, 2004, any gain or loss the Company recognized due to ineffectiveness of commodity cash flow hedges was immaterial to the financial results.

The Company's earnings for the three months ended March 31, 2005 and March 31, 2004 were not impacted by changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS No. 133, as amended, on the Company's other comprehensive income balance attributable to hedged derivatives for the three months ended March 31, 2005 and March 31, 2004:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Energy Commodities Gains (Losses)		
Beginning accumulated OCI balance	$ 1,440	$ —
Unwound from OCI during period due to unwinding of previously deferred amounts	(1,440)	—
Mark to market of hedge contracts	(2,077)	—
Current year tax effect	828	—
Ending accumulated OCI balance	$ (1,249)	$ —
Gains\(Losses) expected to unwind from OCI during next 12 months	$ (1,249)	

During the three months ended March 31, 2005, the Company reclassified gains of $1.4 million from OCI to current period earnings. This amount is recorded on the same line in the statement of operations in which the hedged item is recorded. Also during the three months ended March 31, 2005, the Company recorded losses in OCI of approximately $2.1 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 at March 31, 2005 was a loss of approximately $1.2 million.

Statement of Operations

The following table summarizes the pre-tax effects of non-hedge derivatives and derivatives that no longer qualify as hedges on the Company's statement of operations for the three months ended March 31, 2005 and March 31, 2004, respectively:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Energy Commodities Gains		
Revenues	$ —	$ —
Operating costs	—	—
Total statement of operations impact before tax	$ —	$ —

Note 4 — Income Taxes

The Company is included in the consolidated tax return filings as a wholly owned indirect subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal and state tax provisions, as of the earliest period presented, as if the Company had prepared separate filings. The Company's ultimate parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries. Because the Company is not a party to a tax sharing agreement, current tax expense (benefit) is recorded as a capital contribution from (distribution to) the Company's parent.

A reconciliation of the U.S. statutory rate to our effective tax rate from continuing operations for the three months ended March 31, 2005 and March 31, 2004 are as follows:

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
Income Before Income Taxes	$ 11,356		$ 6,051	
Tax at 35%	3,975	35.0%	2,118	35.0%
State taxes	559	4.9%	303	5.0%
Income Tax Expense	$ 4,534	39.9%	$ 2,421	40.0%

Note 5 — Commitments and Contingencies

Legal Issues

The Company has been put on notice that the prior owner of Oswego Harbor Power LLC is seeking indemnification and defense in connection with several lawsuits alleging liability for damages to persons allegedly exposed to asbestos-containing materials at the plant. The prior owner alleges that the Company is liable pursuant to the terms of the April 1, 1999 Asset Sales Agreements pursuant to which the Company acquired the plant, which is disputed. To date, the prior owner has not filed suit against the Company with respect to its claim for indemnification with respect to these cases.

Niagara Mohawk Power Corporation v. Dunkirk Power LLC, NRG Dunkirk Operations, Inc., Huntley Power LLC, NRG Huntley Operations, Inc., Oswego Harbor Power LLC and NRG Oswego Operations, Inc., **Supreme Court, Erie County, Index No. 1-2000-8681 — Station Service Dispute** (filed October 2, 2000). Niagara Mohawk Power Corporation (NiMo) seeks to recover damages less payments received through the date of judgment, as well as any additional amounts due and owing, for electric service provided to the Dunkirk Plant after September 18, 2000. NiMo claims that we failed to pay retail tariff amounts for utility services commencing on or about June 11, 1999, and continuing to September 18, 2000, and thereafter. NiMo alleged breach of contract, suit on account, violation of statutory duty and unjust enrichment claims. Prior to trial, the parties entered into a Stipulation and Order filed August 9, 2002, consolidating this action with two other actions against the Huntley and Oswego subsidiaries, both of which cases assert the same claims and legal theories. On October 8, 2002, a Stipulation and Order was filed staying this action pending submission to FERC of some or all of the disputes in the action. The potential loss inclusive of amounts paid to NiMo and accrued is approximately $23.2 million for all three subsidiaries.

Niagara Mohawk Power Corporation v. Huntley Power LLC, NRG Huntley Operations, Inc., NRG Dunkirk Operations, Inc., Dunkirk Power LLC, Oswego Harbor Power LLC, and NRG Oswego Operations, Inc., **Case Filed November 26, 2002 in Federal Energy Regulatory Commission Docket No. EL 03-27-000.** This is the companion action to the above referenced action filed by NiMo at FERC asserting the same claims and legal theories. On November 19, 2004, FERC denied NiMo's petition and ruled that the Huntley, Dunkirk and Oswego plants could net their service station obligations over a 30 calendar day period from the day NRG acquired the facilities. In addition, FERC ruled that neither NiMo nor the New York Public Service Commission could impose a retail delivery charge on the NRG facilities because they are interconnected to transmission and not to distribution. On April 22, 2005, FERC denied NiMo's motion for rehearing. NiMo appealed to the U.S. Court of Appeals for the D.C. Circuit which, on May 12, 2005, ordered this appeal consolidated with several other pending station service disputes involving NiMo. As NiMo has appealed the FERC's denial, we will not reverse any amounts accrued until such time as it is assured that our risk of loss has ceased. At this time, we cannot predict the outcome of this matter.

OSWEGO HARBOR POWER LLC

IBEW Local 97 Pension Benefits Dispute

In January, 2002, IBEW Local 97, or the Union, the collective bargaining representative of employees at the Company, filed a grievance against us under the Local 97/NRG Collective Bargaining Agreement, or the CBA. The Union claims that we breached the CBA by the manner in which we calculated pension benefits owed to 24 retiring bargaining unit employees under the terms of the benefit formula contained in a pension plan incorporated by reference into the CBA. Six of these employees were previously employed at Oswego. The Union previously filed an unfair labor practice charge against us with the National Labor Relations Board asserting similar claims and legal theories and that charge was dismissed. The Union's grievance was arbitrated on February 17 and 18, and on March 10, 2005. Post hearing briefing was submitted by both sides and a decision is expected by the third quarter of 2005.

Electricity Consumers Resource Council v. Federal Energy Regulatory Commission, Docket No. 03-1449.

On December 19, 2003, the Electricity Consumers Resource Council, or ECRC, appealed to the U.S. Court of Appeals for the District of Columbia Circuit a 2003 FERC decision approving the implementation of a demand curve for the New York installed capacity, or ICAP, market. ECRC claims that the implementation of the ICAP demand curve violates section 205 of the Federal Power Act because it constitutes unreasonable ratemaking. On December 3, 2004, the Company filed a brief opposing the ECRC request.

The Company believes that it has valid defenses to the legal proceedings and investigations described above and intends to defend them vigorously. However, litigation is inherently subject to many uncertainties. There can be no assurance that additional litigation will not be filed against NRG Energy or its subsidiaries in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. Unless specified above, the Company is unable to predict the outcome these legal proceedings and investigations may have or reasonably estimate the scope or amount of any associated costs and potential liabilities. An unfavorable outcome in one or more of these proceedings could have a material impact on the Company's financial position, results of operations or cash flows. The Company also has indemnity rights for some of these proceedings to reimburse the Company for certain legal expenses and to offset certain amounts deemed to be owed in the event of unfavorable litigation outcome.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," and related guidance, the Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable. Management has assessed each of these matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

Environmental Matters

We are subject to a broad range of federal, state and local environmental and safety laws and regulations in the development, ownership, construction and operation of our projects. These laws and regulations generally require that we obtain governmental permits and approvals before construction or during operation of our power plants. Environmental laws have become increasingly stringent over time, particularly the regulation of air emissions from power generators. Such laws generally require regular capital expenditures for power plant upgrades, modifications and the installation of certain pollution control equipment. It is not possible at this time to determine when or to what extent additional facilities or modifications to existing or planned facilities will be required due to potential changes to environmental and safety laws and regulations, regulatory interpretations or enforcement policies. In general, future laws and regulations are expected to require the addition of emissions control equipment or the imposition of certain restrictions on our operations. We expect that future liability under, or compliance with, environmental and safety requirements could have a material effect on our operations or competitive position.

As part of acquiring existing generating assets, the Company has inherited certain environmental liabilities associated with regulatory compliance and site contamination. Often potential compliance implementation plans are changed, delayed or abandoned due to one or more of the following conditions: (a) extended negotiations with regulatory agencies, (b) a delay in promulgating rules critical to dictating the design of expensive control systems, (c) changes in governmental/regulatory personnel, (d) changes in governmental priorities or (e) selection of a less expensive compliance option than originally envisioned.

In response to liabilities associated with these activities, the Company establishes accruals where it is probable that it will incur environmental costs under applicable law or contracts and it is possible to reasonably estimate these costs. The Company adjusts the accruals when new remediation or other environmental liability responsibilities are discovered and probable costs become estimable, or when current liability estimates are adjusted to reflect new information or a change in the law.

OSWEGO HARBOR POWER LLC

Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products located at the facility and may be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and remediation costs incurred by the party in connection with any hazardous material releases or threatened releases. These laws impose strict (without fault) and joint and several liability. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. Although the Company has been involved in on-site contamination matters, to date, it has not been named as a potentially responsible party with respect to any off-site waste disposal matter.

Oswego Harbor Power LLC was one of three NRG Energy facilities issued Notices of Violation for opacity exceedances and all three entered into one Consent Order with the New York State Department of Environmental Conservation, or NYSDEC. The Consent Order required the respondents to pay a collective civil penalty of $1 million which was paid in April 2004. The Order also establishes stipulated penalties (payable quarterly) for future violations of opacity requirements and a compliance schedule. NRG Energy is currently in dispute with NYSDEC over the method of calculation for any such stipulated penalties. The NRG Entities involved have recorded a reserve of $1,302,100 as of March 31, 2005. Of this amount, the Company has recorded $37,700 in a reserve as of March 31, 2005, and does not believe that the final resolution of this dispute will involve a material larger amount.

Regulatory Matters

On January 7, 2005, NYISO filed proposed LICAP demand curves for the following capacity years: 2005-06, 2006-07 and 2007-08. Under the NYISO proposal, the LICAP price for New York City generation would be $126 per KW-year for the capacity year 2006-07. On January 28, 2005, we filed a protest at FERC asserting the LICAP price for this period should be at least $140 per KW-year. On April 21, 2005 FERC accepted the proposed demand curves with certain revisions. It is anticipated that the capacity prices for the New York state excluding New York City and Long Island will probably increase by $1 per KW-year. The FERC's modifications should also increase the capacity prices in New York City but the existing In-City mitigation measures will prevent us from obtaining these higher prices.

Our New York City generation is presently subject to price mitigation in the installed capacity market. When the capacity market is tight, the price we receive is capped by the mitigation price. However when the New York City capacity market is not tight, such as during the winter season, the proposed demand curve price levels should increase our revenues from capacity sales.

NYISO Claims

In November 2002, NYISO notified us of claims related to New York City mitigation adjustments, general NYISO billing adjustments and other miscellaneous charges related to sales between November 2000 and October 2002. New York City mitigation adjustments totaled $11.4 million. The issue related to NYISO's concern that NRG would not have sufficient revenue to cover subsequent revisions to its energy market settlements. As of March 31, 2005, NYISO held $3.9 million in escrow for such future settlement revisions.

Note 6 — Guarantees

In November 2002, the Financial Accounting Standards Board, or FASB issued FASB Interpretation, or FIN No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others".* In connection with the adoption of Fresh Start, all outstanding guarantees were considered new; accordingly, the Company applied the provisions of FIN 45 to all of the guarantees.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligations of the Company was reduced from $1,725.0 million to $1,350.0 million.

Note 7 — Related Party Transactions

OSWEGO HARBOR POWER LLC

Effective January 1, 2005, Corporate charges for allocated overhead was discontinued. For fiscal year 2005 and future years, General and administrative expenses will consist of the Company's expenses only. For the three months ended March 31, 2004, Corporate overhead charges included in General and administrative expenses totaled $0.4 million. The amounts paid during the three months ended March 31, 2004 reflect an overall increase in corporate level general administrative expenses. Corporate general, administrative and development expense increased during the three months ended March 31, 2004 due to higher legal fees and increased consulting costs due to NRG Energy's Sarbanes-Oxley implementation. The method of allocating these costs remained the same from the prior years.

For the three months ended March 31, 2005 and 2004, the Company recorded operating and maintenance costs billed from NRG Operating Services of $6.6 million and $5.5 million, respectively.

At March 31, 2005 and December 31, 2004, the Company had an accounts receivable affiliate balance of $34.3 and $3.2 million, respectively. These balances are settled on a periodic basis and are due to or from multiple entities which are wholly owned subsidiaries of NRG Energy Inc., the parent company of NRG Northeast Generating LLC. NRG Northeast Generating LLC is the parent company of Oswego Harbor Power LLC.

EXHIBIT 99.7

NRG INTERNATIONAL LLC AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
At March 31, 2005 and December 31, 2004
and for the Three Months Ended March 31, 2005
and for the Three Months Ended March 31, 2004

NRG INTERNATIONAL LLC AND SUBSIDIARIES

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NRG INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 235,946	$ 177,389
Restricted cash	17,811	59,517
Accounts receivable	57,292	59,875
Current portion of notes receivable	26,558	85,124
Inventory	20,428	20,713
Prepayments and other current assets	21,339	5,157
Total current assets	379,374	407,775
Non-current assets		
Property, plant and equipment, net of accumulated depreciation of $33,039 and $26,800, respectively	447,596	456,401
Equity investments in affiliates	416,282	401,727
Notes receivable, less current portion	408,151	433,962
Notes receivable — affiliate	113,581	119,666
Derivative instruments valuation	17,404	34,926
Other assets	51	3,376
Total assets	$1,782,439	$ 1,857,833
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Current portion of long-term debt and capital leases	66,782	$ 69,904
Notes payable — affiliate	—	57,344
Accounts payable	34,270	36,231
Accounts payable — affiliate	11,022	15,905
Accrued income tax	5,822	4,965
Accrued liabilities	9,530	8,454
Current deferred taxes	113	93
Other current liabilities	17,319	996
Total current liabilities	144,858	193,892
Other liabilities		
Long-term debt and capital leases	195,261	233,898
Notes payable — affiliate	153,865	155,496
Deferred income taxes	157,722	164,897
Postretirement and other benefit obligations	7,630	8,605
Derivative instruments valuation	93,887	112,447
Other long-term obligations	24,622	20,409
Total liabilities	777,845	889,644
Member's equity	1,004,594	968,189
Total liabilities and member's equity	$1,782,439	$ 1,857,833

The accompanying notes are an integral part of these consolidated financial statements.

NRG INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

		Three Months Ended March 31, 2005		Three Months Ended March 31, 2004
		(in thousands)		
Operating Revenues	$	85,428	$	97,282
Operating costs		70,292		66,401
Depreciation and amortization		6,597		5,128
General and administrative expenses		1,735		3,414
Income from operations		6,804		22,339
Equity in earnings of unconsolidated affiliates		30,414		10,654
Write downs and losses on sales of equity method investments		—		(1,973)
Other income, net		26,178		(2,189)
Interest expense		(3,608)		1,759
Income from continuing operations before income taxes		59,788		30,590
Income tax expense		4,615		6,861
Income from continuing operations		55,173		23,729
Loss on discontinued operations, net of income taxes		—		(1,958)
Net income	$	55,173	$	21,771

The accompanying notes are an integral part of these consolidated financial statements.

NRG INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY AND COMPREHENSIVE INCOME

	Member Units	Member Amount	Member Contributions/ Distributions	Accumulated Net Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity
			(in thousands except for units)			
Balances at December 31, 2003 (audited)	1,000	$ 1	$ 771,256	$ 3,264	$ 19,213	$ 793,734
Net income	—	—	—	21,771	—	21,771
Foreign currency translation adjustments and other	—	—	—	—	(2,389)	(2,389)
Deferred unrealized gain on derivatives, net	—	—	—	—	6,796	6,796
Comprehensive income	—	—	—	—	—	26,178
Balances at March 31, 2004 (unaudited)	1,000	$ 1	$ 771,256	$ 25,035	$ 23,620	$ 819,912
Balances at December 31, 2004 (audited)	1,000	$ 1	$ 808,664	$ 92,934	$ 66,590	$ 968,189
Net income	—	—	—	55,173	—	55,173
Foreign currency translation adjustments and other	—	—	—	—	(22,674)	(22,674)
Deferred unrealized gain on derivatives, net	—	—	—	—	3,906	3,906
Comprehensive income	—	—	—	—	—	36,405
Balances at March 31, 2005 (unaudited)	1,000	$ 1	$ 808,664	$ 148,107	$ 47,822	$1,004,594

The accompanying notes are an integral part of these consolidated financial statements.

NRG INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Cash flows from operating activities		
Net income (loss)	$ 55,173	$ 21,771
Adjustments to reconcile net income to net cash provided by operating activities		
Distributions in less than equity earnings of unconsolidated affiliates	(26,166)	(7,789)
Depreciation and amortization	6,597	5,612
Amortization of debt premium	(193)	(186)
Unrealized (gains) losses on derivatives	1,402	(3,362)
Deferred income taxes	(2,239)	2,782
Write down of equity method investment	—	1,973
Write-off of debt premium	(9,783)	—
Minority interest	—	(230)
Amortization of out-of-market power contracts	7,075	12,164
Changes in assets and liabilities		
Accounts receivable	(1,102)	(14,469)
Inventory	12	(55)
Prepayments and other current assets	(3,900)	477
Accounts payable	(2,256)	7,597
Accrued expense and other current liabilities	3,706	7,246
Other assets and liabilities	3,150	(1,321)
Net cash provided by operating activities	31,476	32,210
Cash flows from investing activities		
Capital expenditures	(634)	(1,440)
Decrease in note receivable	64,575	6,461
Decrease/(increase) in restricted cash	41,423	(5,567)
Net cash (used in) provided by investing activities	105,364	(546)
Cash flows from financing activities		
Proceeds from issuance of debt	203,058	14,165
Principal payments on long-term debt	(279,368)	(12,123)
Net cash provided by (used in) financing activities	(76,310)	2,042
Effect of exchange rate changes on cash and cash equivalents	(1,973)	(122)
Change in cash from discontinued operations	—	(59)
Net change in cash and cash equivalents	58,557	33,525
Cash and cash equivalents		
Beginning of period	177,389	127,020
End of period	$ 235,946	$ 160,545

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — General

NRG International LLC, or the Company, a Delaware company incorporated on October 12, 1992, and converted to a limited liability company in November 2002, is a directly held, wholly owned subsidiary of NRG Energy, Inc., or NRG Energy.

The Company was formed for the purpose of financing, acquiring, owning, operating and maintaining, through its subsidiaries and affiliates, certain non-U.S. power generation facilities including those owned by Flinders Power, or Flinders, in Australia and Saale Energie GmbH, or SEG, in Germany. Flinders is a 760 MW power station and coal mine which sells electricity into the South Australian market. SEG owns a 400 MW coal powered power station located in Halle, Germany and sells output to Vattenfall Europe A.G., or VEG, under a power purchase agreement. In addition, the Company holds various investments in projects accounted for under the equity method. See Note 5.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the Securities and Exchange Commission's regulations for interim financial information. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies we follow are set forth in Note 2 to the Company's annual financial statements for the year ended December 31, 2004 as filed by NRG Energy, Inc. on Form 8-K on June 15, 2005. The following notes should be read in conjunction with such policies and other disclosures. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments (consisting of normal, recurring accruals) necessary to present fairly our consolidated financial position as of March 31, 2005, the results of our operations and member's equity for the three months ended March 31, 2005 and 2004, and our cash flows for the three months ended March 31, 2005 and 2004. Certain prior-year amounts have been reclassified for comparative purposes.

Restricted Cash

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within our projects that are restricted in their use. These funds are used to pay for current operating expenses and current debt service payments, per the restrictions of the debt agreements.

Accounting Estimates

Management of the Company is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Note 3 — Discontinued Operations

The Company has classified certain business operations, and gains/losses recognized on sale, as discontinued operations for projects that were sold or have met the required criteria for such classification. The financial results for all of these businesses have been accounted for as discontinued operations. Accordingly, prior period operating results have been restated to report the operations as discontinued.

SFAS No. 144 requires that discontinued operations be valued on an asset-by-asset basis at the lower of carrying amount or fair value less costs to sell. In applying those provisions, the Company's management considered cash flow analyses, bids and offers related to those assets and businesses. This amount is included in income/(loss) on discontinued operations, net of income taxes in the accompanying consolidated statements of operations. In accordance with the provisions of SFAS No. 144, assets held for sale will not be depreciated commencing with their classification as such.

Summarized results of operations of the discontinued operations were as follows. For the three months ended March 31, 2004, discontinued results of operations include the Company's Hsin Yu project only. For the three months ended March 31, 2005 there were no operating results for discontinued operations.

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Operating revenues	$ —	8,266
Pre-tax (loss)/income from operations of discontinued components	—	(2,042)
Net income (loss) on discontinued operations	—	(1,958)

Note 4 — Notes Receivable

As of December 31, 2004, we had a note receivable from Petrobras of $57.3 million related to the arbitral award. On February 16, 2005, a conditional settlement agreement was signed with Petrobras, whereby Petrobras is obligated to pay the Company $70.8 million. This payment was received on February 25, 2005. The amounts paid in excess of the $57.3 million were recognized in earnings within other income in the first quarter of 2005 as the settlement was accounted for as a gain contingency. In addition to the settlement figure, we have the right to continue to seek recovery of US$12.3 million that is currently being held by Petrobras pending a ruling in a related dispute with a third-party. This related dispute is also being accounted for as a gain contingency.

Note 5 — Investments Accounted for by the Equity Method

The Company has investments in various international energy projects. The equity method of accounting is applied to such investments in affiliates, which include joint ventures and partnerships, because the ownership structure prevents the Company from exercising a controlling influence over operating and financial policies of the projects. Under this method, equity in the net income or losses of these projects is reflected as equity in earnings of unconsolidated affiliates.

A summary of certain of the Company's more significant equity method investments, which were in operation at March 31, 2005, is as follows:

Name	Geographic Area	Economic Interest
Gladstone Power Station	Australia	38%
MIBRAG GmbH	Europe	50%
Enfield	Europe	25%

Summarized financial information for investments in unconsolidated affiliates accounted for under the equity method is as follows:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	(in thousands)	
Operating revenues	264,364	230,330
Operating income	71,525	56,526
Net income	45,952	35,291

The Company has ownership in three companies that were considered significant as defined by applicable SEC regulations as of December 31, 2004: Gladstone Power Station UJV, or Gladstone, Mibrag GmbH, or Mibrag and Enfield Energy Centre Limited, or Enfield. The Company accounts for these investments using the equity method. These businesses operate power generation facilities and are subject to the risks inherent to those businesses, including (but not limited to) fluctuations in prices for generated power and fuels used in the power generation process. These businesses attempt to mitigate such risks by primarily entering into long term delivery and supply agreements to the extent applicable as more fully described below.

Gladstone

The Company owns a 37.5% interest in Gladstone, an unincorporated joint venture, or UJV, which operates a 1,680 megawatt coal-fueled power generation facility in Queensland, Australia. The operations of the power generation facility are managed by the majority partner in the joint venture using employees of affiliates of the Company. Operating expenses incurred in connection with the operation of the facility are funded by each of the partners in proportion to their ownership interests. Coal is sourced from a mining operation owned and operated by the Company's joint venture partners and other investors under a long term supply agreement. The Company and its joint venture partners receive a majority of their respective share of revenues directly from customers and are directly responsible and liable for project related debt, all in proportion to their ownership interests in the UJV. Power generated by the facility is sold on the national market under a long term agreement. The following tables summarize financial information for Gladstone UJV, including interests owned by the Company and other parties for the periods shown below:

Results of operations:

	For the Three Months Ended March 31,	
	2005	2004
	(in thousands)	
Operating revenues	61,483	63,517
Operating income	19,785	16,085
Net income	11,414	8,305

Mibrag

The Company also owns a 50% interest in Mibrag. Located near Leipzig, Germany, Mibrag owns and manages a coal mining operation, three lignite fueled power generation facilities and other related businesses. Approximately 50% of the power generated by Mibrag is used to support its mining operations, with the remainder sold to a German utility company. A portion of the coal from Mibrag's mining operation is used to fuel the power generation facilities, but a majority of the mined coal is sold primarily to two major customers, including Schkopau, a subsidiary of the Company. A significant portion of the sales of Mibrag are made pursuant to long-term coal and energy supply contracts. The following tables summarize financial information for Mibrag, including interests owned by the Company and other parties for the periods shown below:

Results of operations:

	For the Three Months Ended March 31,	
	2005	2004
	(in thousands)	
Operating revenues	111,222	110,522
Operating income	20,808	22,540
Net income	15,486	18,458

Enfield

Prior to April 1, 2005, the Company owned a 25% interest in Enfield. Located in Enfield, North London, UK, Enfield owns and operates a 396 MW, natural gas-fired combined cycle gas turbine power station. Enfield sells electricity generated from the plant in North London and the gas generated to BG Exploration and Production Limited under a long term gas supply contract. Enfield has a long-term agreement that effectively fixes the purchase price of its gas supply. The purpose of the contract, which was executed in August of 1997 and extends through October of 2014, is to mitigate the risk associated with fluctuations in the price of gas utilized in the generation of electricity at the Company's facility. This contract is considered a derivative as defined by FASB Statement No. 133, and is afforded mark-to-market accounting treatment. Prior to April 1, 2005 we were subject to volatility in earnings associated with fluctuations in the market price of gas. Enfield has the ability to consume the gas for generation, and therefore the Company's risk of loss associated with the contract is minimal. Given an increase in the price of natural gas in the UK market during the three months ended March 31, 2005 and March 31, 2004, the Company recorded gains of $11.9 million and $1.2 million, respectively, associated with the value of this contract. The following table summarize financial information for Enfield, including interests owned by the Company and other parties for the periods shown below:

NRG INTERNATIONAL LLC AND SUBSIDIARIES

Results of operations:

	For the Three Months Ended March 31, 2005	2004
	(in thousands)	
Operating revenues	79,085	53,391
Operating income	21,644	16,419
Net income	9,763	7,046

On April 1, 2005, the Company completed the sale of its 25% interest in Enfield to Infrastructure Alliance Limited, which resulted in net pre-tax proceeds of $59.5 million. A gain of approximately $6.0 million will be recorded upon completion of the sale. Additionally, the Company expects to receive an additional amount of $4.0 million based upon the post-closing working capital adjustment. The Company was relieved of any future obligations related to its long terms gas supply contract with BG Exploration and Production Limited and also was relieved of any future obligations related to the long term debt in the project.

Note 6 — Derivative Instruments and Hedging Activities

SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 requires the Company to recognize all derivative instruments on the balance sheet as either assets or liabilities and measure them at fair value each reporting period. If certain conditions are met, the Company may be able to designate derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives in Accumulated Other Comprehensive Income (OCI) and subsequently recognize in earnings when the hedged items impact income. The ineffective portion of a cash flow hedge is immediately recognized in income.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings. The ineffective portion of a hedging derivative instrument's change in fair values will be immediately recognized in earnings.

For derivatives that are neither designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings.

SFAS No. 133 applies to the Company's power sales contracts, oil contracts, long-term gas purchase agreements and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. At March 31, 2005, the Company had various commodity contracts extending through December 2018 .

Energy and Energy Related Commodities

The Company is exposed to commodity price variability in electricity, emission allowances, and coal, oil, and gas used to meet fuel requirements. In order to manage these commodity price risks, the Company may enter into transactions for physical delivery of particular commodities for a specific period. Financial instruments are used to hedge physical deliveries, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

During the three months ended March 31, 2005 and March 31, 2004, any gain or loss the Company recognized due to ineffectiveness of commodity cash flow hedges was immaterial to the financial results.

Interest Rates

We are exposed to changes in interest rates through our issuance of variable rate and fixed rate debt. In order to manage this interest rate risk, we have entered into interest-rate swap agreements.

At March 31, 2005, all of our interest rate swap arrangements have been designated as cash flow hedges.

Any ineffectiveness relating to interest rate swaps that qualify as hedges during the three months ended March 31, 2005 and 2004 was immaterial to the financial results of the company.

NRG INTERNATIONAL LLC AND SUBSIDIARIES

Foreign Currency Exchange Rates

To preserve the U.S. dollar value of projected foreign currency cash flows, we may hedge, or protect those cash flows if appropriate foreign hedging instruments are available. As of March 31, 2005, the results of any outstanding foreign currency exchange contracts were immaterial to our financial results.

Any ineffectiveness relating to foreign currency cash flow hedges during the three months ended March 31, 2005 and 2004 was immaterial to the financial results of the company.

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS No. 133, as amended, on the Company's other comprehensive income balance attributable to hedged derivatives for the three months ended March 31, 2005:

	Energy Commodities	Interest Rate	Foreign Currency	Total
		(In thousands)		
Accumulated OCI balance at December 31, 2004	$ 2,273	$ (561)	$ —	$ 1,712
Unwound from OCI during the period:				
— Due to unwinding of previously deferred amounts	(954)	(131)	—	(1,085)
Mark to market of hedge contracts (net of tax)	4,236	755	—	4,991
Accumulated OCI balance at March 31, 2005	$ 5,555	$ 63	$ —	$ 5,618
Gains/(Losses) expected to unwind from OCI during the next 12 months	5,555	—	—	5,555

During the three months ended March 31, 2005, the Company reclassified gains of approximately $1.1 million from OCI to current period earnings. This amount is recorded on the same line in the statement of operations in which the hedged item is recorded. Also during the three months ended March 31, 2005, the Company recorded gains of approximately $5.0 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 at March 31, 2005 was a gain of approximately $5.6 million.

The following table summarizes the effects of SFAS No. 133, as amended, on the Company's other comprehensive income balance attributable to hedged derivatives for the three months ended March 31, 2004:

	Energy Commodities	Interest Rate	Foreign Currency	Total
		(In thousands)		
Accumulated OCI balance at December 31, 2003	$ (2,319)	$ 43	$ 125	$ (2,151)
Unwound from OCI during the period:				
— Due to unwinding of previously deferred amounts	(423)	11	—	(412)
Mark to market of hedge contracts (net of tax of $0)	8,395	(1,358)	171	7,208
Accumulated OCI balance at March 31, 2004	$ 5,653	$ (1,304)	$ 296	$ 4,645

During the three months ended March 31, 2004, the Company reclassified gains of approximately $.4 million from OCI to current period earnings. This amount is recorded on the same line in the statement of operations in which the hedged item is recorded. Also during the three months ended March 31, 2005, the Company recorded gains of approximately $7.2 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 at March 31, 2005 was a gain of approximately $4.6 million.

Statement of Operations

The following table summarizes the pre-tax effects of non-hedge derivatives and derivatives that no longer qualify as hedges on the Company's statement of operations for the three months ended March 31, 2005:

Gains (Losses)	Energy Commodities	Interest Rate	Total
	(In thousands of dollars)		
Revenue	$ (1,656)	$ —	$ (1,656)
Cost of operations	—	—	—
Equity in earnings of unconsolidated subsidiaries	11,868	—	11,868
Interest expense	—	—	—
Total statement of operations impact before tax	$ 10,212	$ —	$ 10,212

During the three months ended March 31, 2005, our earnings were affected by unrealized gains of $10.2 million associated with changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

The following table summarizes the pre-tax effects of non-hedge derivatives and derivatives that no longer qualify as hedges on the Company's statement of operations for the three months ended March 31, 2004:

Gains (Losses)	Energy Commodities	Interest Rate	Total
	(In thousands of dollars)		
Revenue	$ (597)	$ —	$ (597)
Cost of operations	—	—	—
Equity in earnings of unconsolidated subsidiaries	1,227	(69)	1,158
Interest expense	—	—	—
Total statement of operations impact before tax	$ 630	$ (69)	$ 561

During the three months ended March 31, 2004, our earnings were affected by unrealized gains of $.6 million associated with changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Note 7 — Long-Term Debt and Capital Leases and Notes Payable

Flinders Power

In February 2005, NRG Flinders amended its debt facility of AUD 279.4 million (approximately US $218.5 million) in floating-rate debt. The amendment extended the maturity to February 2017, reduced borrowing costs and reserve requirements, reduced debt service coverage ratios, removed mandatory cash sharing arrangements, and made other minor modifications to terms and conditions. The facility includes an AUD 20.0 million (US $15.7 million) working capital and performance bond facility, under which an AUD 15.5 million (US $12.0 million) indemnity has been issued as of March 31, 2005. NRG Flinders is required to maintain interest-rate hedging contracts on a rolling 5-year basis at a minimum level of 60% of principal outstanding. The amendment to the debt facility was recorded as a debt extinguishment, recognizing a gain of $9.8 million in the first quarter of 2005. Also, upon execution of the amendment, a voluntary principal prepayment of AUD 50 million (US $39.1 million) was made. On March 31, 2005, Flinders made another voluntary prepayment of AUD 10.5 million (US $8.1 million), reducing the outstanding amount to AUD 198.9 million (US $153.9 million). NRG Flinders retains the right to redraw these amounts at any time. As of March 31, 2005, the revolver remained undrawn.

Note 8 — Segment Reporting

The Company conducts its business within two reportable operating segments — Power Generation Australia and Power Generation Europe. These reportable segments are distinct components with separate operating results and management structures in place.

For the three months ended March 31, 2005:

	Power Generation		
	Australia	Europe	Total
	(In thousands of dollars)		
Operations			
Operating revenues	49,118	36,310	85,428
Depreciation and amortization	6,594	3	6,597
Equity in earnings in unconsolidated affiliates	6,137	24,277	30,414
Net income	11,948	43,225	55,173

For the three months ended March 31, 2004:

	Power Generation		
	Australia	Europe	Total
	(In thousands of dollars)		
Operations			
Operating revenues	62,774	34,508	97,282
Depreciation and amortization	5,125	3	5,128
Equity in earnings in unconsolidated affiliates	3,168	7,486	10,654
Net income from continuing operations	13,780	9,949	23,729
Net loss from discontinued operations		(1,958)	(1,958)
Net income	13,780	7,991	21,771

Note 9 — Income Taxes

Segments of the Company are included in the consolidated tax return filings as a wholly owned direct held subsidiary of NRG Energy. Reflected in the financial statements and notes below are separate company federal, state and international tax provisions as of the earliest period presented, as if the Company had prepared separate filings. The Company's parent, NRG Energy, does not have a tax allocation agreement with its subsidiaries nor has it historically pushed down or allocated income taxes to non tax paying entities or entities such as the Company which are treated as disregarded entities for tax purposes. The Company operates in various international jurisdictions through its subsidiaries and affiliates and incurs income tax liabilities (assets) under the applicable tax laws and regulations.

The effective income tax rates of continuing operations differ from the statutory federal income tax rate of 35% as follows:

	Three Months Ended March 31, 2005		Three Months Ended March 31, 2004	
	Amount	Rate	Amount	Rate
	(In thousands)			
Income (loss) before taxes	$ 59,788		$ 30,590	
Tax at 35%	20,926	35%	10,707	35%
State taxes (net of federal benefit)	—	—	(119)	(0.4)%
Foreign tax	(16,311)	(27.3)%	(3,727)	(12.2)%
Income tax expense	$ 4,615	7.7%	$ 6,861	22.4%

As of March 31, 2005, the Company had net operating losses related to the Netherlands of $38.2 million and $95.4 million related to Australia. The tax effected foreign loss carryforwards recorded related to these gross net operating losses were $13.2 million and $28.6 million, respectively, related to the Netherlands and Australia. The carryforward net operating losses have an indefinite life.

Management assesses the need for a valuation allowance based on SFAS No. 109 criteria that deferred tax assets must be reduced by a valuation allowance if, based on the weight of available evidence it is more likely than not that some portion or all of the deferred tax assets will not be realized. Given the Company's history of operating losses, it is management's assessment that deferred tax assets have been reduced to the amount that is more likely than not to be realized by the establishment of the valuation allowance. As of March 31, 2005, the Company believes that it is more likely than not that no benefit will be received for the Netherlands net operating loss deferred tax assets. Therefore, a full valuation allowance of $13.2 million has been provided.

The valuation allowance as of March 31, 2005 relates to NRGenerating, International BV and the fluctuation in the valuation allowance between the periods shown above which are primarily due to the recomputation of net operating losses available for the current period.

At March 31, 2005, NRG Energy's management intends to indefinitely reinvest the earnings from its foreign operations. Accordingly, U.S. income taxes and foreign withholding taxes were not provided on the earnings from the foreign subsidiaries. As of March 31, 2005, no U.S. income tax expense was provided on the cumulative income from the Company of $34.7 million.

The Company's management is currently reviewing its reinvestment plan pursuant to the American Jobs Creation Act of 2004. This legislation provides for a low tax cost on earnings repatriated in 2005 and reinvested in a company's U.S. operations.

Note 10 — Benefit Plans and Other Postretirement Benefits

Employees of Flinders Power, a wholly owned subsidiary of the Company, are members of the multiemployer Electricity Industry Superannuation Schemes, or EISS. Members of the EISS make contributions from their salary and the EISS actuary makes an assessment of the Company's liability. The consolidated balance sheet includes a liability related to the Flinders retirement plan of $7.5 million and $8.5 million at March 31, 2005 and December 31, 2004 respectively. Flinders Power made contributions of $1.6 million and $2.0 million for the periods ended March 31, 2005 and 2004 respectively.

The Superannuation Board is responsible for the investment of EISS assets. The assets may be invested in government securities, shares, property and a variety of other securities and the Superannuation Board may appoint professional investment managers to invest all or part of the assets on its behalf.

Note 11 — Commitments and Contingencies

Matra Powerplant Holding B.V.

Matra Powerplant Holding B.V. is presently involved in a dispute with the tax authorities. For the tax years from 1998 until 2001, NRGenerating International B.V. indirectly (through Kladno Power (No. 2) B.V. and Entrade Holdings B.V.) held 50% of the issued and outstanding shares in the capital of Matra Powerplant Holding B.V. The shareholders of Matra Powerplant Holding B.V. granted interest-free loans to Matra Powerplant Holding B.V. based upon a favorable tax ruling granted to NRGenerating International B.V. in 1994.

The tax authorities consider the loans to be informal capital contributions (so-called participatory loans) and thereby refuse the interest deductions of Matra Powerplant Holding B.V. in the subsequent years. To date it is unclear whether these types of interest-free loans should be considered as capital contributions.

The tax authorities issued the following statutory notices of deficiency and tax assessments:

1998 Notice of Deficiency	Corporate Income Tax 35%	EUR 518,723
1998 Notice of Deficiency	Capital Duty 1%	EUR 615,179
2001 Assessment	Corporate Income Tax 35%	EUR 1,702,349

Appeals have been filed against the notices of deficiency and tax assessments. For the 1998 corporate income tax notice of deficiency the tax commissioner has to prove that a new fact justifies issuing the notice of deficiency. This is not required for the 1998 capital duty notice of deficiency or the 2001 corporate income tax assessment. It is possible that the Company's pro rata ownership may lead to the conclusion that there is an exposure for only 50% of the above amounts.

Unasserted claims and assessments

Matra Powerplant Holding B.V. received a statutory notice of deficiency in relation to the corporate income tax assessment for the year 1999. The commissioner did not adjust Matra Powerplant Holding B.V.'s taxable income with the interest deductions relating to the interest-free loans. We assume that this is a clear error given the fact that the tax commissioner already took a different position for the years 1998 and 2001. Settled case law states that if the taxpayer should have been aware of this administrative error the tax commissioner can issue a new statutory notice of deficiency, subject to justifying it by a new fact.

The unasserted assessment amounts to US $1,283,428.

Threatened claims against the Company's subsidiaries relating to the funding of several projects, realized by way of (informal) capitalization

The Dutch tax commissioner has asserted that the capitalization of some of the Company's subsidiaries was basically intended to avoid capital duty in The Netherlands, which could constitute abuse of law ("fraus legis"). In the Company's correspondence with the tax commissioner, the Company made clear that there were other substantial commercial reasons to use these specific structures, including avoidance of currency exchange gains and/or capital duty in Luxembourg and/or other reasons.

The tax commissioner has not yet responded to the Company's latest response sent to the commission on May 8, 2003.

The threatened respective amounts of capital duty for NRGenerating International B.V.: AUD 1,569,366 (US $1,243,506) and AUD 3,784,670 (US $2,998,973). The fine period for seeking prior threatened amounts of capital duty has expired.

No prediction of the likelihood of an unfavorable outcome can be made at this time.

NRGenerating Holdings (No. 4) B.V. and Gunwale B.V.

In the years 1999 and 2000 Gunwale B.V. has been part of a transaction intended to recapitalize NRGenerating Holdings (No. 4) B.V. The recapitalization was structured in a way to avoid capital duty. The tax commissioner has issued statutory notices of deficiency for both NRGenerating Holdings (No. 4) B.V. and Gunwale B.V. arguing that the transactions were a mere "sham" and that under the abuse of law theory, notwithstanding the exemptions claimed, capital duty should be paid.

Although formally both the companies are no longer held by the Company since they have been sold in April 2004, under the Share Sale Agreement the Company could still become indirectly liable for the capital duty. The share sale agreement under certain circumstances *inter alia* grants the buyer a put option in relation to the shares in Gunwale B.V. for a predetermined price.

Dutch counsel for the buyer of NRGenerating Holdings (No. 4) B.V. and Gunwale B.V. has filed objections against these notices.

The threatened amounts of capital duty due amounts for 1999 to EUR 242,911 for NRGenerating Holdings (No. 4) B.V. and EUR 235,943 for Gunwale B.V. For the year 2000 the threatened amounts of capital duty amount to EUR 1,325,334 for NRGenerating Holdings (No. 4) B.V. and EUR 1,325,334 for Gunwale B.V.

Matra Powerplant Holding B.V.

By letter dated September 17, 2004 the tax commissioner responded to a request filed by NRGenerating International B.V., to allocate tax losses to NRGenerating Holdings (No. 4) B.V. upon its departure from the fiscal unity for corporate income tax purposes effective January 1, 2003. The tax commissioner implied that an amount of approximately AUD 140,000,000 of losses should be added to the amount of AUD 377,000,000 which was originally requested by NRGenerating International B.V. By letter dated October 7, 2004 we proposed on behalf of NRGenerating International B.V. to the tax commissioner to limit the tax loss allocation to AUD 377,000,000, as originally requested, on the basis of the fact that the loss allocation forms part of an overall compromise regarding the taxation of NRGenerating International B.V. By letter dated January 14, 2005 the tax commissioner has determined the loss allocation to NRGenerating Holdings (No. 4) B.V. in the amount of AUD 482,154,788.

The Company believes that it has valid defenses to the legal proceedings, threatened claims, and disputes described above and intends to defend them vigorously. However, these proceedings are inherently subject to many uncertainties. There can be no assurance that additional similar proceedings will not be asserted against the Company or its subsidiaries in the future alleging similar or different theories and seeking similar or different types of damages and relief. Unless specified above, the Company is unable to predict the outcome of these legal proceedings, threatened claims, and disputes may have or reasonably estimate the scope or amount of any associated costs and potential liabilities. An unfavorable outcome in one or more of these proceedings could have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Pursuant to the requirements of Statement of Financial Accounting Standards No. 5, *"Accounting for Contingencies,"* and related guidance, the Company records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable. Management has assessed each of these matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

Note 12 — Guarantees

NRG INTERNATIONAL LLC AND SUBSIDIARIES

We and our subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of our business activities. Examples of these contracts include asset purchase and sale agreements, commodity sale and purchase agreements, joint venture agreements, operations and maintenance agreements, service agreements, settlement agreements, and other types of contractual agreements with vendors and other third parties. These contracts generally indemnify the counter-party for tax, environmental liability, litigation and other matters, as well as breaches of representations, warranties and covenants set forth in these agreements. In many cases, our maximum potential liability cannot be estimated, since some of the underlying agreements contain no limits on potential liability. The descriptions below update, and should be read in conjunction with our financial statements.

On February 4, 2005, NRG Energy redeemed and retired $375.0 million of Second Priority Notes. As a result of the retirement, the joint and several payment and performance guarantee obligation of NRG International LLC was reduced from $1,725.0 million to $1,350.0 million.

On February 28, 2005, concurrent with the amendment of its debt facility, our Flinders subsidiary issued, under its amended AUD 20.0 million (US $15.7 million) working capital and performance bond facility sponsored by National Australia Bank Limited, an AUD 15.5 million (US $12.0 million) indemnity to the Australia and New Zealand Banking Group Limited (ANZ), the previous sponsor of the facility. The indemnity expires on October 31, 2006 and indemnifies ANZ against potential claims for guarantees or letters of credit issued under the facility prior to February 28, 2005.

On April 1, 2005, in conjunction with the sale of our interest in the Enfield Energy Center Ltd, a minority-owned, indirectly held affiliate of ours, we issued a guarantee of the obligations of a subsidiary of ours under the sale and purchase agreement, to the buyers of our interest. The maximum liability for this guarantee is estimated to be approximately $55.4 million, subject to adjustments. We do not anticipate that we will be required to perform under this guarantee.

Because many of the guarantees and indemnities we issue to third parties do not limit the amount or duration of our obligations to perform under them, there exists a risk that we may have obligations in excess of the amounts described above. For those guarantees and indemnities that do not limit our liability exposure, we may not be able to estimate what our liability would be, until a claim was made for payment or performance, due to the contingent nature of these contracts.