UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A

Amendment No. 1

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year ended December 31, 2005.

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition period from to .

Commission file No. 001-15891

NRG Energy, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**41-1724239**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
211 Carnegie Center **Princeton, New Jersey**	**08540**
(Address of principal executive offices)	*(Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
5.75% Mandatorily Convertible Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes R No £

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes £ No R

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes R No £

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer R Accelerated filer £ Non-accelerated filer £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R

As of the last business day of the most recently completed second fiscal quarter, the aggregate market value of the common stock of the registrant held by non-affiliates was approximately $3,272,968,478 based on the closing sale price of $37.60 as reported on the New York Stock Exchange.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes R No £

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class	Outstanding at March 21, 2006
Common Stock, par value $0.01 per share	136,975,275

NRG ENERGY, INC. AND SUBSIDIARIES

INDEX

We are amending our Form 10-K as filed on March 7, 2006 in order to file certain financial statements as exhibits, pursuant to Rule 3-09 of Regulation S-X. We have attached to this Form 10-K/A exhibits 99.1 and 99.2 the audited financial statements of two equity investments in unconsolidated affiliates which are considered significant (as defined by Rule 3-09). These affiliates are:

1. West Coast Power LLC (exhibit 99.1)

2. Mitteldeutsche Braunkohlengesellschaft mbH (exhibit 99.2)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NRG ENERGY, INC.
(Registrant)

/s/ DAVID W. CRANE

David W. Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT C. FLEXON

Robert C. Flexon,
Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES J. INGOLDSBY

James J. Ingoldsby,
Controller
(Principal Accounting Officer)

Date: March 27, 2006

EXHIBIT INDEX

2.1	Third Amended Joint Plan of Reorganization of NRG Energy, Inc., NRG Power Marketing, Inc., NRG Capital LLC, NRG Finance Company I LLC, and NRGenerating Holdings (No. 23) B.V.(7)
2.2	First Amended Joint Plan of Reorganization of NRG Northeast Generating LLC (and certain of its subsidiaries), NRG South Central Generating (and certain of its subsidiaries) and Berrians I Gas Turbine Power LLC.(7)
2.3	Acquisition Agreement, dated as of September 30, 2005, by and among NRG Energy, Inc., Texas Genco LLC and the Direct and Indirect Owners of Texas Genco LLC.(16)
3.1	Amended and Restated Certificate of Incorporation.(21)
3.2	Amended and Restated By-Laws.(8)
3.3	Certificate of Designation of 4.0% Convertible Perpetual Preferred Stock, as filed with the Secretary of State of the State of Delaware on December 20, 2004.(10)
3.4	Certificate of Designations of 3.625% Convertible Perpetual Preferred Stock, as filed with the Secretary of State of the State of Delaware on August 11, 2005. (22)
3.5	Certificate of Designations of 5.75% Mandatory Convertible Preferred Stock, as filed with the Secretary of State of the State of Delaware on January 27, 2006. (24)
4.1	Supplemental Indenture dated as of December 30, 2005, among NRG Energy, Inc., the subsidiary guarantors named on Schedule A thereto and Law Debenture Trust Company of New York, as trustee. (18)
4.2	Amended and Restated Common Agreement among XL Capital Assurance Inc., Goldman Sachs Mitsui Marine Derivative Products, L.P., Law Debenture Trust Company of New York, as Trustee, The Bank of New York, as Collateral Agent, NRG Peaker Finance Company LLC and each Project Company Party thereto dated as of January 6, 2004, together with Annex A to the Common Agreement.(2)
4.3	Amended and Restated Security Deposit Agreement among NRG Peaker Finance Company, LLC and each Project Company party thereto, and the Bank of New York, as Collateral Agent and Depositary Agent, dated as of January 6, 2004.(2)
4.4	NRG Parent Agreement by NRG Energy, Inc. in favor of the Bank of New York, as Collateral Agent, dated as of January 6, 2004.(2)
4.5	Indenture dated June 18, 2002, between NRG Peaker Finance Company LLC, as Issuer, Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Rockford LLC, NRG Rockford II LLC and Sterlington Power LLC, as Guarantors, XL Capital Assurance Inc., as Insurer, and Law Debenture Trust Company, as Successor Trustee to the Bank of New York.(4)
4.6	Registration Rights Agreement, dated December 21, 2004, by and among NRG Energy, Inc., Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.(9)
4.7	Specimen of Certificate representing common stock of NRG Energy, Inc.(25)
4.8	Indenture, dated February 2, 2006, among NRG Energy, Inc. and Law Debenture Trust Company of New York.(26)
4.9	First Supplemental Indenture, dated February 2, 2006, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.250% Senior Notes due 2014. (26)
4.10	Second Supplemental Indenture, dated February 2, 2006, among NRG Energy, Inc., the guarantors named therein and Law Debenture Trust Company of New York as Trustee, re: NRG Energy, Inc.'s 7.375% Senior Notes due 2016. (26)
4.11	Form of 7.250% Senior Note due 2014.(26)
4.12	Form of 7.375% Senior Note due 2016.(26)
10.1*	Employment Agreement, dated November 10, 2003, between NRG Energy, Inc. and David Crane.(2)
10.2	Note Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc. and each of the purchasers named therein.(5)
10.3	Master Shelf and Revolving Credit Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc., The Prudential Insurance Registrants of America and each Prudential Affiliate, which becomes party thereto.(5)
10.4	Asset Sales Agreement, dated December 23, 1998, between NRG Energy, Inc., and Niagara Mohawk Power Corporation.(6)
10.5	Amendment to the Asset Sales Agreement, dated June 11, 1999, between NRG Energy, Inc., and Niagara Mohawk Power Corporation.(6)
10.6*	Severance Agreement between NRG Energy, Inc. and George Schaefer dated December 18, 2002.(4)
10.7*	Severance Agreement between NRG Energy, Inc. and John P. Brewster dated July 23, 2003.(2)
10.8	Stock Purchase Agreement dated December 13, 2004, by and among NRG Energy, Inc. and MatlinPatterson Global Advisers LLC, MatlinPatterson Global Opportunities Partners, L.P. and MatlinPatterson Global Opportunities Partners (Bermuda) L.P.(11)
10.9*	NEO 2004 AIP Payout and 2005 Base Salary Table.(8)
10.10*	Form of NRG Energy, Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Officers and Key Management.(20)

10.11*	Form of NRG Energy, Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Directors.(20)
10.12*	NRG Energy, Inc. Long-Term Incentive Plan.(15)
10.13*	Form of NRG Energy, Inc. Long-Term Incentive Plan Non-Qualified Stock Option Agreement.(12)
10.14*	Form of NRG Energy, Inc. Long-Term Incentive Plan Restricted Stock Unit Agreement.(12)
10.15*	Form of NRG Energy, Inc. Long Term Incentive Plan Performance Unit Agreement. (17)
10.16*	Annual Incentive Plan for Designated Corporate Officers.(13)
10.17*	Letter Agreement, dated March 5, 2004, between NRG Energy, Inc. and John P. Brewster.(14)
10.18*	Letter Agreement, dated March 5, 2004, between NRG Energy, Inc. and Timothy W. O'Brien.(14)
10.19*	Letter Agreement, dated February 19, 2004, between NRG Energy, Inc. and Robert C. Flexon.(14)
10.20	Railroad Car Full Service Master Leasing Agreement, dated as of February 18, 2005, between General Electric Railcar Services Corporation and NRG Power Marketing Inc.(20)
10.21	Commitment Letter, dated February 18, 2005, between General Electric Railcar Services Corporation and NRG Power Marketing Inc.(20)
10.22*	Summary of Director Compensation.(20)
10.23	Purchase Agreement (West Coast Power) dated as of December 27, 2005, by and among NRG Energy, Inc., NRG West Coast LLC (Buyer), DPC II Inc. (Seller) and Dynegy, Inc.(19)
10.24	Purchase Agreement (Rocky Road Power), dated as of December 27, 2005, by and among Termo Santander Holding, L.L.C. (Buyer), Dynegy, Inc., NRG Rocky Road LLC (Seller) and NRG Energy, Inc.(19)
10.25*	August 1, 2005 Executive Officer Grant Table.(23)
10.26*	Letter Agreement, dated June 21, 2005, between NRG Energy, Inc. and Kevin T. Howell. (23)
10.27	Stock Purchase Agreement, dated as of August 10, 2005, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC.(22)
10.28	Accelerated Share Repurchase Agreement, dated as of August 11, 2005, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC.(22)
10.29	Credit Agreement, dated February 2, 2006, among NRG, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as administrative agent, Morgan Stanley Senior Funding, Inc. and Citigroup Global Markets Inc., as joint lead Book Runners, Joint Lead Arrangers and Co-Documentation Agents, Morgan Stanley & Co. Incorporated, as Collateral Agent, and Citigroup Global Markets Inc., as Syndication Agent.(26)
10.30	Investor Rights Agreement, dated as of February 2, 2006, by and among NRG Energy, Inc. and Certain Stockholders of NRG Energy, Inc. set forth therein.(27)
10.31	Amended and Restated Master Power Purchase and Sale Agreement, dated February 2, 2006, by and between J. Aron & Company and Texas Genco II, LP (including the cover sheet and confirmation letter thereto) (portions of this document have been omitted pursuant to a request for confidential treatment and filed separately with the SEC).(1)
10.32	Terms and Conditions of Sale, dated as of October 5, 2005, between Texas Genco II LP and FreightCar America, Inc., (including the Proposal Letter and Amendment thereto) (portions of this document have been omitted pursuant to a request for confidential treatment and filed separately with the SEC).(1)
10.33*	Employment Agreement, dated March 3, 2006, between NRG Energy, Inc. and David Crane.(1)
10.34*	NEO 2005 AIP Payout and 2006 Base Salary Table. (1)
21	Subsidiaries of NRG Energy, Inc. (1)
23.1	Consent of KPMG LLP. (28)
23.2	Consent of PricewaterhouseCoopers LLP. (28)
23.3	Consent of PricewaterhouseCoopers LLP. (with respect to West Coast Power LLC) (29)
23.4	Consent of Deloitte & Touche GmbH. (with respect to Mitteldeutsche Braunkohlengesellschaft mbH) (29)
31.1	Rule 13a-14(a)/15d-14(a) certification of David W. Crane. (29)
31.2	Rule 13a-14(a)/15d-14(a) certification of Robert C. Flexon. (29)
31.3	Rule 13a-14(a)/15d-14(a) certification of James J. Ingoldsby. (29)
32	Section 1350 Certification. (29)
99.1	Financial Statements of West Coast Power LLC. (29)
99.2	Financial Statements of Mitteldeutsche Braunkohlengesellschaft mbH. (29)

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* Exhibit relates to compensation arrangements.

(1) Incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 7, 2006.

(2) Incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 16, 2004.

(3) Incorporated herein by reference to NRG Energy, Inc.'s Amendment No. 2 to its annual report on Form 10-K filed on November 3, 2004.

(4) Incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 31, 2003.

(5) Incorporated herein by reference to NRG Energy, Inc.’s Registration Statement on Form S-1, as amended, Registration No. 333-33397.

(6) Incorporated herein by reference to NRG Energy, Inc.’s quarterly report on Form 10-Q for the quarter ended June 30, 1999.

(7) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on November 19, 2003.

(8) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on March 3, 2005.

(9) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on December 27, 2004.

(10) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on December 27, 2004.

(11) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K/ A filed on December 14, 2004.

(12) Incorporated herein by reference to NRG Energy, Inc.’s quarterly report on Form 10-Q for the quarter ended September 30, 2004.

(13) Incorporated herein by reference to NRG Energy, Inc.’s 2004 proxy statement on Schedule 14A filed on July 12, 2004.

(14) Incorporated herein by reference to NRG Energy, Inc.’s quarterly report on Form 10-Q for the quarter ended March 31, 2004.

(15) Incorporated herein by reference to NRG Energy, Inc.’s Registration Statement on Form S-8, Registration No. 333-114007.

(16) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on October 3, 2005.

(17) Incorporated herein by reference to NRG Energy, Inc.’s quarterly report on Form 10-Q for the quarter ended June 30, 2005.

(18) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on January 4, 2006.

(19) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on December 28, 2005.

(20) Incorporated herein by reference to NRG Energy, Inc.’s annual report on Form 10-K filed on March 30, 2005.

(21) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on May 24, 2005.

(22) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on August 11, 2005.

(23) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on August 3, 2005.

(24) Incorporated herein by reference to NRG Energy, Inc.’s Form 8-A filed on January 27, 2006.

(25) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on January 27, 2006.

(26) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on February 6, 2006.

(27) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on February 8, 2006.

(28) Filed with NRG Energy, Inc.’s Annual Report on Form 10-K filed on March 7, 2006.

(29) Filed herewith.

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-114007) and on Form S-3 (No. 333-123677 and 333-130549) of NRG Energy, Inc. of our report dated March 14, 2006, relating to the consolidated financial statements of West Coast Power LLC, which appears in this form 10-K/A Amendment No. 1.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Houston, Texas
March 23, 2006

Exhibit 23.4

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in NRG Energy, Inc.'s Registration Statements on Form S-8 (File No. 333-114007), Form S-3 (File No. 333-123677) and Form S-3 (File No. 333-130549) of our report dated February 6, 2006 relating to the audit of the consolidated balance sheets of Mitteldeutsche Braunkohlengesellschaft mbH, Theissen (Germany), and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2005 appearing in this Annual Report on form 10-K/A amendment no. 1 of NRG Energy Inc. for the year ended December 31, 2005. In the report, we express the opinion that the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitteldeutsche Braunkohlengesellschaft mbH, Theissen (Germany), and the consolidated results of its operations and cash flows in conformity with accounting principles generally accepted in Germany. the effect of applying accounting principles generally accepted in the United States of America on the results of operations for each of the years in the three-year period ended December 31, 2005 and on shareholders' equity as of December 31, 2005 and 2004, audited by us, is fairly presented in Note C to the consolidated financial statements.

/s/ Deloitte & Touche GmbH
Deloitte & Touche GmbH
Leipzig, Germany
March 24, 2006

Exhibit 31.1

CERTIFICATION

I, David W. Crane, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of NRG Energy, Inc.;

2. Based on my knowledge, this amendment does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amendment;

3. Based on my knowledge, the financial statements, and other financial information included in this amendment, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

/s/ DAVID W. CRANE

David W. Crane
Chief Executive Officer
(Principal Executive Officer)

Date: March 27, 2006

Exhibit 31.2

CERTIFICATION

I, Robert C. Flexon, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of NRG Energy, Inc.;

2. Based on my knowledge, this amendment does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amendment;

3. Based on my knowledge, the financial statements, and other financial information included in this amendment, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

/s/ ROBERT C. FLEXON

Robert C. Flexon
Chief Financial Officer
(Principal Financial Officer)

Date: March 27, 2006

Exhibit 31.3

CERTIFICATION

I, James J. Ingoldsby, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of NRG Energy, Inc.;

2. Based on my knowledge, this amendment does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amendment;

3. Based on my knowledge, the financial statements, and other financial information included in this amendment, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

/s/ JAMES J. INGOLDSBY

James J. Ingoldsby
Controller
(Principal Accounting Officer)

Date: March 27, 2006

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NRG Energy, Inc. (the "Company") on Amendment No. 1 to the Form 10-K for the year ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K/A"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-K/A fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-K/A.

Date: March 27, 2006

/s/ David W. Crane
David W. Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ Robert C. Flexon
Robert C. Flexon
Chief Financial Officer
(Principal Financial Officer)

/s/ James J. Ingoldsby
James J. Ingoldsby
Controller
(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NRG Energy, Inc. and will be retained by NRG Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.1

WEST COAST POWER LLC

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of West Coast Power LLC:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in members' equity and cash flows present fairly, in all material respects, the financial position of West Coast Power LLC (the "Company") at December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 9, the Company is the subject of substantial litigation. The Company's ongoing liquidity, financial position and operating results may be adversely impacted by the nature, timing and amount of the resolution of such litigation. The consolidated financial statements do not include any adjustments, beyond existing accruals applicable under Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," that might result from the ultimate resolution of such matters.

As discussed in Note 2, effective January 1, 2003, the Company adopted the provisions of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

PricewaterhouseCoopers LLP
Houston, Texas
March 14, 2006

WEST COAST POWER LLC
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2005	December 31, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	$ 165,704	$ 208,730
Accounts receivable, net of allowance for doubtful accounts of zero and $1,032, respectively	75,654	113,794
Inventory	17,937	18,347
Prepaid expenses	52,211	52,121
Assets from risk-management activities	—	33,231
Total Current Assets	311,506	426,223
Property, Plant and Equipment	600,712	596,776
Accumulated depreciation	(224,446)	(203,060)
Property, Plant and Equipment, Net	376,266	393,716
Other Long Term Assets	2,036	2,971
Total Assets	$ 689,808	$ 822,910
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	$ 3,906	$ 1,694
Accounts payable, affiliates	30,547	33,529
Accrued liabilities and other current liabilities	8,470	10,132
Liabilities from risk-management activities	—	36,790
Total Current Liabilities	42,923	82,145
Asset retirement obligation	5,481	5,223
Total Liabilities	48,404	87,368
Commitments and Contingencies (Note 9)		
Total Members' Equity	641,404	735,542
Total Liabilities and Members' Equity	$ 689,808	$ 822,910

See the notes to the consolidated financial statements

WEST COAST POWER LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Year Ended December 31,		
	2005	**2004**	**2003**
Revenues	$ 300,581	$ 725,626	$ 695,964
Affiliate operating costs, exclusive of depreciation shown separately below	(218,517)	(314,754)	(301,351)
Non-affiliate operating costs, exclusive of depreciation shown separately below	(39,940)	(42,189)	(62,372)
Depreciation and amortization expense	(22,017)	(39,456)	(31,693)
Goodwill impairment	—	—	(38,998)
Impairment charges	—	(24,348)	—
Gain on sale of assets	1	689	—
General and administrative expenses	(5,318)	(2,078)	(30,461)
Operating income	14,790	303,490	231,089
Interest expense	—	(82)	(176)
Interest income	6,572	2,539	1,327
Income before cumulative effect of change in accounting principle	21,362	305,947	232,240
Cumulative effect of change in accounting principle	—	—	1,030
Net income	$ 21,362	$ 305,947	$ 233,270

See the notes to the consolidated financial statements

WEST COAST POWER LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(in thousands)

	Members' Equity	Comprehensive Income
Balance at December 31, 2002	$ 640,815	
Net income	233,270	$ 233,270
Comprehensive income		$ 233,270
Distributions	(226,000)	
Balance at December 31, 2003	$ 648,085	
Net income	305,947	$ 305,947
Comprehensive income		$ 305,947
Contributions	5,000	
Distributions	(217,245)	
Other distributions	(6,245)	
Balance at December 31, 2004	$ 735,542	
Net income	21,362	$ 21,362
Comprehensive income		$ 21,362
Distributions	(115,500)	
Balance at December 31, 2005	$ 641,404	

See the notes to the consolidated financial statements

WEST COAST POWER LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2005	**2004**	**2003**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 21,362	$ 305,947	$ 233,270
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	22,017	39,456	31,693
Goodwill impairment	—	—	38,998
Impairment charges	—	24,348	—
Risk-management activities	(3,559)	3,559	—
Gain on sale of assets	(1)	(689)	—
Cumulative effect of change in accounting principle	—	—	(1,030)
Other, non-cash and adjustments	151	(1,313)	—
Changes in working capital:			
Accounts receivable, net	38,140	(55,950)	3,127
Inventory	1,345	1,281	1,164
Prepaid expenses	(366)	(11,584)	(30,338)
Accounts payable	(770)	14,949	(20,690)
Accrued liabilities and other current liabilities	(1,662)	(18,654)	20,571
Other	67	(1,512)	3,744
Net cash provided by operating activities	76,724	299,838	280,509
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(4,251)	(1,386)	(25,709)
Decrease in restricted cash	—	—	69,362
Proceeds from asset sales, net	1	3,278	—
Net cash provided by (used in) investing activities	(4,250)	1,892	43,653
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of borrowings	—	—	(10,000)
Distributions	(115,500)	(217,245)	(226,000)
Net cash used in financing activities	(115,500)	(217,245)	(236,000)
Net increase (decrease) in cash and cash equivalents	(43,026)	84,485	88,162
Cash and cash equivalents, beginning of period	208,730	124,245	36,083
Cash and cash equivalents, end of period	$ 165,704	$ 208,730	$ 124,245
Supplemental Disclosure of Cash Flow Information:			
Interest paid	—	82	178
Other non-cash investing and financing activity:			
Contribution of El Segundo Power II LLC by NRG	—	5,000	—

See the notes to the consolidated financial statements

WEST COAST POWER LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Organization and Operations of the Company

Effective June 30, 1999, Dynegy Power Corp. ("DPC"), an indirect wholly owned subsidiary of Dynegy Holdings Inc. ("Dynegy"), and NRG Energy, Inc. ("NRG"), then a subsidiary of Xcel Energy, Inc (collectively, the "Sponsors") formed WCP (Generation) Holdings LLC ("Holdings") and West Coast Power LLC ("WCP", "we", "us" or "our"), both of which are Delaware limited liability companies. The Sponsors have an equal interest in Holdings and share in profits and losses equally. WCP is wholly owned by Holdings and serves as a holding company for El Segundo Power, LLC ("ESP"), El Segundo Power II LLC ("ESP II"), Long Beach Generation LLC ("LBG"), Cabrillo Power I LLC ("Cabrillo I") and Cabrillo Power II LLC ("Cabrillo II"). NRG became an independent public company upon its emergence from bankruptcy on December 5, 2003 and no longer has any material affiliation or relationship with Xcel Energy.

Upon formation of WCP, the assets and liabilities of ESP, LBG, Cabrillo I and Cabrillo II (collectively, the "LLCs") were contributed to WCP by the Sponsors and were recorded at their historical costs because the transfer represented a reorganization of entities under common control. Operations are governed by the executive committee, which consists of two representatives from each Sponsor.

On December 27, 2005, Dynegy entered into an agreement to sell its 50% ownership interest in Holdings to NRG for approximately $205 million, subject to purchase price adjustments. After the transaction, we will become an indirect wholly owned subsidiary of NRG. Dynegy and NRG expect the sale to close in early 2006.

ESP owns a 670-megawatt ("MW") plant located in EI Segundo, California, consisting of two operating steam electric generating units. The facility has operated as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets. In December 2004, the California Independent System Operator ("Cal ISO"), pursuant to its tariff, designated ESP units 3 and 4 as Reliability Must Run ("RMR") units for the calendar year 2005. On December 21, 2004, ESP filed with the Federal Energy Regulatory Commission ("FERC"), an application for approval of its rates as an RMR designated facility. ESP made the election to collect rates as a "Condition 2" plant, effective January 1, 2005. In the third quarter of 2005, ESP entered into a settlement with various California parties including the Cal ISO, regarding the rate application. In the fourth quarter of 2005, FERC issued an order approving the settlement and accepting the agreed upon rates.

On January 27, 2005, Dynegy Power Marketing Inc, an affiliate of ESP, acting as its fully authorized agent, entered into a power purchase agreement with a major California utility for a term commencing May 1, 2005 and ending December 31, 2005. As part of that agreement, ESP was required to obtain certain consents and waivers from Cal ISO and to file for an application with FERC to change from "Condition 2" to "Condition 1" under the Cal ISO tariff. Such consents and waivers were received from the Cal ISO, an application to FERC was filed and the changes were accepted. As a result of these actions, during the term of this agreement, the utility was entitled to primary energy dispatch right for the facility's generating capacity while preserving Cal ISO's ability to call on the El Segundo facility as a reliability resource under the RMR agreement, if necessary. (See Note 7 — Power Purchase Agreement for a more detailed explanation).

In the fourth quarter 2005, ESP entered into a power sales agreement with a major California utility for the sale of 100% of the capacity and associated energy from the El Segundo facility from May 2006 through April 2008. During the term of this agreement, the utility will be entitled to primary energy dispatch right for the facility's generating capacity.

For the calendar year 2006, ESP was not designated as an RMR resource by the Cal ISO.

In October 2004, the FERC approved WCP's settlement of claims relating to western energy market transactions that occurred from January 2000 through June 2001. (See Note 9 — Commitments and Contingencies for further discussion of this settlement). Included in this settlement was a payment of $22,544,942 to various California energy purchasers. In order to provide the funds for this settlement, Dynegy has agreed to forego approximately $17,000,000 of distributions from WCP, and NRG has agreed to forego approximately $5,500,000 of distributions and contribute El Segundo Power II LLC valued at $5,000,000 to WCP. The contribution of these assets is reflected as a contribution in the Consolidated Statements of Changes in Members' Equity. WCP paid $6,244,942 of the settlement on behalf of Dynegy in accordance with the settlement agreement, and is recorded as a reduction of Dynegy's member's equity on the Consolidated Statements of Changes in Members' Equity.

On December 30, 2004, NRG West Coast LLC, a Delaware limited liability company, assigned its right, title, and interest in El Segundo Power II LLC to Holdings, which in turn assigned its interest to WCP, as part of the funding of the settlement agreement with the FERC. On February 3, 2005, the California Energy Commission approved the certificate for the construction and operation of a proposed 630-MW combined-cycle facility by ESP II on the site previously used by ESP units 1 and 2. A Petition For Writ of Mandate was filed in the California Supreme Court against the California Energy Commission seeking to invalidate the certificate awarded to ESP II. The Petition was denied without comment. ESP II became 100% owned by WCP on December 30, 2004. No date has been set to commence construction, although California state law requires that construction commence five years after the issuance of the certificate.

LBG owns a 560-MW plant located in Long Beach, California. On January 1, 2005, after due notice to the Cal ISO, the plant was shut down and the operator began decommissioning, environmental remediation of the plant site, equipment salvage and investment recovery efforts.

Cabrillo I owns a 970-MW plant located in Carlsbad, California, consisting of five steam electric generating units and one combustion turbine. The facility has operated as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets. Cabrillo I was designated as a RMR unit by the Cal ISO for 2004 and 2005. Pursuant to an uncontested settlement agreement filed in December 2004 with the Cal ISO and various interveners in FERC Docket No. ER04-308, RMR rates for the years 2004 through 2006 were agreed upon between the parties. As a part of that settlement, Cabrillo I chose to collect rates as a Condition 2 plant, effective January 1, 2005 (See Note 7 — Power Purchase Agreement for a more detailed explanation). On February 14, 2005, FERC issued an order accepting these rates. In November 2005, Cabrillo I filed with FERC an application to revise its existing RMR agreement with the Cal ISO for Units 1-3 and 5. In December 2005, FERC accepted those rates effective January 1, 2006. Finally, in late December 2005, Cabrillo I, Unit 4 was selected as a RMR resource for 2006 by the Cal ISO. Cabrillo I filed an application on December 29, 2005 to revise its current RMR agreement to include Unit 4 and to change Units 4 and 5 from Condition 2 to Condition 1. Cabrillo I requested an effective date of January 1, 2006. On February 13, 2006, FERC issued an order accepting the revised rates effective as of January 1, 2006. Subsequent to the FERC order approving the Cabrillo I rates, an application for rehearing challenging that order, was filed by an intervenor. We do not know when FERC will rule on that rehearing application.

Cabrillo II owns 13 combustion turbines with an aggregate capacity of 202-MW located throughout San Diego County, California. The facilities have operated as merchant plants, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets. The Cabrillo II combustion turbines, except for Division Street, were designated as RMR units by the Cal ISO for 2004 and 2005. Pursuant to an uncontested settlement agreement filed in December 2004 with the Cal ISO and various interveners in FERC Docket No. ER04-308, RMR rates for the years 2004 through 2006 were agreed upon between the parties. As a part of that settlement, Cabrillo II chose to continue collecting rates as a "Condition 2" plant, effective January 1, 2005 (See Note 7 — Power Purchase Agreement for a more detailed explanation). On February 14, 2005, FERC issued an order accepting these rates. The same Cabrillo II units were also designated RMR units by the Cal ISO for 2006. In November 2005, Cabrillo II filed an application with FERC for approval of its rates. In December 2005, FERC accepted those rates effective January 1, 2006.

Note 2—Accounting Policies

Our accounting policies conform to Generally Accepted Accounting Principles ("GAAP"). Our most significant accounting policies are described below. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect our reported financial position and results of operations. We review significant estimates and judgments affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Estimates and judgments are based on information available at the time such estimates and judgments are made. Adjustments made with respect to the use of these estimates and judgments often relate to information not previously available. Uncertainties with respect to such estimates and judgments are inherent in the preparation of financial statements. Estimates and judgments are used in, among other things, (1) developing fair value assumptions, including estimates of future cash flows and discounts rates, (2) analyzing tangible and intangible assets for possible impairment, (3) estimating the useful lives of our assets and (4) determining amounts to accrue for contingencies, guarantees and indemnifications. Our actual results from operations could differ materially from our estimates.

Principles of Consolidation. The accompanying consolidated financial statements include our accounts after eliminating intercompany accounts and transactions. Certain reclassifications have been made to prior-period amounts to conform with current-period financial statement classifications.

Cash and Cash Equivalents. Cash and cash equivalents consist of all demand deposits and funds invested in highly liquid short-term investments with original maturities of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts. We establish provisions for losses on accounts receivable if it becomes probable we will not collect all or part of outstanding balances. We review collectibility and establish or adjust our allowance as necessary using the specific identification method. As of December 31, 2005 and 2004, we have reserved zero and $1,032,466, respectively, as an allowance for doubtful accounts relating to receivables owed to us by the California Department of Water Resources ("CDWR").

Concentration of Credit Risk. We sell our electricity production to purchasers of electricity in California, which includes the Cal ISO and Dynegy Power Marketing, Inc. ("DYPM"). These industry and geographical concentrations have the potential to impact our overall exposure to credit risk, either positively or negatively, because the customer base may be similarly affected by changes in economic, industry, weather or other conditions.

Inventory. Inventories are valued at the lower of cost or market using the last-in, first-out ("LIFO") or the average cost methods and are comprised of the following:

	December 31, 2005	December 31, 2004
	(in thousands)	
Emissions credits (average cost)	$ 1,411	$ 1,525
Materials and supplies (average cost)	3,254	3,446
Fuel oil (LIFO)	13,272	13,376
	$ 17,937	$ 18,347

In conjunction with the retirement of LBG at the end of 2004, a lower of cost or market analysis was performed on the facility's materials and supplies balance. The vast majority of the materials and supplies were designed for use specifically at LBG or are otherwise obsolete. As a result, an adjustment of $3,027,613, which is included as a charge in operating costs on the consolidated statement of operations, was made to reduce the inventory to net realizable value as of December 31, 2004.

Emission credits represent costs paid by us to acquire additional NOx credits. We use these credits to comply with emission caps imposed by various environmental laws under which we must operate. As individual credits are used, costs are recognized as operating expense.

If we have more emission credits on hand than are required to operate our facilities, we may sell these credits. To the extent the proceeds received from the sale of such credits exceed our cost, we defer the associated gain until the period to which the allowance relates. As of December 31, 2005 we had a deferred gain of $22,307 included as accrued liabilities and other current liabilities on our consolidated balance sheets. This amount will be realized in 2006.

In addition, emissions allowances related to periods subsequent to 2006 totaling $2,035,931 at December 31, 2005, and emissions allowances related to periods subsequent to 2005 totaling $2,970,900 at December 31, 2004, are included in other long-term assets on the consolidated balance sheets.

Property, Plant and Equipment. Property, plant and equipment, which consists primarily of power generating facilities, furniture, fixtures and computer equipment, is recorded at historical cost. Expenditures for major replacements, renewals and major maintenance are capitalized. We consider major maintenance to be expenditures incurred on a cyclical basis in order to maintain and prolong the efficient operation of our assets. Expenditures for repairs and minor renewals to maintain assets in operating condition are expensed when incurred. Depreciation is provided using the straight-line method over the estimated economic service lives of the assets, ranging from 3 to 30 years. The estimated economic service lives of our asset groups are as follows:

Asset Group	Range of Years
Power Generation Facilities	3 to 30
Furniture and Fixtures.	3 to 5
Other Miscellaneous.	4 to 20

Gains and losses on sales of individual assets are reflected in gain on sale of assets in the consolidated statement of operations. We assess the carrying value of our plant and equipment in accordance with Statement of Financial Accounting Standards “SFAS” No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” If an impairment has occurred, the amount of the impairment loss recognized would be determined by estimating the related discounted cash flows of the assets and recording a loss if the resulting estimated fair value is less than the book value. For assets identified as held for sale, the book value is compared to comparable market prices or the estimated fair value if comparable market prices are not readily available to determine if an impairment loss is required. Please read Note 4 —Impairment of Long-Lived Assets for a discussion of impairment charges we recognized in 2004.

On September 30, 2004, the WCP executive committee consented to a plan to retire the Long Beach facilities effective January 1, 2005. The revision of the expected useful life of Long Beach was a change in accounting estimate, per the guidance in Accounting Principles Board Opinions “APB” No. 20, “Accounting Changes.” This change was accounted for in the current and future periods since the change affects both. The remaining asset value, excluding land, as of September 30, 2004 was $9,918,597. The depreciation was accelerated so that the Long Beach facilities were fully depreciated by December 31, 2004.

Asset Retirement Obligations. We adopted SFAS No. 143, “Asset Retirement Obligations,” effective January 1, 2003. Under the provisions of SFAS No. 143, we are required to record liabilities for legal obligations to retire tangible, long-lived assets. Those obligations are recorded at a discount when the liability is incurred. Significant judgment is involved in estimating future cash flows associated with such obligations, as well as the ultimate timing of the cash flows. If our estimates on the amount or timing of the cash flow change, the change may have a material impact on our results of operations.

As part of the transition adjustment in adopting SFAS No. 143, existing environmental liabilities in the amount of $5,200,000 were reversed in the first quarter 2003. The fair value of the remediation costs estimated to be incurred upon retirement of the respective assets is included in the asset retirement obligation ("ARO") and was recorded upon adoption of SFAS No. 143. Since the previously accrued liabilities exceeded the fair value of the future retirement obligations, the impact of adopting SFAS No. 143 was an increase in earnings of $1,029,756 in 2003, which is the cumulative effect of change in accounting principle in the consolidated statement of operations.

At January 1, 2004, our ARO liabilities totaled $7,631,979, which includes monitoring charges related to El Segundo Units 1 and 2, as well as dismantlement and remediation at the Cabrillo II facilities since these assets reside on leased property. Annual accretion of the liability towards the ultimate obligation amount was $628,290 during 2004. During 2004, we settled $2,140,550 relating to our ARO. During 2004, the timing or fair value of the estimated cost to be incurred upon retirement related to the dismantlement and remediation changed for the Cabrillo II facilities. These changes resulted in an $896,809 decrease in our ARO liability. Since the change in the ARO liability associated with one of the facilities exceeded the asset retirement cost net of accumulated depreciation, an increase in earnings of $641,236 was recorded during 2004, which is included in non-affiliate operating costs on the consolidated statements of operations. At December 31, 2004, our ARO liabilities totaled $5,222,910.

Annual accretion of the liability towards the ultimate obligation amount was $490,484 during 2005. During 2005, we settled $423,288 relating to our ARO. During 2005, the estimated cost to be incurred upon retirement changed again for the Cabrillo II facilities. These changes resulted in an $190,796 increase in our ARO liability. This change resulted in a decrease in earnings of $150,832 during 2005, which is included in non-affiliate operating costs on the consolidated statements of operations. At December 31, 2005, our ARO liabilities totaled $5,480,902.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," ("FIN No. 47") which is an interpretation of SFAS No. 143. FIN No. 47 defines a conditional ARO as an ARO for which the timing and/or method of settlement are conditional upon future events that may or may not be within the control of the entity. Uncertainty about the timing and method of settlement for a conditional ARO should be considered in estimating the ARO when sufficient information exists. FIN No. 47 clarifies when sufficient information exists to reasonably estimate the fair value of an ARO. FIN No. 47 was effective for fiscal years ending after December 15, 2005. We adopted FIN No. 47 on December 31, 2005 and the adoption did not have a material impact on our consolidated statement of operations or balance sheet.

Other Contingencies. We are involved in numerous lawsuits, claims, and proceedings in the normal course of our operations. In accordance with SFAS No. 5, "Accounting for Contingencies," we record a loss contingency for these matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We review our loss contingencies on an ongoing basis to ensure that we have appropriate reserves recorded on the consolidated balance sheets. These reserves are based on estimates and judgments made by management with respect to the likely outcome of these matters, including any applicable insurance coverage for litigation matters, and are adjusted as circumstances warrant. Our estimates and judgment could change based on new information, changes in laws or regulations, changes in management's plans or intentions, the outcome of legal proceedings, settlements or other factors. If different estimates and judgments were applied with respect to these matters, it is likely that reserves would be recorded for different amounts. Actual results could vary materially from these estimates and judgments.

Liabilities for environmental contingencies are recorded when environmental assessment indicates that remedial efforts are probable and the costs can be reasonably estimated. Measurement of liabilities is based, in part, on relevant past experience, currently enacted laws and regulations, existing technology, site-specific costs and cost-sharing arrangements. Recognition of any joint and several liability is based upon our best estimate of our final pro-rata share of such liability. These assumptions involve the judgments and estimates of management and any changes in assumptions could lead to increases or decreases in our ultimate liability, with any such changes recognized immediately in earnings.

Goodwill. Goodwill represents, at the time of an acquisition, the amount of purchase price paid in excess of the fair value of net assets acquired. We follow the guidance set forth in SFAS No. 142, “Goodwill and Other Intangible Assets,” when assessing the carrying value of our goodwill. Accordingly, we evaluate our goodwill for impairment on an annual basis or when events warrant an assessment. Our evaluation is based, in part, on our estimate of future cash flows. The estimation of fair value is highly subjective, inherently imprecise and can change materially from period to period based on, among other things, an assessment of market conditions, projected cash flows and discount rate. In 2003, all goodwill was impaired (See Note 3 — Goodwill for a more detailed explanation). We currently have no remaining goodwill as a result of this impairment. Were we to have goodwill, we would perform our annual impairment test in December, and we may record further impairment losses in future periods as a result of such test.

Revenue Recognition. Revenues received from the RMR agreement with the Cal ISO and the ESP power sales agreement are primarily derived from capacity (availability) payments and amounts based on reimbursing variable costs. Revenues identified as being subject to future resolution are accounted for as discussed above at “Accounts Receivable and Allowance for Doubtful Accounts.”

Federal Income Taxes. We are not a taxable entity for federal income tax purposes. The Partnership’s income is included in the income tax returns of the partners. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

Fair Value of Financial Instruments. Our financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and derivative instruments to hedge commodity price and interest rate risk. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values due to the short-term maturities of these instruments.

Accounting for Derivative Instruments. We may enter into various derivative instruments to hedge the risks associated with changes in commodity prices and interest rates. We use physical and financial forward contracts to hedge a portion of our exposure to price fluctuations of natural gas and electricity.

Under SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities” as amended, we recognize all derivative instruments on the balance sheet at their fair values, and changes in fair value are recognized immediately in earnings, unless the derivatives qualify, and are designated, as hedges of future cash flows or fair values, or qualify, and are designated, as normal purchases and sales. For derivatives treated as hedges of future cash flows, we record the effective portion of changes in the fair value of the derivative instrument in other comprehensive income until the related hedged items impact earnings. Any ineffective portion of a cash flow hedge is reported in earnings immediately. For derivatives treated as fair value hedges, we record changes in the fair value of the derivative and changes in the fair value of the hedged risk attributable to the related asset, liability or firm commitment in current period earnings. Derivatives treated as normal purchases or sales are recorded and recognized in income using accrual accounting. As of December 31, 2005, we had no derivative instruments recorded on our balance sheet.

Note 3—Goodwill

We recognized a $38,998,482 impairment charge in 2003 based on our annual goodwill impairment test at the consolidated WCP level. We calculated our fair value using a discounted future cash flows methodology. Fair value was negatively impacted by the expiration of the CDWR contract in December 2004 (See Note 7 — Power Purchase Agreement), coupled with decreasing power prices and current market conditions. The impairment charge is included in goodwill impairment on the consolidated statements of operations. As of December 31, 2005 and 2004, we had no goodwill recorded on our balance sheet.

Note 4—Impairment of Long-Lived Assets

In December 2004, we tested our long-lived assets for impairment in accordance with SFAS No. 144. As a result of the expiration of the CDWR contract (See Note 7 — Power Purchase Agreement), our impairment analysis of the Cabrillo II facility indicated future cash flows were insufficient to recover the carrying value of the long-lived assets. As a result, we recorded an impairment of $24,348,534, which is included in impairment charges on the consolidated statements of operations. At December 2005, as a result of the pending sale of Dynegy's 50% ownership interest in WCP to NRG, we tested our assets again. Our analysis indicated no impairment was necessary.

Note 5—Derivatives and Hedging

We previously entered into a series of fixed price electricity purchases to hedge a portion of the fair value of our fixed price CDWR Power Purchase Agreement ("PPA"). During the years ended December 31, 2004 and 2003, there was no ineffectiveness from changes in fair value of hedge positions and no amounts were excluded from the assessment of hedge effectiveness. Additionally, no amounts were reclassified to earnings in connection with forecasted transactions that were no longer considered probable. Upon acceptance of RMR Condition 2 on December 31, 2004, we are not exposed to the variability of cash flow from sales of power on a merchant basis. We did not enter into any fair value hedges during the year ended December 31, 2005.

The risk management assets and liabilities as of December 31, 2004 are derivatives, primarily gas and power forward sales contracts and swaps utilized to reduce our exposure to commodity price risk. However, these derivatives are not designated as cash flow hedges as defined in SFAS No. 133. As of December 31, 2005, all of our outstanding derivative positions had matured. Please read Note 7 — Power Purchase Agreement for a more detailed explanation of our Power Purchase Agreements.

Note 6—Related Parties

We purchase fuel for our plants under full requirement natural gas supply agreements ("GSAs") with Dynegy Marketing and Trade ("DMT"), one of our affiliates. Charges for fuel are based upon similar terms and conditions, primarily index, as could be obtained from unrelated third parties. Fuel purchases from DMT are included in affiliated operating costs in the consolidated statements of operations.

We contracted with DYPM to provide all power scheduling, power marketing and risk management for us under an energy management agreement (the "EMA"). Additionally, we contracted with DMT to provide all scheduling of fuel supply.

We entered into operation and maintenance ("O&M") agreements with NRG Cabrillo Power Operations Inc. and NRG El Segundo Operations Inc., two of our affiliates, for Cabrillo I and Cabrillo II effective May 2001 and for ESP and LBG effective April 2000. Fees for services under these contracts primarily include recovery of the costs of operating the plant as approved in the annual budget, as well as a base monthly fee. When NRG became operator, we contracted with NRG Development Company, Inc., one of our affiliates, to provide services under the Administrative Management Agreement (the "AMA"). Services provided under the AMA included environmental, engineering, legal and public relations services not covered under the O&M agreements. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget.

We entered into an administrative services management agreement (the "ASMA") with Dynegy Power Management Services, L.P., one of our affiliates, under which Dynegy Power Management Services, L.P. provides administrative services such as business management and accounting. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget.

As described above, our affiliates provide various services for us. Charges for these services are included in our operating and general and administrative expenses in the consolidated statements of operations and consisted of the following costs:

	Years Ended December 31,		
	2005	2004	2003
		(in thousands)	
Dynegy Related Cost			
Fuel	$180,796	$267,844	$258,134
EMA Charges	4,373	9,216	9,141
Charges included in operating costs	$185,169	$277,060	$267,275
ASMA fees included in general and administrative expenses	$ 1,292	$ 1,264	$ 1,538
NRG Related Cost			
O&M charges included in operating costs	$ 33,348	$ 37,694	$ 34,076
AMA charges included in general and administrative expenses	$ 1,969	$ 1,823	$ 1,396

Note 7—Power Purchase Agreement

We entered into a long-term Power Purchase Agreement with the CDWR in March 2001. From March 2001 through December 31, 2004, the CDWR contracted for fixed-price firm energy and system contingent capacity and energy representing a substantial portion of WCP's capacity. Sales to CDWR constituted approximately 71% and 88% of revenues, net of reserves, in 2004 and 2003 respectively.

The CDWR contract expired on December 31, 2004. For 2005, all of our assets operated under RMR Condition 2 contracts with the Cal ISO, except for the Long Beach facility, which was retired effective January 1, 2005 (See Note 2—Accounting Policies—Property, Plant and Equipment for further detailed discussion of the Long Beach retirement). Under the terms of these RMR contracts, the Cal ISO reimburses WCP for 100% of approved costs plus a rate of return specified in the contracts. When the facilities are instructed to provide power by the Cal ISO, they are reimbursed for their variable production costs. Under RMR Condition 2, the facilities are 100% committed to the Cal ISO and, therefore, do not experience changes in market conditions through bilateral energy or capacity sales to third parties that the Company might otherwise enter into. The RMR contracts are effective for calendar year 2005. For 2006, the Cal ISO has agreed to renew its RMR agreements with Cabrillo I and II. All units will be operating under Condition 2 except for Cabrillo I, Units 4 and 5, which will operate under Condition 1.

In addition, ESP entered into a power sales agreement with a major California utility for 100% of the capacity and associated energy from the El Segundo facility from May 2005 through December 2005. During the term of this agreement, the utility will be entitled to primary energy dispatch right for the facility's generating capacity. The agreement permitted the utility to exercise primary dispatch rights under the agreement while preserving Cal ISO's ability to call on the El Segundo facility as a reliability resource under the RMR agreement. The agreement was accounted for as an operating lease of the facility under the requirements of Emerging Issues Task Force ("EITF") Issue No. 01-8 "Determining Whether an Arrangement Contains a Lease", with revenues being recognized on a straight-line basis over the life of the agreement. Sales under this agreement constituted approximately 13% of revenues in 2005.

In the fourth quarter 2005, ESP entered into a power sales agreement with a major California utility for the sale of 100% of the capacity and associated energy from the El Segundo facility from May 2006 through April 2008. During the term of this agreement, the utility will be entitled to primary energy dispatch right for the facility's generating capacity. The agreement will be accounted for as an operating lease of the facility under the requirements of EITF Issue No. 01-8, with revenues being recognized on a straight-line basis over the life of the agreement.

Note 8—Debt

In June 2003, we replaced our Refinanced Credit Agreement with an 18-month $50,000,000 letter of credit facility. With the replacement of the Refinanced Credit Agreement, we are no longer required to maintain restricted cash funds. This agreement requires us to post equal amounts of cash collateral for all letters of credit issued. This letter of credit facility incurs fees at the rate of 0.50% on any outstanding letters of credit plus a commitment fee at the rate of 0.25% on any unused amount of the commitment.

In November 2004, the letter of credit facility was extended until December 31, 2005 and increased from $50,000,000 to $85,000,000 effective January 1, 2005. We incurred financing costs of $275,000 in connection with the renewal of the agreement. These costs were fully amortized during 2005. At December 31, 2004, our deposit for our letter of credit facility was $35,300,000 and is included in prepaid expenses on our consolidated balance sheets. Of this deposit, $28,450,000 was issued in letters of credit. On December 22, 2005, the letter of credit facility was amended, reducing the available amount to $35,000,000 as of December 31, 2005, and extending the termination date to June 30, 2006. At December 31, 2005, our deposit for our letter of credit facility was zero and no letters of credit under the facility were outstanding.

In addition to our letter of credit facility, we also post cash directly with some of our counterparties. These deposits total $48,129,800 and $14,200,000 for 2005 and 2004, respectively, and are included as prepaid expenses on our consolidated balance sheets.

Our interest costs on the term loans, working capital loans and interest rate swaps (including swap termination costs and amortization costs, which are included in depreciation and amortization expense on the consolidated statements of operations) totaled approximately $275,000, $500,000, and $2,900,000 for 2005, 2004, and 2003 respectively.

Note 9—Commitments and Contingencies

Set forth below is a description of our material legal proceedings. In addition to the matters described below, we are party to legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these matters will not materially adversely affect our financial condition, results of operations, or cash flows.

We 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 under SFAS No. 5, "Accounting for Contingencies". For environmental matters, we record liabilities when remedial efforts are probable and the costs can be reasonably estimated. Please see Note 2 — Accounting Policies for further discussion. Environmental reserves do not reflect management's assessment of the insurance coverage that may be applicable to the matters at issue. We cannot guarantee that the amount of any reserves will cover any cash obligations we might incur as a result of litigation or regulatory proceedings, payment of which could be material.

With respect to some of the items listed below, management has determined that a loss is not probable or that any such loss, to the extent probable, is not reasonably estimable. In some cases, management is not able to predict with any degree of certainty the range of possible loss that could be incurred. Notwithstanding these facts, management has assessed these matters based on current information and made a judgment concerning their potential outcome, giving due consideration to 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.

California Market Litigation. WCP or it subsidiaries are or were defendants in lawsuits alleging rate and market manipulation in California's wholesale electricity market during the California energy crisis and seeking unspecified treble damages. The cases are: *People of the State of California ex rel. Bill Lockyer, Attorney General v. Dynegy Inc., et al and Bustamante [I] v. Dynegy Inc., et al*. The *Lockyer* case was dismissed in federal district court in the first quarter of 2003 on the grounds of FERC preemption and the filed rate doctrine. The Ninth Circuit Court of Appeals affirmed the dismissal in June 2004, and a Petition for Writ of Certiorari to the U.S. Supreme Court was denied in April 2005. *Bustamante* (I) was remanded to a California state court, and in May 2005, we filed a motion to dismiss. The court granted our motion in October 2005 on grounds of federal preemption. On December 2, 2005, plaintiffs filed a notice of appeal of the dismissal order.

In addition to the lawsuits discussed above, WCP and/or the LLCs were named as defendants in seven other putative class actions and/or representative actions that were filed in state and federal court on behalf of business and residential electricity consumers against numerous power generators and marketers between April and October 2002. The complaints alleged unfair, unlawful and deceptive practices in violation of the California Unfair Business Practices Act and sought an injunction, restitution and unspecified damages. The court dismissed these actions and plaintiffs appealed. The Ninth Circuit affirmed the denial of remand and dismissal of these lawsuits in February 2005.

In December 2002, two additional actions were filed on behalf of consumers and businesses in Oregon, Washington, Utah, Nevada, Idaho, New Mexico, Arizona and Montana that purchased energy from the California market alleging violations of the Cartwright Act and unfair business practices. These cases were subsequently dismissed and re-filed in California Superior Court as one class action complaint styled *Jerry Egger v. Dynegy Inc., et al*. The cases were removed from state court and consolidated with existing actions pending before the U.S. District Court for the Northern District of California. Plaintiffs challenged the removal and the federal court stayed its ruling pending a decision by the Ninth Circuit on the *Bustamante (I)* case referenced above. Although the Ninth Circuit issued a decision remanding that case, no ruling has been made with respect to *Egger*.

In June 2004, the *City of Tacoma v. American Electric Power Service Corporation, et al.,* was filed in Oregon and Washington federal courts against several energy companies seeking more than $30 million in compensatory damages resulting from alleged manipulation of the California wholesale power markets. In February 2005, the respective federal courts granted our motion to dismiss. Shortly thereafter, the plaintiff filed a notice of appeal to the Ninth Circuit. We filed responsive briefs in November 2005. The case remains pending.

We believe that we have meritorious defenses to these claims and intend to defend against them vigorously. We cannot predict with certainty whether we will incur any liability or estimate the range of possible loss, if any, that we might incur in connection with these lawsuits. However, given the nature of the claims, an adverse result in any of these proceedings could have a material adverse effect on our financial condition, results of operations and cash flows.

FERC and Related Regulatory Investigations—Requests for Refunds. In October 2004, the FERC approved in all respects the agreement announced by Dynegy and West Coast Power in April 2004, which provided for the settlement of FERC claims relating to western energy market transactions that occurred from January 2000 through June 2001. Market participants (other than the parties to the settlement) were permitted to opt into this settlement and share in the distribution of the settlement proceeds, and most of these other market participants have done so. The Cal ISO will determine the entitlement to refund and/or the liability of each non-settling market participant. Under the terms of the settlement, we will have no further liability to these non-settling parties. The settlement further provides that we are entitled to pursue claims for reimbursement of fuel costs against various non-settling market participants. We are currently pursuing these claims but are unable to predict the amounts that may be recovered from such parties.

The settlement does not apply to the ongoing civil litigation related to the California energy markets described above in which Dynegy and West Coast Power are defendants. The settlement also does not apply to the pending appeal by the CPUC and the California Electricity Oversight Board of the FERC's prior decision to affirm the validity of the West Coast Power-CDWR contract. We are currently awaiting a ruling on this appeal and cannot predict their outcome.

Gas Index Pricing Litigation. We are defending the following suits claiming damages resulting from the alleged manipulation of gas index publications and prices by WCP and/or the LLCs and numerous other power generators and marketers: *ABAG v. Sempra Energy et al.* (filed in state court in November 2004); *Bustamante v. Williams Energy Services et al.* (class action filed in state court in November 2002); *City and County of San Francisco v. Dynegy Inc. et al.* (filed in state court in July 2004); *County of Alameda v. Sempra Energy* (filed in state court in October 2004); *County of San Diego v. Dynegy Inc., Dynegy Marketing and Trade, West Coast Power, et al.* (filed in state court in July 2004); *County of San Mateo v. Sempra Energy et al.* (filed in state court in December 2004); *County of Santa Clara v. Dynegy Inc., Dynegy Marketing and Trade, West Coast Power, et al.* (filed in state court in July 2004); *Fairhaven Power Company v. Encana Corp. et al.* (class action filed in federal court in September 2004); *Ableman Art Glass v. EnCana Corp., et al.* (filed in federal court in December 2004); *Nurserymen's Exchange v. Sempra Energy et al.* (filed in state court in October 2004); *In re: Natural Gas Commodity Litigation* (filed in federal court in January 2004); *Older v. Dynegy Inc. et al*. (filed in federal court in September 2004); *Sacramento Municipal Utility District (SMUD) v. Reliant Energy Services, et al.* (filed in state court in November 2004); *Texas-Ohio Energy, Inc. v. CenterPoint Energy Inc., et al.* (class action filed in federal court in November 2003); *School Project for Utility Rate Reduction v. Sempra Energy, et al.* (filed in state court in November 2004); *Tamco, et al. v. Dynegy, Inc., et al.* (filed in state court in December 2004); *Ever-Bloom, Inc. v. AEP Energy Services, Inc., et al*. (filed in federal court in November 2004) and *Utility Savings & Refund v. Reliant Energy Services, et al*. (class action filed in federal court in November 2004). In each of these suits, the plaintiffs allege that we and other energy companies engaged in an illegal scheme to inflate natural gas prices by providing false information to gas index publications, thereby manipulating the price. All of the complaints rely heavily on the FERC and CFTC investigations into and report concerning index-reporting manipulation in the energy industry. The plaintiffs generally seek unspecified actual and punitive damages relating to costs they claim to have incurred as a result of the alleged conduct.

Pursuant to various motions filed by the parties to the litigation described above, the gas index pricing lawsuits pending in state court have been consolidated before a single judge in state court in San Diego. These cases are now entitled the "Judicial Counsel Coordinated Proceeding (JCCP) 4221, 4224, 4226, and 4228, the Natural Gas Anti-Trust Cases, I, II, III, & IV", which we refer to as the "Coordinated Gas Index Cases." In April 2005, defendants moved to dismiss the Coordinated Gas Index Cases on preemption and filed rate grounds. The Court denied defendants' motion in June 2005 and in October 2005 the defendants filed answers to the plaintiffs' complaints. The parties are presently engaged in discovery.

As to the gas index pricing lawsuits that have been filed in federal court, in *Texas-Ohio*, the defendants filed a motion to dismiss in May 2004, which the court granted in April 2005. The remaining federal court cases have been transferred to the federal judge in Nevada who presided over the *Texas-Ohio* matter. In December 2005, the Nevada federal court dismissed three additional cases (*Ableman Art Glass*, *Fairhaven Power* and *Utility Savings & Refund*) on similar grounds to *Texas-Ohio*, finding plaintiffs' claims barred by the filed rate doctrine.

In February 2006, we reached a settlement in *In re Natural Gas Commodity Litigation*, resolving a class action lawsuit by all persons who purchased, sold or settled NYMEX Natural Gas Contracts as an opening or closing transaction or otherwise, between June 1, 1999 and December 31, 2002 inclusive. The underlying action alleged the named defendants (including Dynegy and West Coast Power), unlawfully manipulated and aided and abetted the manipulation of the prices of natural gas futures contracts traded on the NYMEX. Pursuant to the settlement, Dynegy and West Coast Power continue to deny plaintiffs' allegations, and Dynegy agreed to pay $7 million in settlement of any and all claims for damages arising from or relating in any way to trading during the Class Period in NYMEX Natural Gas Contracts. The settlement is subject to a fairness hearing and final Court approval.

We are analyzing all of these claims and intend to defend against them vigorously. We cannot predict with certainty whether we will incur any liability or to estimate the damages, if any, that might be incurred in connection with these lawsuits. We do not believe that any liability that we might incur as a result of this litigation would have a material adverse effect on our financial condition, results of operations or cash flows.

U.S. Attorney Investigations. The United States Attorney's office in the Northern District of California issued a Grand Jury subpoena requesting information related to our activities in the California energy markets in November 2002. We have been, and intend to continue, cooperating fully with the U.S. Attorney's office in its investigation of these matters, including production of substantial documents responsive to the subpoena and other requests for information. We cannot predict the ultimate outcome of this investigation.

Note 10 — Subsequent Event

On March 1, 2006, FERC approved NRG's acquisition of Dynegy's 50% ownership interest in us. Dynegy and NRG expect the sale to close in early 2006.

EXHIBIT 99.2

Mitteldeutsche Braunkohlengesellschaft mbH, Theissen

Report on the audit of the consolidated financial statements in accordance with German GAAP and of the US GAAP reconciliations as of December 31, 2005 and 2004 and for each of the years in the three year period ended December 31, 2005

Mitteldeutsche Braunkohlengesellschaft mbH

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
MIBRAG mbH
Theissen, Germany

We have audited the accompanying consolidated balance sheets of Mitteldeutsche Braunkohlengesellschaft mbH and its subsidiaries (MIBRAG or Group) as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Germany and the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MIBRAG as of December 31, 2005 and 2004 and the consolidated results of its operations and cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with accounting principles generally accepted in Germany.

Generally accepted accounting principles in Germany vary in certain significant respects from generally accepted accounting principles in the United States of America. We have audited the effect of applying accounting principles generally accepted in the United States of America on the results of operations for each of the years in the three-year period ended December 31, 2005 and on shareholders' equity as of December 31, 2005 and 2004. In our opinion, the effect of applying accounting principles generally accepted in the United States of America on the results of operations for each of the years in the three-year period ended December 31, 2005 and shareholders' equity as of December 31, 2005 and 2004 is fairly presented in Note C to the consolidated financial statements.

Deloitte & Touche GmbH
Wirtschaftspruefungsgesellschaft

Leipzig, Germany
February 6, 2006

Mitteldeutsche Braunkohlengesellschaft mbH
Consolidated Statements of Income
in thousands of Euro (TEUR)

	Year ended December 31,		
	2005	**2004**	**2003**
Sales revenue	291,108	293,564	303,856
Changes in inventories	5,838	(1,133)	5,372
Own costs capitalized	11,668	12,913	1,467
Other operating income	40,007	38,402	42,719
Total performance	348,621	343,746	353,414
Cost of materials	82,729	82,469	90,829
Personnel expenses	101,573	103,535	99,992
Depreciation on intangible and tangible fixed assets	69,747	66,594	69,582
Other operating expenses	45,072	44,859	50,158
Total operating expenses	299,121	297,457	310,561
Operating result	49,500	46,289	42,853
Income from associated company and from companies in which participations are held	208	178	920
Income from financial assets	1,266	1,565	1,848
Depreciation on financial assets and short term investments	0	(1)	(390)
Interest income	1,726	2,754	3,461
Interest expense	(10,510)	(9,324)	(10,435)
Net income from ordinary activities	42,190	41,461	38,257
Income taxes	2,705	3,263	47
Other taxes	5,724	5,584	5,150
Net income	33,761	32,614	33,060

See accompanying Notes to Consolidated Financial Statements,

Mitteldeutsche Braunkohlengesellschaft mbH
Consolidated Balance Sheets
in thousands of Euro (TEUR)

	At December 31, 2005	At December 31, 2004
ASSETS		
Non-current assets		
Intangible assets		
Concessions, trade marks, patents and licenses	248,460	256,148
Property, plant and equipment		
1. Land and mining property	150,485	158,377
2. Buildings	45,148	46,180
3. Strip mines	55,694	47,210
4. Technical equipment and machinery	195,345	187,609
5. Factory and office equipment	24,894	23,853
6. Payments on account and assets under construction	19,658	20,672
	491,224	483,901
Financial assets		
1. Participations (including associated company)	12,594	12,398
2. Loan receivable from participation	4,549	4,924
3. Other loan receivables	10,626	15,288
	27,769	32,610
Total non-current assets	767,453	772,659
Overburden	156,033	149,813
Current assets		
Inventories		
1. Raw materials and supplies	5,303	5,956
2. Finished goods	1,095	1,477
	6,398	7,433
Receivables and other assets		
1. Trade receivables	34,780	31,151
2. Receivables from enterprises in which participations are held	577	521
3. Other assets	13,502	13,372
	48,859	45,044
Investments		
Other investments	36,534	36,537
Cash and cash equivalents	2,774	19,248
Total current assets	94,565	108,262
Prepaid expenses	7,792	7,511
TOTAL ASSETS	1,025,843	1,038,245

See accompanying Notes to Consolidated Financial Statements

Mitteldeutsche Braunkohlengesellschaft mbH
Consolidated Balance Sheets
in thousands of Euro (TEUR)

	At December 31, 2005	2004
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Subscribed capital	30,700	30,700
Capital reserve	293,191	293,191
Balance Sheet Profit : TEUR 43,544; 2004: TEUR 35,296		
Less: Interim dividend paid: TEUR 22,000; 2004: TEUR 12,500	21,544	22,796
Minority interest	(35,002)	(37,850)
thereof net income for the year:		
TEUR 13,013 (2004: TEUR 11,500)		
Total Shareholders' Equity	310,433	308,837
Special item for investment subsidies and incentives	308,430	330,158
Provisions		
1. Accruals for pensions and similar obligations	10,601	11,391
2. Taxation accruals	1,259	3,531
3. Environmental and mining provisions	197,441	192,500
4. Other accruals	20,128	22,606
	229,429	230,028
Liabilities		
1. Liabilities to banks	147,584	140,078
2. Payments received	59	88
3. Trade payables	15,075	14,555
4. Payables to participations	2,613	2,253
5. Other payables	12,205	12,231
	177,536	169,205
Deferred income	15	17
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,025,843	1,038,245

See accompanying Notes to Consolidated Financial Statements

Mitteldeutsche Braunkohlengesellschaft mbH
Consolidated Statements of Cash Flows
in thousands of Euro (TEUR)

	Year ended December 31,		
	2005	**2004**	**2003**
Net income for the year	33,761	32,614	33,060
Depreciation on tangible, intangible and financial assets	69,747	66,594	69,582
Write-up of tangible assets	0	0	(3,976)
Increase in medium- and long-term accruals	6,094	7,949	5,803
Other non-cash income and expenses	(21,923)	(21,663)	(22,334)
Cash earnings according to DVFA/SG	87,679	85,494	82,135
Increase/decrease in overburden	(6,220)	1,014	(5,520)
Gains/losses from disposal of assets	(268)	198	(571)
Increase/decrease in inventories, trade receivables and other assets	(3,058)	11,827	57,988
Increase in trade payables and other liabilities	(6,147)	(16,955)	(48,741)
Cash flow from operating activities	71,986	81,578	85,291
Capital expenditures on fixed assets	(69,845)	(47,603)	(58,041)
Proceeds from disposal of fixed assets	731	367	471
Acquisition of securities	(1)	(364)	(2)
Proceeds from disposals of securities	5,037	5,120	3,954
Cash flow used by investing activities	(64,078)	(42,480)	(53,618)
Disbursements to minority shareholders	(10,165)	(9,623)	(9,356)
Disbursements to shareholders (dividends and distributions)	(22,000)	(12,500)	(10,500)
Cash inflow from borrowing	71,000	0	0
Cash outflow from repayment of bank loans	(63,217)	(21,956)	(17,490)
Cash flow used by financing activities	(24,382)	(44,079)	(37,346)
Change in cash and cash equivalents	(16,474)	(4,981)	(5,673)
Opening balance of cash and cash equivalents	19,248	24,229	29,902
Closing balance of cash and cash equivalents	2,774	19,248	24,229
Supplemental information:			
Income taxes paid	4,931	67	23
Interest paid	10,786	9,109	9,730

See accompanying Notes to Consolidated Financial Statements

Mitteldeutsche Braunkohlengesellschaft mbH
Consolidated Statements of Shareholders' Equity
in thousands of Euro (TEUR)

	Subscribed capital	Capital increase	Capital reserve	Balance sheet profit/ net profit	Minority Interest	Total
Balance as of January 1, 2003			293,221	3,790	(42,569)	285,142
Net income 2003				20,862	12,198	33,060
Transfer to capital reserve			(30)	30		
Distributions				(10,500)		(10,500)
Disbursements to minority shareholders					(9,356)	(9,356)
Balance as of December 31, 2003	30,700	0	293,191	14,182	(39,727)	298,346
Net income 2004				21,114	11,500	32,614
Transfer from capital reserve						
Distributions				(12,500)		(12,500)
Disbursements to minority shareholders					(9,623)	(9,623)
Balance as of December 31, 2004	30,700	0	293,191	22,796	(37,850)	308,837
Net income 2005				20,748	13,013	33,761
Transfer from capital reserve						
Distributions				(22,000)		(22,000)
Disbursements to minority shareholders					(10,165)	(10,165)
Balance as of December 31, 2005	30,700	0	293,191	21,544	(35,002)	310,433

See accompanying Notes to Consolidated Financial Statements

NOTE A ORIGINATION AND NATURE OF BUSINESS

ORIGINATION: For decades, raw brown coal is being mined in the Mid-German area by Mitteldeutsche Braunkohlengesellschaft mbH ("MIBRAG" or "MIBRAG mbH" or "Company") and its predecessors. The current MIBRAG mbH was created from the split-up of MIBRAG AG, which had been previously owned by the Treuhandanstalt (the German government privatization agency), into three separate entities. Effective January 1, 1994 a consortium comprising of NRG Energy, Inc. ("NRG"), Washington Group International Inc. (formerly Morrison Knudsen Corporation) ("Washington Group") and PowerGen plc. ("PowerGen") jointly acquired 99 % of the active mining, power generation and related assets and liabilities from the Treuhandanstalt through its Dutch holding company, MIBRAG B.V. The remaining 1 % was transferred on December 18, 1996 from the German government privatization agency to Lambique Beheer B.V., Amsterdam, a subsidiary of NRG, WGI Netherlands B.V. (formerly Morrison Knudsen B.V.), Amsterdam, and PowerGen Netherlands B.V., Amsterdam, in equal portions (1/3 %) for each partner. In April 2001 Washington Group and NRG performed a share buyback of PowerGen's 33,33 % interest in MIBRAG; thus, resulting in Washington Group and NRG each owning 50 % of MIBRAG.

NATURE OF BUSINESS: The operations of MIBRAG mbH include two open-cast brown coal mines in Profen and Schleenhain and rights on future mining reserves. Operations also include over 200 mega watts of power generation. A significant portion of the sales of MIBRAG is made pursuant to long-term coal and energy supply contracts.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The consolidated financial statements of MIBRAG mbH and subsidiaries have been prepared in accordance with the German Commercial Code, which represents accounting principles generally accepted in Germany ("German GAAP"). German GAAP varies in certain significant respects from accounting principles generally accepted in the United States of America ("US GAAP"). Application of US GAAP would have affected the results of operations for each of the years in the three-year period ended December 31, 2005 and shareholders' equity as of December 31, 2005 and 2004 to the extent summarized in note C to the consolidated financial statements.

The figures shown in the following notes are stated in thousand of Euros (TEUR).

PRINCIPLES OF CONSOLIDATION: All material companies in which MIBRAG has legal or effective control are fully consolidated. In 2005, MIBRAG consolidated 6 (2004: 6, 2003: 6) domestic subsidiaries.

One significant investment, the Mitteldeutsche Umwelt- und Entsorgungs GmbH, Braunsbedra (“MUEG”), in which MIBRAG has an ownership interest of 50 %, is accounted for in accordance with the equity method. This investment is referred to as an associated company in these financial statements.

All other investments are included at cost and are referred to as participations in these financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

TOTAL COST METHOD: The income statement has been presented according to the total cost (or type of expenditure) format as commonly used in Germany. According to this format, production and all other expenses incurred during the period are classified by type of expenses.

REVENUE RECOGNITION: The Company recognizes revenues from sales of products at the time persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed, and collection is reasonably assured. When these four conditions are met, the Company recognizes revenues as it considers that revenues are realizable or realized and earned. Service revenue consists primarily of training, maintenance, and installation services and is recognized as the services are provided.

INTANGIBLE ASSETS: Intangible assets are valued at acquisition cost and are amortized on a straight-line basis over their respective useful lives (3 to 20 years).

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment acquired is recorded on the basis of acquisition or manufacturing cost, including capitalized mine development costs, and subsequently reduced by scheduled depreciation charges over the assets’ useful lives as follows: buildings 3 to 50 years, technical facilities and machinery 4 to 25 years and facilities, factory and office equipment 5 to 10 years. The line item land and land rights refers to plots of land and buildings as well as mining properties. Land is principally accounted for at acquisition costs. If, after utilization in mining, the value of a piece of land is expected to be permanently impaired, it is written down to the lower value.

Maintenance and repair costs are expensed as incurred. Depreciation is computed principally by the straight-line method. The strip mines (exploration and mine development costs) are amortized using the unit-of-production costs (amortization period equals the life of the mines). Low value items are expensed in the year of acquisition. Opportunities for special tax deductible depreciation were utilized for both book and tax purposes in 1998 and prior years. This resulted in lower depreciation charges for German GAAP purposes over the remaining useful life of the prospective assets.

Impairment tests of long-term assets are made when conditions indicate a possible loss. If an impairment is indicated, the asset is written down to its estimated fair value. If, at a later date, the conditions leading to impairment no longer exist, the impairment loss is reversed up to the value of such assets, if the asset had not been impaired.

INVESTMENTS: The long-term loans and investments are recorded at cost.

OVERBURDEN: Overburden represents the costs of removing the surface above a coal field subsequent to the initial opening of the field to the extent that the removal exceeds what is needed for the current year's coal extraction. These are costs incurred in advance in respect of future coal production. The overburden is valued on an average cost basis.

INVENTORIES: Inventories are carried at the lower of average or market cost. Obsolescence provisions are made to the extent that inventory risks are determinable.

SECURITIES: Securities held as fixed assets as well as marketable securities are valued individually at cost or at lower quoted or market values.

RECEIVABLES AND OTHER ASSETS: All receivables are valued at cost, reduced for appropriate valuation allowances.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents include short-term, highly-liquid investments with remaining maturity dates of three months or less at the time of purchase.

SPECIAL ITEM FOR INVESTMENT SUBSIDIES AND INCENTIVES: To support the acquisition of certain tangible assets, investment allowances and subsidies were granted by the German federal government and the states of Saxony and Saxony-Anhalt. The application, conditions and payments of investment grants are governed by German law and regulations. Investment allowances and subsidies received and formally claimed are credited to the special item account. The special item is amortized into income over the normal operating useful lives of the underlying assets to which the allowances and subsidies relate.

As of January 1, 2002 MIBRAG acquired rights to transportation services of a railway company (TEUR 251,710) by partially waiving rights for future payments from the privatization agreement against the former shareholder Treuhandanstalt and debt of TEUR 8,963. The waiver of claims is presented on the balance sheet as deferred income in the line item special item for investment subsidies and incentives.

ACCRUALS FOR PENSION OBLIGATIONS: This accrual refers to one-time payments to non-tariff employees to which MIBRAG is committed on one side and to the compensation for lost pension credits to which MIBRAG is obliged if employees agree to take part in the Company's early retirement program on the other side. The valuation is based on the net present value of the liability, assuming an interest rate of 6 % per annum. Insurance policies were entered into to cover MIBRAG's obligation in the case that MIBRAG will not be solvent at the due dates of the payment.

ENVIRONMENTAL AND MINING PROVISIONS: Accruals for environmental and mining-related matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. These accruals are adjusted periodically as assessment and utilization progress or as additional technical or legal information becomes available.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The fair value of cash, accounts payable and receivable as well as short-term borrowings approximates book value because of the short maturity period and interest rates approximating market rates. The Company has determined the estimated fair value of long-term debt by using available market information and generally accepted valuation methodologies. The use of different market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts.

LIABILITIES: Liabilities are shown at their repayment amounts.

PER SHARE AMOUNTS: Per share amounts are not disclosed in the financial statements. MIBRAG is a nonpublic enterprise.

NOTE C SIGNIFICANT DIFFERENCES BETWEEN GERMAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The MIBRAG consolidated financial statements comply with German GAAP, which differs in certain respects from US GAAP. The significant differences that affect consolidated net income and shareholders' equity of MIBRAG are set out below.

I. Application of the purchase method of accounting

The German GAAP financial statements include the historical cost book values of assets transferred from a predecessor company.

The acquisition of 99 % of the shares in MIBRAG mbH on January 1, 1994 by MIBRAG B.V. was accounted for using the purchase method of accounting. The purchase price adjustments to the historical cost basis have been pushed down to MIBRAG mbH for purposes of the reconciliation to US GAAP. The excess (TEUR 387,183) of the fair value of the net assets acquired over the purchase price was proportionally allocated to reduce the value assigned to non-current assets, excluding long-term investments.

Reconciliation to US GAAP

The following is a summary of the significant adjustments to net income for 2005, 2004 and 2003 and to shareholders' equity at December 31, 2005 and December 31, 2004, which would be required if US GAAP had been applied instead of German GAAP.

	Note	Year ended December 31, 2005 TEUR	2004 TEUR	2003 TEUR
Net income as reported in the consolidated income statement under German GAAP		33,761	32,614	33,060
Adjustments required to conform with US GAAP:				
Fixed assets	(1)	(5,967)	(6,332)	(3,542)
Relocation accruals	(2)	1,413	(372)	(669)
Investment in power plants	(3)	(2,066)	(2,356)	(2,635)
Interest capitalization	(4)	(435)	(435)	(435)
Receivable/payables at non-market interest rates	(5)	0	0	0
Overburden	(6)	4,775	7,884	11,702
Environmental and mining provisions	(7)	4,103	(1,491)	18,869
Pension obligations	(8)	(1,355)	682	(1,067)
Other	(9)	1,511	1,475	610
Realized gains and losses on securities	(10)	(596)	84	(389)
Net income in accordance with US GAAP		**35,144**	**31,753**	**55,504**
thereof:				
Income from continuing operations		**35,144**	**31,753**	**35,577**
Cumulative effect of a change in accounting principle		**0**	**0**	**19,927**

	Note	Year ended December 31, 2005 TEUR	2004 TEUR
Shareholders' equity as reported in the consolidated balance sheet under German GAAP		310,433	308,837
Adjustments required to conform with US GAAP:			
Fixed assets	(1)	84,752	90,719
Relocation accruals	(2)	24,325	22,912
Investments in power plants	(3)	(44,698)	(52,799)
Interest capitalization	(4)	3,408	3,844
Overburden	(6)	(10,122)	(14,897)
Environmental and mining provisions	(7)	4,717	614
Pension obligations	(8)	(1,120)	235
Other	(9)	(3,513)	(4,990)
Shareholders' equity in accordance with US GAAP		**368,182**	**354,475**

Reporting of statement of shareholders' equity

Comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income", includes the impact of other comprehensive income. These are revenues, gains, expenses and losses that under US GAAP are not included in net income.

	Year ended December 31,		
	2005 TEUR	2004 TEUR	2003 TEUR
Net income in accordance with US GAAP	35,144	31,753	55,504
Other comprehensive income/unrealized gains on marketable securities Reclassification adjustments for gains realized in net income	596	(84)	0
Unrealized holding gains/(losses) on securities	(33)	165	389
Comprehensive income	**35,707**	**31,834**	**55,893**

Statement of shareholders' equity:

	Year ended December 31,		
	2005 TEUR	2004 TEUR	2003 TEUR
Stockholders' equity according to US GAAP before accumulated other comprehensive income	367,149	354,005	334,734
Accumulated other comprehensive income:			
Unrealized holding gains/(losses) on securities	1,033	470	389
Total stockholders' equity according to US GAAP including comprehensive income	**368,182**	**354,475**	**335,123**

II. Notes to significant US GAAP adjustments

1. Fixed assets

The differences relate primarily to the following:

- In the US GAAP balance sheet as of January 1, 1994, fixed asset balances, other than financial assets, were adjusted to their fair market values, then reduced by the allocation of the difference between the net acquisition costs for the MIBRAG shares and the fair market value of MIBRAG's net assets.
- The depreciation period of long term assets are based upon periods acceptable for German tax purposes, which differ from the economic useful lives for US accounting purposes.
- Special accelerated depreciation for tax purposes is recorded in the German financial statements for 1998 and prior years. This resulted in lower depreciation charges for German GAAP purposes over the remaining useful life of the prospective assets.

Upon disposal, the above differences also resulted in differing gains or losses on disposition.

Financial investment in MUEG

For German GAAP purposes, MIBRAG accounted for the investment in MUEG as of January 1, 1994 using the cost method. Under US GAAP the book value was increased to account for the equity earnings that were not distributed to MIBRAG as of that date.

2. Relocation accruals

As of January 1, 1994 for US GAAP purposes, liabilities and deferred costs of TEUR 45,357 were recognized to relocate three villages. The deferred costs are amortized in accordance with quantities of coal extracted. In accordance with German accounting principles, accruals for the relocation of villages can not be accrued earlier than two years prior to the relocation, and certain relocation costs must be expensed as incurred.

3. Investment in power plants

In 1995 and 1996, third party investors loaned TEUR 110,624 to a MIBRAG subsidiary, MIBRAG Industriekraftwerke GmbH & Co. KG ("MI"), which operates three lignite-fired power plants. The investment is structured such that the third party investors obtain accelerated tax depreciation while retaining a put option to sell their investments back to MIBRAG at predetermined prices at approximately TEUR 15,600. The third party investments were considered additions to equity as minority interests for German GAAP, while these arrangements are accounted for as a third-party loan in accordance with US GAAP.

4. Interest capitalization

Interest is expensed in the German financial statements. Interest expense related to qualified assets, however, is capitalized and depreciated for US GAAP purposes. The effect in 2005, 2004 and 2003 reflects the depreciation of amounts previously capitalized.

5. Receivables/payables at non-market interest rates

Certain accounts receivable or loans payable are recorded in the German GAAP financial statements at their nominal values. As they carry non-market interest rates, these receivables and payables were adjusted to their market values for US GAAP purposes.

6. Overburden

Overburden in the German financial statements includes depreciation on fixed assets (equipment) which are used for the waste removal. Because of the purchase accounting adjustments, a different amount of depreciation is included in overburden in the US GAAP financial statements. Additionally, overburden as of January 1, 1994 was written down to fair value.

7. Environmental and mining provisions

Certain accrued mining reclamation provisions are accrued ratably in the German financial statements. For US GAAP purposes, MIBRAG implemented SFAS 143 on January 1, 2003 and performed a complete new calculation of the asset retirement obligation (ARO) in accordance with this pronouncement at that date. In the year of adopting this new standard, MIBRAG disclosed the difference between the previous method of recognition of the endlake reserves as of December 31, 2002 (TEUR 168,532) and the new calculation of the ARO liability as of January 1, 2003 (TEUR 148,605) as a cumulative effect of initially applying SFAS 143 (cumulative effect of a change in accounting principle) in the income statement (TEUR 19,927).

8. Pension obligations

The company grants post-retirement benefits to a few employees. For US GAAP purposes the valuation and carrying amounts of pension commitments and the expenses required to cover these commitments are based on the projected unit credit method according to SFAS 87, "Employers' Accounting for Pensions". The method used for the valuation of pension obligations under German GAAP differs in various respects from the projected unit credit method.

9. Other

Certain costs and income in the German financial statements are capitalized or deferred for US GAAP purposes, respectively.

10. Realized/Unrealized holding gains and losses

For US GAAP purposes available-for-sale securities are accounted for according to the cost adjusted for fair value (mark-to-market) method, under which the carrying amount is adjusted at financial statement date for changes in fair value (i.e., they are carried at market value). Unrealized gains and losses for a period are excluded from earnings and reported as other comprehensive income. For German GAAP purposes these securities are accounted for at cost. If the market value is below cost, a loss is recognized for German GAAP purposes.

11. Deferred taxes

The differences noted above result in temporary differences which, when combined with tax loss carry-forwards, would result in a net deferred tax asset of TEUR 87,150 and TEUR 90,313 at December 31, 2005 and December 31, 2004, respectively. Because of available negative evidence, a 100 % valuation allowance would have been recorded at each year-end. Because no net deferred taxes were recorded for German or US GAAP purposes, no adjustment to net income or shareholders equity is listed in the preceding reconciliation.

12. U.S. GAAP Accounting Pronouncements

Adoption of accounting standards

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS amends the accounting and classification for certain financial instruments, such as those used in most stock buy-back programs, that previously were accounted for and classified as equity. SFAS No. 150 requires that certain types of freestanding financial instruments that have characteristics of both liabilities and equity be classified as liabilities with generally recognition of changes in fair value in the income statement.

This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of nonpublic entities. For nonpublic entities, mandatory redeemable financial instruments are subject to the provisions of this Statement for the first fiscal period beginning after December 15, 2003. The adoption of SFAS No. 150 did not have a material impact on the consolidated financial statements.

Recently issued accounting standards

In December 2004, the FASB issued SFAS No. 153, "*Exchanges of Non-monetary Assets – An Amendment of APB Opinion No. 29*." APB Opinion No. 29 provided an exception to the basic measurement principle (fair value) for exchanges of similar productive assets. That exception required that some non-monetary exchanges, although commercially substantive, be recorded on a carryover basis. SFAS No. 153 eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance – that is, transactions that are not expected to result in significant changes in the cash flows of the reporting entity. SFAS No. 153 is effective for fiscal years beginning after June 15, 2005. The Company does not expect that the adoption of SFAS No. 153 will have a significant impact on the result of operations or cash flows.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections – a replacement of APB No. 20 and FASB Statement No. 3.* This Statement changes the requirements for the accounting for and reporting of a change in accounting principle. It applies to all voluntary changes in accounting principle, error corrections and required changes due to new accounting pronouncements which do not specify a certain transition method. The Statement generally requires retrospective application to prior period's financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. In addition, this Statement requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. It also requires that a change in depreciation, amortization, or depletion method for long-lived, nonfinancial assets be accounted for on a prospective basis. SFAS No. 154 is effective for fiscal years beginning after December 15, 2005. MIBRAG plans to implement SFAS No. 154 on January 1, 2006. The Company expects that the adoption of SFAS No. 154 will not have a material impact on the Company's consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB Statement No. 143* ("FIN No. 47"). FIN No. 47 clarifies the term conditional asset retirement obligation as used in SFAS No. 143, *Accounting for Asset Retirement Obligations,* and requires a liability to be recorded if the fair value of the obligation can be reasonably estimated. The types of asset retirement obligations that are covered by FIN No. 47 are those for which an entity has a legal obligation to perform an asset retirement activity, even though the timing and method of settling the obligation are conditional on a future event that may or may not be within the control of the entity. FIN No. 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN No. 47 is effective for fiscal years ending after December 15, 2005. The Company implemented FIN No. 47 on January 1, 2005. FIN No. 47 has no significant impact on the Company's consolidated financial statements.

In the mining industry, companies may be required to remove overburden and waste materials to access mineral deposits. The costs of removing overburden and waste materials are referred to as "stripping costs." The Company incurs significant stripping costs in its lignite coal mining operations. In March 2005, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 04-6, *Accounting for Stripping Costs Incurred during Production in the Mining Industry.* The EITF concluded that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the cost of inventory produced during the period the stripping costs are incurred. EITF No. 04-6 is effective for fiscal years beginning after December 15, 2005. The Company plans to implement EITF No. 04-6 on January 1, 2006.

Based upon MIBRAG's deferred stripping costs recorded as of December 31, 2005, we estimate the adoption of EITF No. 04-6 will result in a significant write-down of capitalized overburden costs and an equivalent reduction of total stockholders' equity. EITF No. 04-6 requires any adjustment from adoption to be recognized as a cumulative effect adjustment to beginning retained earnings in the period of adoption or by retrospective adjustment of our financial statements.

The Company's mines are open pit lignite coal mines, which cover several square miles and have an estimated remaining life of 40 or more years. Because of the mining procedures used, the Company generally does not maintain any significant inventory of mined coal. Accordingly, under EITF No. 04-6, costs of removing overburden will be expensed in the period incurred. The execution of the mine plan may result in fiscal periods during which costs incurred for the removal of overburden will not bear a direct relationship to the revenue derived from the sale of coal. This may result in a degree of variability in the future reported earnings of the Company.

In June 2005, the FASB ratified EITF Issue No. 05-5, *Accounting for Early Retirement or Postemployment Programs with Specific Features (such as Terms Specified in Altersteilzeit Early Retirement Arrangements).* Altersteilzeit (ATZ) in Germany is incentive and benefit program towards early retirement. Companies are required to recognize the salary ratably over the active service period. Accruals for Company-granted bonuses shall be recorded ratably from the date the individual employee enrolls in the ATZ arrangements to the end of the active service period. EITF No. 05-5 is effective for fiscal years beginning after December 15, 2005. MIBRAG plans to implement EITF No. 05-5 on January 1, 2006. The Company expects that the adoption of EITF No. 05-5 will lead to a decrease in the accruals and an increase in the shareholders' equity in the Company's consolidated financial statements.

NOTE D CONCENTRATION OF CREDIT RISK AND LONG-TERM COAL SALES AGREEMENT

MIBRAG mbH markets its coal principally to electric utilities in Germany. As of December 31, 2005 and 2004 accounts receivable from electric utilities totaled TEUR 27,684 and TEUR 24,677, respectively. Credit is extended based on an evaluation of the customer's financial condition. Credit losses are provided for in the financial statements and consistently have been minimal.

MIBRAG mbH is committed under several long-term contracts to supply raw brown coal and whirl fine coal to the Schkopau power station and the Lippendorf power station. Under the terms of the Schkopau Agreement, MIBRAG mbH may deliver annually up to 5.8 million tons of coal. The agreement is in effect until 2010, with an option for the purchaser to extend the agreement for another 10 years. The price to be paid by the Schkopau power station is a fixed price adjusted by an annual escalation rate.

The Lippendorf Agreements provide for deliveries of up to 10 million tons of raw brown coal per year from 1999 through 2040 with an option for the customers to extend for an additional 3-year period. These Agreements were closed with Vereinigte Energiewerke AG (VEAG), Berlin, E.ON Kraftwerke GmbH, Hanover, and EnBW Lippendorf Beteiligungsgesellschaft mbH, Stuttgart. The price to be paid by the Lippendorf power station is a base-price with escalation and adjustment based on quality of the coal delivered. The first bloc of the new Lippendorf power station went into full operation in October 1999 and the second bloc went into effect in May 2000.

A substantial portion of the Company's coal reserves is dedicated to the production of coal for such agreements.

NOTE E BVS SETTLEMENT 2002

In the fourth quarter of 2002, MIBRAG mbH successfully negotiated with Bundesanstalt fuer vereinigungsbedingte Sonderaufgaben (“BvS”) amendments to the original agreement on transportation credit matters that had been entered into with the German government in 1993. The amendments were effective as of January 1, 2002. As a result of those negotiations, a settlement agreement was concluded replacing annual payments to be received by MIBRAG mbH over 18.75 years from the German government with a one-time, up-front payment totaling TEUR 383,225, which was recorded as deferred income (special item for investment subsidies and incentives). MIBRAG mbH also capitalized TEUR 251,710 for coal transportation rights (intangible assets) and TEUR 140,478 for mining rights (land and mining property) acquired through the settlement agreement. Both the deferred revenue and the rights will be amortized straight-line over the term of the contract of 18.75 years. As of December 31, 2005, the book values for coal transportation rights amounts to TEUR 198,012 (2004: TEUR 211,436) and for the mining rights TEUR 110,509 (2004: TEUR 118,002).

NOTE F INTANGIBLE ASSETS

	December 31, 2005 TEUR	December 31, 2004 TEUR
Concessions, trade marks, patents and licenses cost	312,614	304,448
Less: accumulated amortization	(64,154)	(48,300)
Net book value	248,460	256,148

The aggregate amortization expense for amounted to TEUR 16,835 (2005), TEUR 14,096 (2004) and TEUR 14,099 (2003). For each of the following years the aggregate amortization expense is estimated to be:

	TEUR
2006:	16,908
2007:	16,900
2008:	16,823
2009:	16,803
2010:	16,659

NOTE G PROPERTY, PLANT AND EQUIPMENT

The major categories of fixed assets are the following:

	December 31, 2005 TEUR	December 31, 2004 TEUR
Property, plant and equipment		
cost — land and land rights	189,238	187,363
— buildings	139,385	137,801
— strip mines	66,943	57,372
— technical equipment and machinery	835,661	809,094
— factory and office equipment	115,168	111,388
— payments on account and assets under construction	19,658	20,672
Total cost	1,366,053	1,323,690
Less: accumulated depreciation	(874,829)	(839,789)
Net book value	491,224	483,901

The line item strip mines includes the reconstruction cost incurred up to July 1, 1990 in respect of the mining pits of Profen and Schleenhain. Depreciation has been provided according to actual extraction of coal from the mine in relation to the total coal volume in the mine. The construction cost of strip mines include the cost for the removal of ground cover up to the coal banks as well as the removal of rock banks until the installation of production equipment and the commencement of raw brown coal production is possible. In 2004, a new mining field (Schwerzau) within the mine Profen was opened leading to additions to the strip mines. In the fiscal year 2005 further additions to the strip mines amounted to TEUR 9,571.

Total depreciation charges are as follows: TEUR 52,912 (2005), TEUR 52,498 (2004), and TEUR 55,483 (2003), including normal depreciation and unplanned depreciation.

NOTE H PARTICIPATIONS (INCLUDING ASSOCIATED COMPANY)

MIBRAG’s investment in MUEG is accounted for using the equity method. MUEG was founded in 1990 and coordinates the waste disposal activities in the Central German brown coal area. The equity value is TEUR 6,952 and TEUR 6,757 as of December 31, 2005 and 2004, respectively and the cost basis is TEUR 6,740 and TEUR 6,740 at December 31, 2005 and 2004.

Investments in three other companies are accounted for at cost.

NOTE I LOAN RECEIVABLE FROM PARTICIPATIONS

In 1995, MIBRAG sold its district heating network assets to a company in which it holds a participation. The sales price is being repaid in equal installments of TEUR 375 over a period of 25 years. The interest rate is currently 5.0 percent.

The fair market value of the loan approximates the book value, which amounted to TEUR 4,549 and TEUR 4,924 at December 31, 2005 and 2004, respectively.

NOTE J OTHER LOAN RECEIVABLES

The other loans were granted to the third party investors in a subsidiary of MIBRAG mbH. These loans were financed by a borrowing from KfW (Kreditanstalt fuer Wiederaufbau). KfW granted MIBRAG mbH a loan of TEUR 52,663 due on December 30, 2005 at interest rates between 6.26 % and 6.82 %. The loan was repaid by the Company at the end of 2005. The balance of the loan to the investors as of December 31, 2005 and 2004 amounted to TEUR 10,626 and TEUR 15,288, which approximates the fair value as of these dates. The loans to the third party investors of the subsidiary of MIBRAG mbH were granted at the same conditions as those applicable to the loan between MIBRAG mbH and KfW.

NOTE K OVERBURDEN

The reconciliation of the overburden costs is as follows:

	December 31, 2005		December 31, 2004	
	Million tons	Value TEUR	Million tons	Value TEUR
Profen	21.3	80,539	20.7	77,223
Schleenhain	24.1	75,494	22.1	72,590
	45.4	156,033	42.8	149,813

The basis for the determination of the overburden is the total quantity of partially exposed raw brown coal.

NOTE L TRADE RECEIVABLES

Trade receivables were disclosed in the balance sheet, net of allowances, as follows:

	December 31, 2005 TEUR	December 31, 2004 TEUR
Trade receivables	35,056	31,402
Less allowances	(276)	(251)
	34,780	31,151

NOTE M OTHER INVESTMENTS

Other investments totaled TEUR 36,534 and TEUR 36,537 at December 31, 2005 and 2004, respectively. The balance consists of investment funds of MI (TEUR 35,938 and TEUR 35,938 at December 31, 2005 and 2004, respectively), which were specially set up to reinvest the additional liquidity resulting from the entry of new investors into a subsidiary of MIBRAG and to short-term investments (TEUR 0 and TEUR 539) at December 31, 2005 and 2004, respectively.

Interest on other investments of TEUR 1,279, TEUR 1,995, and TEUR 2,195 were disclosed in interest income in 2005, 2004 and 2003, respectively.

NOTE N ACCRUALS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provision relates primarily to briquette benefit claims of active and retired employees on the basis of the collective bargaining agreement of November 9, 1993 in respect to briquette benefit claims. Individuals entitled must be employees of the Company at the date of retirement. The right does not vest and lapses with early termination of the working relationship or upon receipt of social plan benefits.

The calculation is based on an actuarial valuation, which takes into account the right to the redemption value of EUR 95.00 per metric ton of briquettes as specified in the collective bargaining agreement, the employees entitled to benefits as of December 31, 2005, and official mortality tables. In 2005 there has been made an update of the mortality table of Germany according to a more realistic living expectation and changes in generations.

Due to an amendment to this collective bargaining agreement in 2004, these future payments to the employees were changed into a one-time payment to the employees resulting in a reduction of the liability.

In addition, pension obligations for early retirement benefits were accrued. These amounts have also been calculated on the basis of actuarial valuations.

NOTE O TAXATION ACCRUALS

MIBRAG accrued TEUR 289 (2004: TEUR 330) for property taxes.

In 2005, three subsidiaries of MIBRAG had to pay municipal trade taxes. As of December 31, 2005 accruals for municipal trade taxes had to be accrued for this purpose in the subsidiaries MI KG (TEUR 931), MBEG (TEUR 6) and GALA (TEUR 20). These subsidiaries do not have any tax loss carry forwards for municipal trade taxes anymore.

The income taxes paid in 2005 amounting to TEUR 144 (2004: TEUR 67; 2003: TEUR 23). In the current year, the parent company (TEUR 102) and other consolidated companies (MBEG TEUR 8 and GALA TEUR 34) had to pay corporate income taxes. The German income tax rate applicable to MIBRAG (corporate income tax, solidarity surcharge, municipal trade tax) is 36.26 % in 2005 (2004: 35.98%, 2003: 35.98%). For this purpose accruals for outstanding balances were posted in the following subsidiaries: MBEG (TEUR 4) and GALA (TEUR 9). In 2004 and 2003, MIBRAG did not provide accruals for income taxes under German GAAP because of tax losses brought forward from prior years for all consolidated companies.

Due to tax loss carry forwards the Company has an effective tax rate of 8.01 % (2004: 7.87 %, 2003: 0 %)

Deferred tax assets and liabilities have not been recorded because there are no significant differences between the German GAAP financial statement and the tax bases of the assets and liabilities. The recording of a deferred tax benefit for net loss carry-forwards is prohibited under German GAAP.

At December 31, 2005 the Company had approximately TEUR 249.456 net operating loss carry-forwards for corporate income tax purposes and TEUR 326.704 for municipal trade tax purposes, which do not expire and may be applied against future taxable income.

NOTE P ENVIRONMENTAL AND MINING PROVISIONS

The following is a summary of environmental and mining provisions:

	December 31, 2005 TEUR	December 31, 2004 TEUR
1) Mining reclamation provisions	165,926	162,233
2) Provision for environmental measures	5,040	5,040
3) Landscaping	4,341	4,285
4) Planting	1,884	1,001
5) Relocation of villages	17,219	19,941
6) Other accruals for mining and landscaping	3,031	0
	197,441	192,500

1) Mining reclamation provisions

MIBRAG is responsible for reclaiming the mines Profen and Schleenhain. The mining field reclamation of the Profen and Schleenhain mines after the ceasing of production is planned for 2029 to 2046 and 2041 to 2073, respectively. A legally binding closure plan laying down the principles for action plans in accordance with the Federal Mining Law (Bundesberggesetz) is normally approved by the relevant mining authorities two years in advance to the commencement of production. The liability to reclaim the area exists from the start of mining activities. In each year of coal extraction the reclaimation costs are accrued ratably using the relation of the coal mined to the total coal mine volume.

The calculation of the total cost for reclaiming mining fields has been made on the basis of a third party opinion and estimations on the basis of current prices. These costs consist mainly of costs for reconstruction, bank reinforcement, dewatering and watering.

For the future reclamation of the Schleenhain mine, a new opinion was made in 2004 indicating that the estimated total redevelopment expenses would not significantly change.

In 2002, a new opinion for the future reclamation of the Profen mine was made indicating increased total redevelopment expenses. Therefore an additional amount of TEUR 2,733 was accrued as of January 1, 2002.

2) Provision for environmental measures

The provision for the environmental measures is determined in respect to disposal sites and old locations of MIBRAG mbH in refinement and mining areas on which waste deposits can be found. The accrued amount is derived from article 19.3 of the purchase and sales agreement. Qualifying costs that exceed the provision are to be reimbursed by the Bundesanstalt fuer vereinigungsbedingte Sonderaufgaben (BvS).

3) Landscaping

This provision includes costs for reclaiming disposal areas and leveling the area outside the embankments. These costs relate solely to continuous landscaping, while costs for closing down landscaping are included in certain mining provisions.

4) Planting

Provision is made for costs in connection with temporary planting as of December 31, 2005 and December 31, 2004.

5) Relocation of villages

The provision for the relocation of villages is in respect to the relocation of municipalities, which is necessary for the expansion of the Profen and Schleenhain mines. The calculation of the provision is based on a method that takes into account the cost for project planning, infrastructural development, cemetery relocation, demolition and landmark preservation. The provision is accrued in equal annual amounts, commencing two years before the relocation starts and ending in the middle of the relocation year.

6) Other accruals for mining and landscaping

In 2005, a reclassification of accruals for coal-mining subsidence damages (TEUR 2,531) was made from other accruals to environmental and mining provisions. Additionally, accruals for landscaping and planting at the area of the former briquette factory were newly formed in 2005 amounting to TEUR 500.

NOTE Q OTHER ACCRUALS

Accrued liabilities are as follows:

	December 31, 2005 TEUR	December 31, 2004 TEUR
1) Severance payments	10,043	11,211
2) Personnel expenses		
— Employment anniversaries	1,162	1,134
— Vacation and other compensated absences	490	434
— Other	1,372	1,347
	3,024	2,915
3) Remaining accruals	7,061	8,480
	20,128	22,606

1) Severance payments

Bases for the provisions are signed social plan framework agreements in which the measures for the personnel adjustments are defined. The employees are entitled to a one-time severance payment if the company initiates termination or in case of retrenchments. The severance payments are limited to TEUR 26 per person. Employees participating in early retirement programs are entitled to additional compensation, mainly for the reduction in statutory pension payments due to early retirement.

2) Personnel expenses

MIBRAG mbH grants awards in recognition of long service in the Company, based on the collective bargaining agreement dated January 1, 1992 and the Company agreement dated October 1, 1995. The employees are entitled to financial awards, which increase in proportion to their employment periods. The valuations of the benefits were based on actuarial valuations.

The liability for vacation and other compensated absences arises from the days and shifts outstanding at balance sheet dates, which have been determined for each employee.

The accrual for profit sharing is calculated based on the actual net income of the MIBRAG Group excluding extraordinary items and based on the achievement of goals in working safety.

3) Remaining accruals

Composition:

	December 31, 2005 TEUR	December 31, 2004 TEUR
Outstanding invoices	3,072	3,125
Mine damages	0	2,240
Water usage fees	194	484
Professional service and litigation	1,688	1,226
Others	2,107	1,405
	7,061	8,480

NOTE R LIABILITIES TO BANKS

Liabilities to banks consist of the following:

	December 31, 2005 TEUR	December 31, 2004 TEUR
a) Loan to finance the power stations		
— build up the power station of Waehlitz	42,712	46,272
— modernization of the power stations in Deuben and Mumsdorf	23,598	28,318
— finance the additional paid-in capital by the investors of MI	0	15,288
b) Loan to finance the Schleenhain mine investments	8,482	47,894
c) Loan for home construction	1,630	1,867
d) Commerzbank Refinancing credit facility	42,000	0
Commerzbank Revolver credit facility	29,000	0
e) Deferred interest	162	439
	147,584	140,078

Liabilities to banks rose by TEUR 7,506 at December 31, 2005 in comparison to December 31, 2004.

a) Loan to finance the power stations

These liabilities refer to three loans from the Kreditanstalt fuer Wiederaufbau, Frankfurt/Main.

The first loan was granted December 9, 1992 for the construction of a raw brown coal powered industrial power station in Waehlitz of TEUR 71,187. The interest rate is currently at 5 % per annum. The loan period is 25 years. The repayments are due in 40 equal amounts commencing from June 30, 1998.

On April 3, 1995 two additional loan agreements were closed with Kreditanstalt fuer Wiederaufbau (KfW). One of these contracts was closed for partially financing the modernization and reshaping of both industrial power plants in Deuben and Mumsdorf (TEUR 61,355). The redemption period is 13 years starting on December 31, 1998. Interest has to be paid between 6.04 % and 6.80 % for the respective tranches.

The other loan at the amount of TEUR 52,663 was granted to partially finance the limited partner capital contribution of investors. The redemption period is 13 years. In 1996, the loan proceeds were received by MIBRAG (TEUR 52,663). In 2002, MIBRAG made principal payments of TEUR 4,602. The interest rates are between 6.26 % and 6.82 %. In the fiscal year MIBRAG paid back the remaining amount of the loan. In this connection MIBRAG has borrowed new loans. We would like to refer to point d).

b) Loan to finance the Schleenhain mine investments

In 1997 and 1998, loan contracts were entered into with four banks to finance the capital expenditures at the Schleenhain mine, especially the construction of the blending yard and environmental measures for the conveyor belts. In 1998 TEUR 61,355 and in 1999 TEUR 10,226 were borrowed at interest rates between 3.5 % and 5.4 % per annum, which are adjusted in the years after. In the fiscal year MIBRAG paid back a main part of the loans. In this connection MIBRAG has borrowed new loans. We would like to refer to point d).

Interest expense for the loans to point a) and b) amounted to TEUR 7,773, TEUR 8,755 and TEUR 8,571 in 2005, 2004, and 2003, respectively.

c) Loan for home construction

The loans for home construction were granted by the Deutsche Bank AG and the Nord LB for relocation-related home construction purposes in Hohenmoelsen.

For the loan granted by Deutsche Bank AG amounting to TEUR 1,333, an interest rate of 5.6 % was set for a period ending 2007. For the two loans granted by Nord LB at the amounts of TEUR 624 and TEUR 861 there are no interest payments due until 2007 and 2010, respectively. Thereafter, the rate is fixed at 8 % per annum.

d) Commerzbank Refinancing and Revolver credit facilities

In the fiscal year, MIBRAG signed a loan agreement for a total of TEUR 105,000 with a consortium of banks led by the Commerzbank. Until December 31, 2005 MIBRAG called TEUR 71,000 of that loan, thereof TEUR 42,000 are for refinancing (first tranche of TEUR 15,000 had a fixed rate of interest of 4.191 % p. a. and the second tranche of TEUR 27,000 had a fixed rate of interest of 4.317 % p. a.) and additional TEUR 29,000 were used for a short-term financing at a variable interest rate between 3.513 and 3.533 % p. a.

NOTE S OTHER PAYABLES

The other payables refer to:

	December 31, 2005 TEUR	December 31, 2004 TEUR
Tax authorities	4,001	3,865
Wages and salaries	3,317	3,302
Social security contributions	2,525	2,479
Tax lease	928	1,237
Others	1,434	1,348
	12,205	12,231

NOTE T MATURITY PERIODS OF LIABILITIES

The maturity periods of liabilities (in TEUR) are as follows:

	Liabilities to banks *)	Payments received	Trade payables	Payables to participations	Other payables	Total
Balance as of December 31, 2005	147,584	59	15,075	2,613	12,205	177,536
thereof: maturity period						
— up to 1 year	40,276	59	14,882	2,613	11,369	69,199
— 1-5 years	60,461	0	193	0	836	61,490
— more than 5 years	46,847	0	0	0	0	46,847

**) Liabilities to banks are collateralized by mortgages at an amount of TEUR 67,940.*

Annual maturities of liabilities to banks are as follows:

Year of maturity	Amount in TEUR	
2006		40,276
2007	16,238	
2008	15,923	
2009	14,649	
2010	13,651	
		60,461
Thereafter		46,847
Total		147,584

The estimated fair value of the Company's liabilities to banks approximates the carrying value.

NOTE U COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of business. At December 31, 2005 the Company was not aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's business, financial condition, or results of operations.

	December 31, 2005 TEUR	December 31, 2004 TEUR
Guarantees for indebtedness of others	13,256	13,256
Other contractual obligations	87,700	80,400

The other contractual obligations refer to long-term investment projects in the mines Profen and Schleenhain.MIBRAG leases office equipment, railway-carriages and vehicles as well as vending machines, expiring at various dates. Rental and lease expenses amounted to TEUR 612, TEUR 684 and TEUR 819 in the years ended December 31, 2005, 2004, and 2003 respectively.

With the operators of the Lippendorf power plant a long-term raw brown coal supply contract was concluded which obliges MIBRAG to guarantee the annual delivery of 10 million tons of raw brown coal to the power plant over a period of 40 years. This contract was closed assuming the relocation of the Heuersdorf village. Some of the inhabitants of that village try to remain the village in its current place resulting in legal disputes with the Company and legal proceedings. It is planned that the excavators will be mining through the Heuersdorf area in 2009. Management of MIBRAG believes that the plan will be realized. However, substantial delay or the mining around that village may have a material impact on the future earnings situation of the Company.

NOTE V SEGMENT INFORMATION

MIBRAG operates as one segment. Sales were exclusively achieved in Germany, and all long-lived assets are located in Germany. Sales were almost completely limited to the new German Federal States, mainly to Saxony-Anhalt, Thuringia and Saxony.

Net sales by product and service:

	2005 TEUR	2004 TEUR	2003 TEUR
Raw brown coal and coal products	236,890	239,232	249,229
Electrical power, heating and steam	30,382	28,814	28,074
Other products and services	1,818	2,414	3,853
Further charging of transport services, ash disposal and others	22,018	23,104	22,700
	291,108	293,564	303,856

Several major customers account for 10 % or more of MIBRAG's revenues. As a percentage of total sales such customers accounted for 27 %, 23 %, 12 % and 10 % in 2005; 24 %, 24 % and 12 % in 2004 and 23 %, 23 % and 12 % in 2003.

NOTE W RELATED PARTY TRANSACTIONS

Agreements for consulting and management services were closed in respect to the mining operations and the refinement facilities between MIBRAG and two subsidiaries of the common parent companies. These contracts determine certain consulting services to be provided by the two subsidiaries Washington Group Deutschland GmbH (WGD) (former: Morrison Knudsen Deutschland GmbH) and Saale Energie Services GmbH (SES) to MIBRAG or its subsidiaries. MIBRAG is obliged to determine and pay the cost-related remuneration for these services. Expenditures for MIBRAG amount to TEUR 8,755, 8,755, and TEUR 8,755 for 2005, 2004, and 2003, respectively. As of December 31, 2005 and 2004, MIBRAG still had liabilities amounting to TEUR 84 and TEUR 84, respectively towards WGD and SES for the provision of these services.

Part of the lignite deliveries from 2002 to 2005 to the Schkopau power plant were sales to Saale Energie GmbH (SEG), which is a subsidiary of the 50 % shareholder of MIBRAG — NRG Energy Inc. SEG is operating two blocs of the Schkopau power station with 400 mega watts. Sales to SEG amounted to TEUR 33,174, TEUR 31,066, and TEUR 34,025 in 2005, 2004, and 2003, respectively. The conditions of delivery are the same as to the other (third party) operator of the Schkopau power plant. As of December 31, 2005 and 2004, MIBRAG disclosed receivables of TEUR 3,960 and TEUR 3,634 respectively from SEG.