First Quarter 2006 Earnings Teleconference

May 10, 2006

Forward–Looking Statements

This presentation contains "forward-looking statements." Forward-looking statements are statements that contain projections, estimates or assumptions about our revenues, income and other financial items, our plans for the future, future economic performance, transactions and dispositions and financings related thereto. Forward-looking statements relate to future events and anticipated revenues, earnings, business strategies, competitive position or other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking.

We have based our forward-looking statements on management's beliefs and assumptions based on information available to management at the time the statements are made. Actual results may differ materially from those expressed or implied by forward-looking statements as a result of many factors or events, including legislative and regulatory developments, the outcome of pending lawsuits, governmental proceedings and investigations, the effects of competition, financial market conditions, access to capital, the timing and extent of changes in commodity prices and interest rates, weather conditions, changes in our business plan and other factors we discuss in our filings with the Securities and Exchange Commission.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation contains non-GAAP measures as defined by the Securities and Exchange Commission rules. A reconciliation of these measures to the most directly comparable GAAP measures is contained within our earnings release and the financial tables attached thereto, which are available , together with this presentation, on our investor relations website at www.reliant.com/corporate. A statement disclosing the utility and purposes of these measures is set forth in Item 2.02 to our Current Report on Form 8-K accompanying the earnings release and is also available on our website.

Opening Remarks

Joel V. Staff
Chairman and Chief Executive Officer

May 10, 2006

2006 Priorities

Priority	Status
Transition Texas retail market to full competition with return to competitive margins	On track
Improve commercial capacity factor	On track
Reduce collateral postings by $1 billion – Eliminate wholesale hedging to manage earnings volatility – Enhanced retail credit structure	On track
Fill key open roles	On track
Convert to open wholesale model – Improve insight into earnings drivers – Focus on key valuation metrics	Complete

2006-2008 Outlook*

$ Millions

	2006E**	2007E**	2008E**
Open EBITDA	$ 805	$ 1,137	$ 1,236
Adjusted EBITDA	$ 467	$ 878	$ 1,117

- Improving earnings and cash flow
  - Return to competitive retail margins
  - Higher dark spreads
  - Historical wholesale hedges roll off
- Upside potential
  - Higher heat rates
  - Developing capacity markets

* Based on actuals through 3/31/2006 and forward commodity prices as of 3/24/2006.
** Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings.

Reliant Energy

Financial Review

Mark M. Jacobs
Chief Financial Officer

May 10, 2006

Summary of Adjusted Results

$ Millions	Q1 2006	Q1 2005
Open wholesale gross margin	$ 242	$ 211
Adjusted retail gross margin	57	70
Total open gross margin[1]	300	282
Total expenses[2]	255	230
Open EBITDA	**$ 45**	**$ 52**
Impact of historical wholesale hedges[3]	(120)	(30)
Gains (losses) on sales of assets and emission allowances[4]	151	(1)
Adjusted EBITDA	**$ 76**	**$ 21**

1. Includes other gross margin of $1 million in both periods.
2. Excludes depreciation and amortization, interest and taxes.
3. Historical wholesale hedges were entered into to primarily hedge the economics of our wholesale operations. These amounts primarily relate to settlements of forward power and fuel hedges, long-term tolling purchases, long-term natural gas transportation contracts, storage contracts and our legacy energy trading. These amounts are derived based on methodology consistent with the calculation of open wholesale gross margin above.
4. Q1 2005 includes loss on sales of assets of $5 million; gain on sales of emission allowances is $4 million for Q1 2005 and $151 million for Q1 2006.

Wholesale Key Earnings Drivers

	Q1 2006	Q1 2005	Impact ($ MM)
Economic generation (TWh) *	9.4	8.9	$ (3)
Commercial capacity factor	89.1%	81.5%	$ 20
Generation volume (TWh)	8.4	7.2	
Unit margin ($/MWh) **	$ 19.80	$ 18.27	$ 17
Open energy gross margin ($ millions)	$ 166	$ 132	
Other margin ($ millions)	$ 76	$ 79	$ (3)
Total open gross margin ($ millions)	**$ 242**	**$ 211**	**$ 31**

Market Metrics

Performance Metrics

* Q1 2006 economic generation includes 0.9 TWh of volume from Bighorn which was under a capacity contract and therefore not included in Q1 2005.

** Q1 2006 unit margin excluding Bighorn is $21.84/MWh.

Retail Key Earnings Drivers

	Q1 2006	Q1 2005	Impact ($ MM)
Mass volume (TWh)	5.4	5.5	$ (0)
C&I volume (TWh)	9.1	9.4[1]	$ 0
Total volume (TWh)[2]	14.5	14.9	
Mass gross margin ($/MWh)	$ 5.45	$ 15.57	$ (55)
C&I gross margin ($/MWh)	$ 2.24	$ (0.09)	$ 20
Weighted average gross margin ($/MWh)	$ 3.45	$ 5.66	
Total adjusted gross margin ($ millions)[3]	$ 57	$ 70	$ (13)

Performance Metrics

1. Includes 0.6 TWh of Retail operational volumes associated with a tolling agreement which ended in May 2005.
2. Excludes market usage adjustments of (0.2) TWh in Q1 2005.
3. Includes market usage adjustments of $7 million in Q1 2006 and $(15) million in Q1 2005.

Cash Flow Analysis

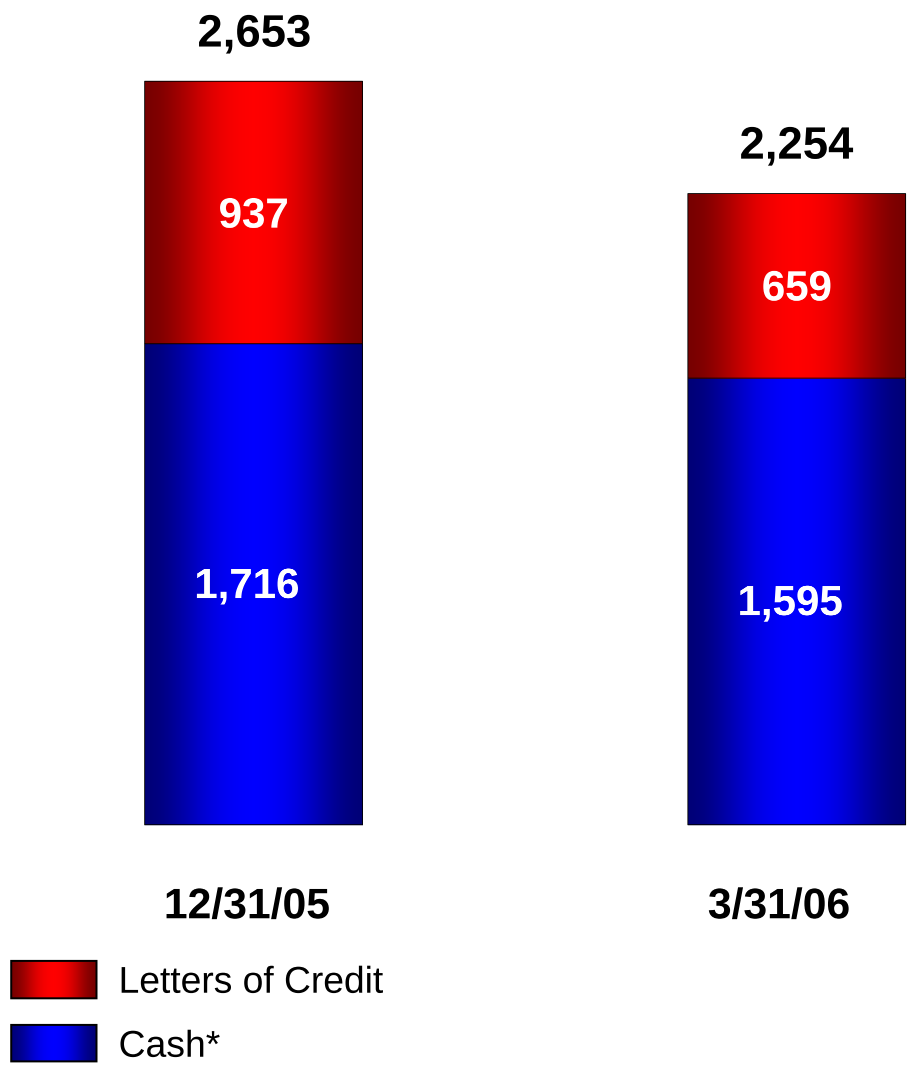
$ Millions

	Q1 2006	Q1 2005
GAAP net cash used in continuing operations from operating activities*	($228)	($59)
Change in margin deposits	(120)	226
Western states and Cornerstone settlement payments	155	-
Capital expenditures	(22)	(10)
Free cash flow from continuing operations before emission allowances activity	**($215)**	**$157**
Proceeds from sales of emission allowances	188	23
Purchases of emission allowances	-	(39)
Free cash flow from continuing operations after emission allowances activity	**($27)**	**$141**

* Consistent with SEC guidance to the industry, purchases and sales of emission allowances are classified as cash flows from investing activities for GAAP purposes.

Capital Committed to Collateral

$ Millions



Reduce collateral postings by at least $1 billion by year-end 2006

* Margin deposits on energy trading and hedging activities posted by Reliant Energy.

2006-2008 Outlook Based on Forward Commodity Prices[1]

$ Millions

	2006E[2]	2007E[2]	2008E[2]
Adjusted retail gross margin	$ 752	$ 868	$ 877
Open wholesale gross margin	1,208	1,387	1,459
Total open gross margin	$ 1,960	$ 2,255	$ 2,336
Total Expenses[3]	$ 1,155	$ 1,118	$ 1,100
Open EBITDA	**$ 805**	**$ 1,137**	**$ 1,236**
Impact of historical wholesale hedges[4]	$ (489)	$ (259)	$ (119)
Gains on emission allowances sales[5]	151	-	-
Adjusted EBITDA	$ 467	$ 878	$ 1,117
Depreciation & amortization	$ 299	$ 305	$ 305
Emission allowances amortization	89	130	184
Total depreciation & amortization	388	435	489
Interest expense, net	(393)	(323)	(288)
Free cash flow after emission allowances activity[6]	(85)	205	380

1. Based on actuals through 3/31/2006 and forward commodity prices as of 3/24/06.
2. Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings.
3. Excludes depreciation and amortization, interest expense and income taxes.
4. Historical wholesale hedges were entered into to primarily hedge the economics of our wholesale operations. These amounts primarily relate to settlements of forward power and fuel hedges, long-term tolling purchases, long-term natural gas transportation contracts, storage contracts and our legacy energy trading. These amounts are derived based on methodology consistent with the calculation of open wholesale gross margin above.
5. 2006 emission allowances sales through 3/31/2006. No asset or emission allowances sales included in remainder of 2006E, 2007E or 2008E outlook.
6. Assumes working capital is flat and capital expenditures are at the midpoint of the estimated range for each year.

Value Proposition

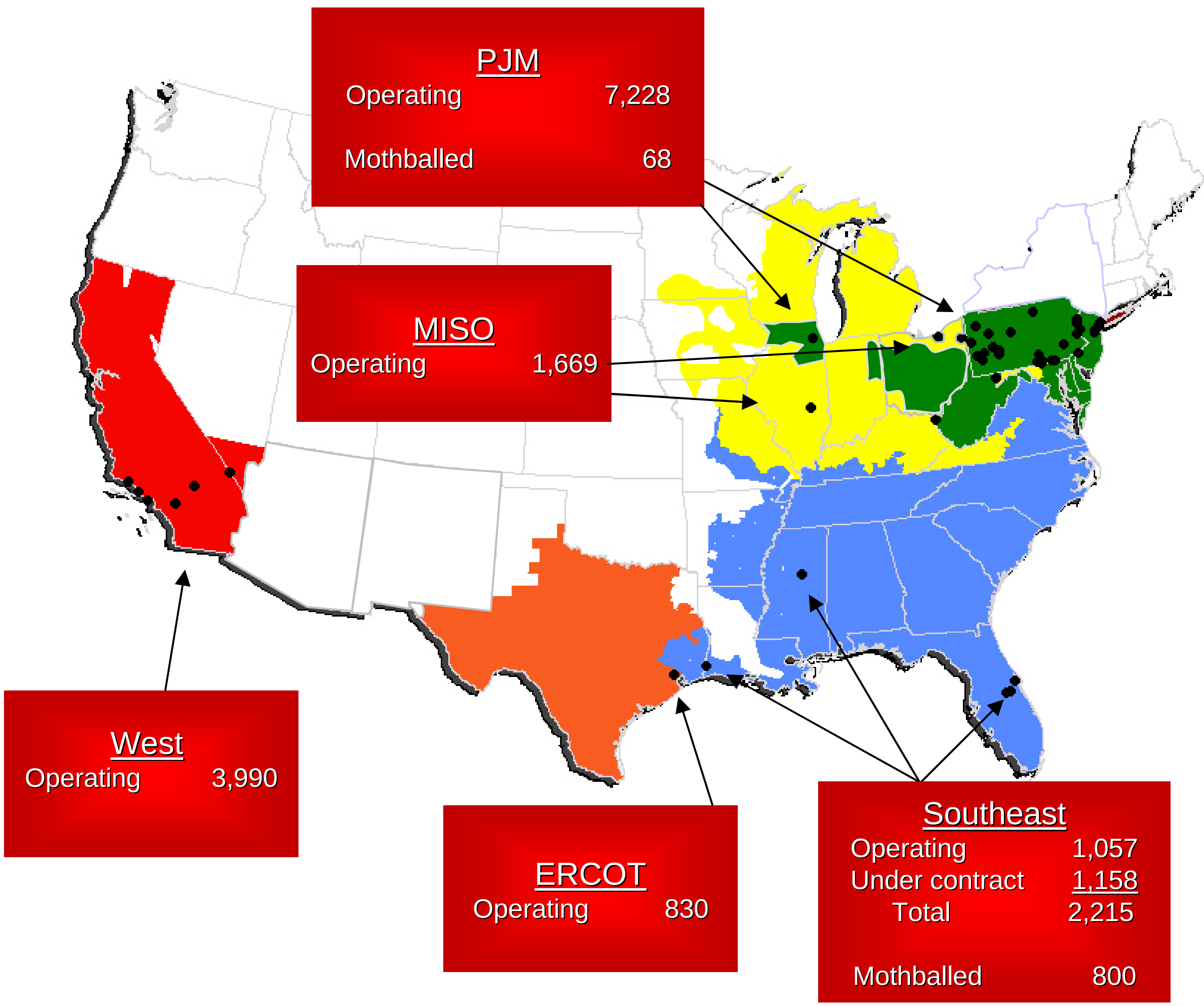
- On track to achieve 2006 priorities
- Improving earnings and cash flow
  - Return to competitive retail margins
  - Higher dark spreads
  - Historical wholesale hedges roll off
- Upside potential
  - Higher heat rates
  - Developing capacity markets

Appendix

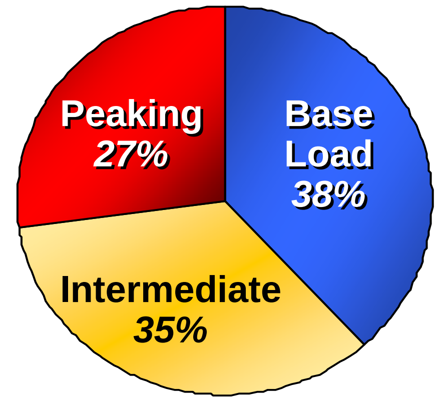
May 10, 2006

Wholesale U.S. Generation Portfolio

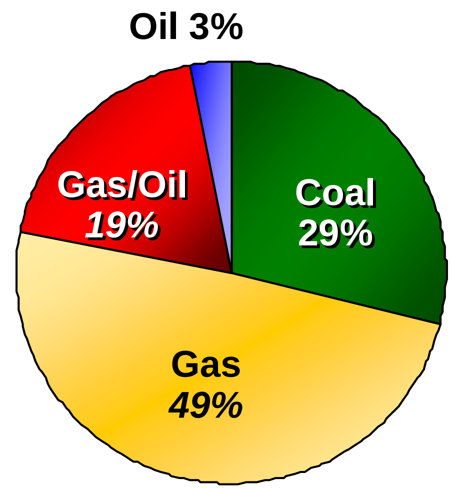
Total capacity 15,932 MW* as of 3/31/2006
(Operating and under contract)



Dispatch Type
(% of 15,932 MWs)

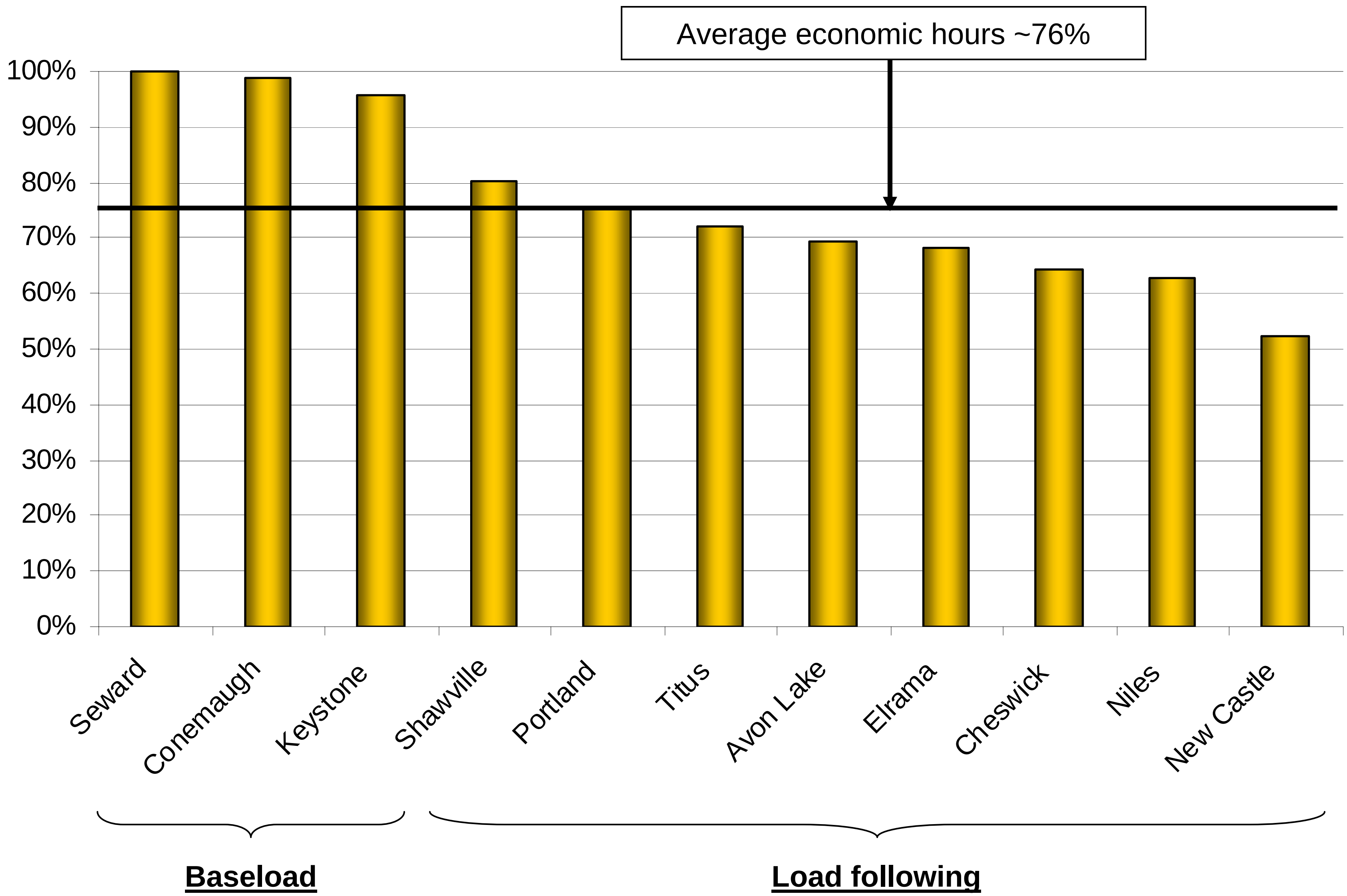


Fuel Type
(% of 15,932 MWs)



* Excludes retirements and mothball actions

2005 Maximum Coal Economic Generation



Forward Market Data Used in Outlook*

	2006	2007	2008
NYMEX Gas ($/MMBtu)	8.12	9.84	9.34
Coal ($/MMBtu)	1.86	1.96	1.97
SO2 ($/ton)	900	893	816
NOX ($/ton)	2,438	2,325	2,110
Avg Plant to Hub Basis ($/MWh) (5x16)**	(6.95)	(9.17)	(8.61)
PJM WHUB ($/MWh) (5x16)	71.04	83.38	79.12
CIN HUB ($/MWh) (5x16)	56.84	66.91	64.91

* Forward curves as of March 24, 2006.

** Forward plant to hub basis estimated by Reliant Energy utilizing forward market data and historical commodity relationships.

2006-2008 Detailed Outlook Based on Forward Commodity Prices[1]

$ Millions

	2006E[2]	2007E[2]	2008E[2]
Adjusted retail gross margin	$ 752	$ 868	$ 877
Retail O&M	221	214	209
Selling & Marketing	119	107	112
Bad Debt	76	71	68
Adjusted retail contribution margin	$ 336	$ 476	$ 488
Open wholesale gross margin	$ 1,208	$ 1,387	$ 1,459
Wholesale O&M	590	599	577
Open wholesale contribution margin	$ 618	$ 788	$ 882
G&A	148	128	135
Other	(4)	(2)	(2)
Other Income (Expense)	3	3	3
Open EBITDA	**$ 805**	**$ 1,137**	**$ 1,236**
Historical wholesale hedges			
Power (Closed)	(239)	(40)	(35)
Power (Remaining)	$ (234)	$ (234)	$ (30)
Fuel	49	66	9
Tolling/Other	(65)	(51)	(63)
Impact of historical wholesale hedges[3]	$ (489)	$ (259)	$ (119)
Gains on emission allowances sales[4]	151	-	-
Adjusted EBITDA	$ 467	$ 878	$ 1,117
Depreciation & Amortization	299	305	305
Emission allowances amortization	89	130	184
Total depreciation & amortization	388	435	489
Interest expense, net	(393)	(323)	(288)

1. Based on actuals through 3/31/2006 and forward commodity prices as of 3/24/2006.
2. Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings
3. Historical wholesale hedges were entered into to primarily hedge the economics of our wholesale operations. These amounts primarily relate to settlements of forward power and fuel hedges, long-term tolling purchases, long-term natural gas transportation contracts, storage contracts and our legacy energy trading. These amounts are derived based on methodology consistent with the calculation of open wholesale gross margin above.
4. 2006 emission allowances sales through 3/31/2006. No asset or emission allowance sales included in remainder of 2006E, 2007E or 2008E outlook.

Impacts from Historical Wholesale Hedges

$ Millions

	2006		2007		2008	
Historical hedges[1]						
Power (closed)	$	(239)	$	(40)	$	(35)
Power (remaining)		(234)		(234)		(30)
Fuel[2]		49		66		9
Tolling/other		(65)		(51)		(63)
Total historical hedges	$	(489)	$	(259)	$	(119)

NPV[3] of historical wholesale hedges
Apr-06 ~($550) million; Jan-07 ~($350) million

[1] Historical wholesale hedges were primarily entered into to hedge the economics of our wholesale operations. These amounts primarily relate to settlements of forward power and fuel hedges, long-term tolling purchases, long-term natural gas transportation contracts, storage contracts and our legacy energy trading. Value based on 3/24/06 forward curves.
[2] Fuel hedge data excludes Seward.
[3] Includes tolling/other hedges that extend from 2009 – 2020; based on 5.62% after-tax debt rate and 38% tax rate.

Wholesale Generation Detail

Economic Generation* (TWh in the money)	2006 TWh	2006 % Economic	2007 TWh	2007 % Economic	2008 TWh	2008 % Economic
PJM Coal	23.1	79.2%	22.8	78.1%	22.8	78.1%
MISO Coal	6.9	63.1%	7.7	71.1%	7.6	71.4%
Total Coal	30.0	74.6%	30.5	75.9%	30.4	75.3%
PJM/MISO Gas	0.6	2.0%	0.3	1.0%	0.3	0.9%
West	3.6	13.6%	4.5	17.0%	7.1	27.2%
Other	6.1	86.0%	5.6	86.6%	5.0	76.5%
Total Gas/Oil	10.3	16.0%	10.4	16.4%	12.4	19.5%
Total	40.3	38.6%	40.9	39.5%	42.8	41.2%

Commercial Capacity Factor	2006	2007	2008
PJM Coal	81.9%	83.3%	86.2%
MISO Coal	80.8%	67.6%	87.7%
Total Coal	81.6%	79.1%	86.9%
PJM/MISO Gas	75.5%	85.2%	85.7%
West	94.2%	92.4%	93.0%
Other	84.3%	82.9%	84.2%
Total Gas/Oil	87.2%	87.1%	88.5%
Total	83.1%	81.4%	87.4%

Generation Volume*	2006	2007	2008
PJM Coal	18.9	19.0	19.7
MISO Coal	5.6	5.2	6.7
Total Coal	24.5	24.2	26.4
PJM/MISO Gas	0.5	0.3	0.2
West	3.4	4.1	6.6
Other	5.1	4.7	4.2
Total Gas/Oil	9.0	9.1	11.0
Total	33.5	33.3	37.4

*Excludes PPAs and tolling agreements

Plant Margins

Unit Margin ($/MWh)*

	2006	2007	2008
PJM Coal	$ 35.94	$ 42.42	$ 39.82
MISO Coal	$ 28.80	$ 36.37	$ 34.61
Total Coal	$ 34.30	$ 41.12	$ 38.53
PJM/MISO Gas	$ 21.07	$ 24.41	$ 19.29
West	$ (0.97)	$ 1.10	$ 6.98
Other	$ 2.02	$ 9.61	$ 11.95
Total Gas/Oil	$ 1.87	$ 6.17	$ 9.22
Total	$ 25.65	$ 31.50	$ 29.89

Energy Gross Margin ($MM)*

	2006	2007	2008
PJM Coal	$ 679	$ 805	$ 784
MISO Coal	162	189	232
Total Coal	841	994	1,016
PJM/MISO Gas	10	6	5
West	(3)	5	46
Other	10	45	50
Total Gas/Oil	17	56	101
Total	$ 858	$ 1,050	$ 1,117

Other Margin ($MM)

	2006	2007	2008
PJM Coal	$ 38	$ 39	$ 39
MISO Coal	3	2	2
Total Coal	41	41	41
PJM/MISO Gas	29	29	29
West	179	160	165
Other	102	107	108
Total Gas/Oil	310	296	302
Total	$ 351	$ 337	$ 343

*Excludes PPAs and tolling agreements

Historical Wholesale Hedge Detail[1]

		2006		2007		2008
Total Closed Hedges (TWh)		8.9		1.9		1.7
Avg Sales Price ($/MWh)	$	54.94	$	54.79	$	47.84
Avg Buyback Price ($/MWh)	$	(81.92)	$	(76.39)	$	(69.15)
Total Closed Value ($MM)	$	(239)	$	(40)	$	(35)
Total Remaining Hedges (TWh)		11.9 [2]		7.7 [2]		1.3 [2]
Avg Hedge Price ($/MWh)	$	41.20	$	43.23	$	38.15
Current Market Price ($/MWh)	$	(61.05)	$	(73.74)	$	(61.16)
Other ($MM)	$	1.0	$	0.3	$	0.2
Total Remaining Hedge Value ($MM)	$	(234)	$	(234)	$	(30)
Total Fuel Hedges (million MMBtu) [3]		224		87		17
Avg Hedged Fuel Cost ($MMBtu)	$	1.93	$	1.55	$	1.93
Avg Market Fuel Cost ($MMBtu)	$	2.21	$	2.20	$	2.07
Fuel Hedge Value ($MM)	$	64	$	56	$	2
Fuel Inventory Value ($MM)	$	(15)	$	10	$	7
Total Fuel Value ($MM)	$	49	$	66	$	9
Other Hedges						
Tolling/gas transport ($MM)	$	(65)	$	(51)	$	(63)
Total Hedge Value ($MM)	$	(489)	$	(259)	$	(119)

1 2006 based on forward commodity prices as of 3/24/06 plus Q1 actuals. 2007 and 2008 outlook based on forward commodity prices as of 3/24/06. Includes closed and remaining power hedges, fuel hedges, long-term tolling purchases, and gas transportation
2 On-peak (5x16) hedge volumes are 50% of the total in 2006, 62% in 2007, and 38% in 2008; the balance are off-peak.
3 Fuel hedge data excludes Seward.

SO2 Emission Allowances

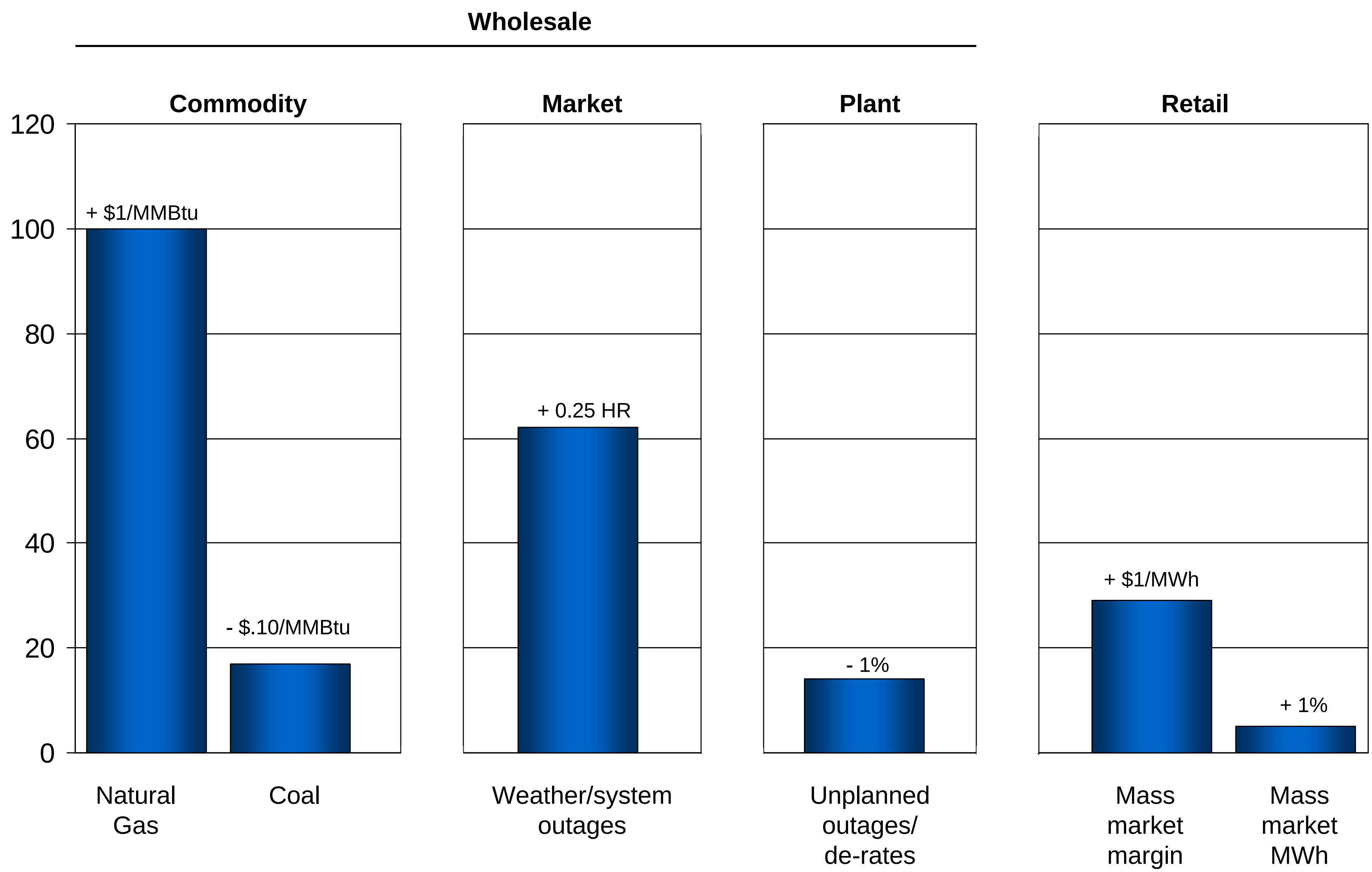
Current Position (tons)	Vintage Year 2006[1]	2007	2008	2009	2010-2014
Allowances required for forward sales	131,229	84,557	16,018	12,039	11,768
Current allowances inventory	153,053	88,225	16,175	58,231	359,623 [2]
Excess Inventory	21,824	3,668	157	46,192	347,855
Expected Emissions[3]	194,413	212,153	224,223		

Emissions Allowance Sales Since 9/1/05[4]	2006	2007	2008	2009
Allowance (tons)	39,202	52,000	136,500	94,444
Average price ($/ton)	$ 986	$ 1,067	$ 1,042	$ 1,080
Total proceeds from sales activity ($MM)	$ 39	$ 56	$ 142	$ 102

1 2006 current position data is remaining 9 months 2006.
2 Total allowances are 719,245. Beginning in 2010, 2 allowances are required for 1 ton of emissions.
3 Expected emissions for 2006 is only related to the 9 remaining months.
4 Sales through March 31, 2006.

Gross Margin Sensitivities*

$ Millions



* Sensitivities are for annual gross margin

Simplified Wholesale Gross Margin Sensitivities* Assumptions

	Gross margin change ($MM)
Natural gas sensitivity ($1/mmbtu)	
On-peak power price impact - assumes 8.0 market implied heat rate (MIHR) and all 5x16 hours are affected	
$1/mmbtu nat gas change x 8.0mmbtu/MWh on-peak x 4600MW coal x 4160 hrs per year x 85% availability	130
Off-peak power price impact - assumed to be negligible (simplifying assumption)	0
Average on-peak and off-peak plant-to-hub congestion (PJM only)	
1.5 mmbtu/MWh (MIHR) congestion per $1/mmbtu nat gas move x 3300MW coal x 8760hrs x 65% cap factor	-28
Estimated net gross margin change from $1 move in natural gas	**102**
Coal sensitivity ($0.10/mmbtu)	
On-peak power price impact - assumes are not affected, while costs increase	
$0.10/mmbtu coal price move x 10.3 mmbtu/MWh unit heat rate x 4600 MW coal x 4160 hrs x 85% availability	17
Off-peak power price impact - assumes off-peak prices increase in line with coal cost (simplifying assumption)	0
Estimated net gross margin change from $0.10 move in coal	**17**
Weather sensitivity (0.25mmbtu/MWh (MIHR))	
Assumes that only on-peak power prices/heat rates are affected, $10 nat gas, and that coal and CCGTs are in the money throughout the year and that California portfolio is in the money July-Sep	
Coal: 0.25mmbtu/MWh x $10 nat gas x 4600 MW x 4160 hrs per year x 85% availability	41
CCGTs: 0.25mmbtu/MWh x $10 nat gas x 1600 MW open x 4160 hrs per year x 90% availability	15
Calif: 0.25mmbtu/MWh x $10 nat gas x 2500 MW open x 1250 hrs per summer x 85% availability	7
Estimated net gross margin change from 0.25 move in market implied heat rates across year	**63**

* May differ from model simulation results because of simplifying assumptions used

Retail Key Earnings Drivers