



**Third Quarter 2007  
Earnings Teleconference  
November 8, 2007**

# Forward-Looking Statements



*This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that contain projections, estimates or assumptions about our revenues, income and other financial items and our plans and objectives for future operations or about our future economic performance, transactions and dispositions and financings related thereto. 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.*

*Actual results may differ materially from those expressed or implied by forward-looking statements as a result of many factors or events, including legislative, regulatory and/or market 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 and other factors we discuss or refer to in the "Risk Factors" section of our most recent Annual Report on Form 10-K filed 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 herein or within our earnings release and the financial tables attached thereto, which are available, together with this presentation, on our investors page at [www.reliant.com](http://www.reliant.com). To the extent required, statements disclosing the utility and purposes of these measures are set forth in Item 2.02 to our Current Report on Form 8-K accompanying the earnings release, which is available on our website.*

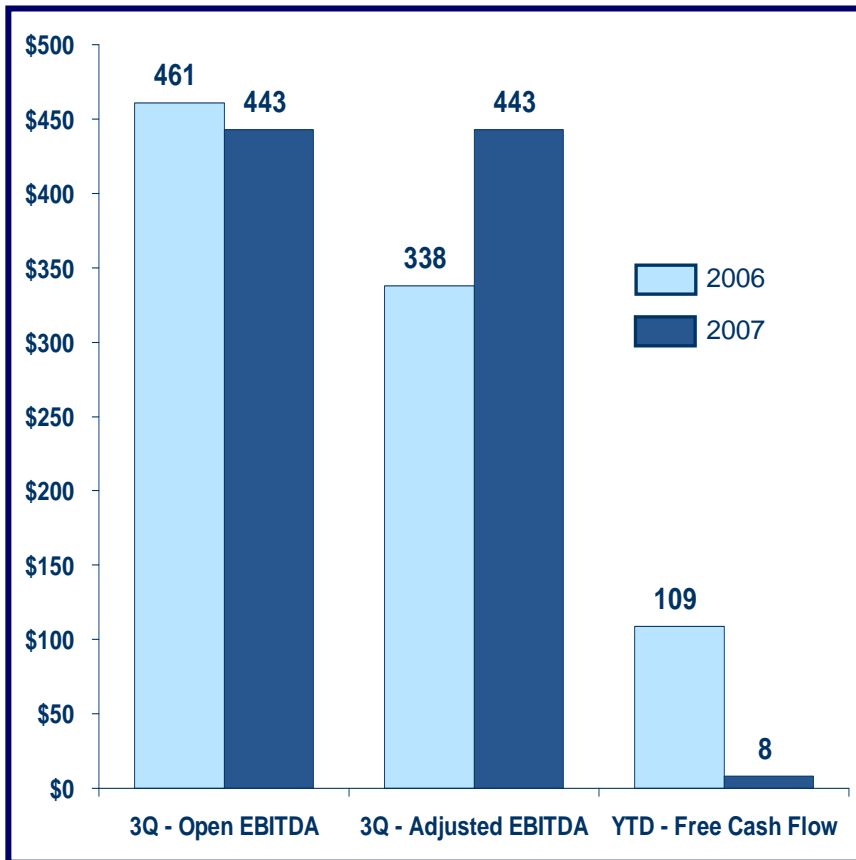
*Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings and cash flows.*



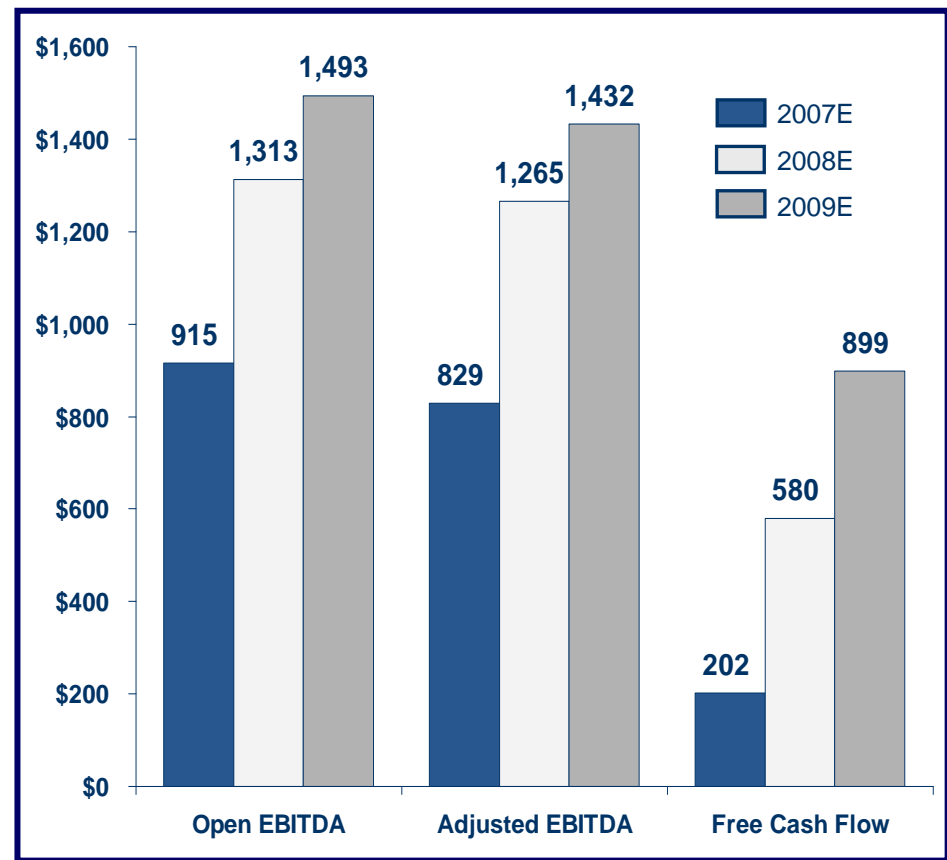
## Opening Remarks

*Mark M. Jacobs*  
*President & CEO*

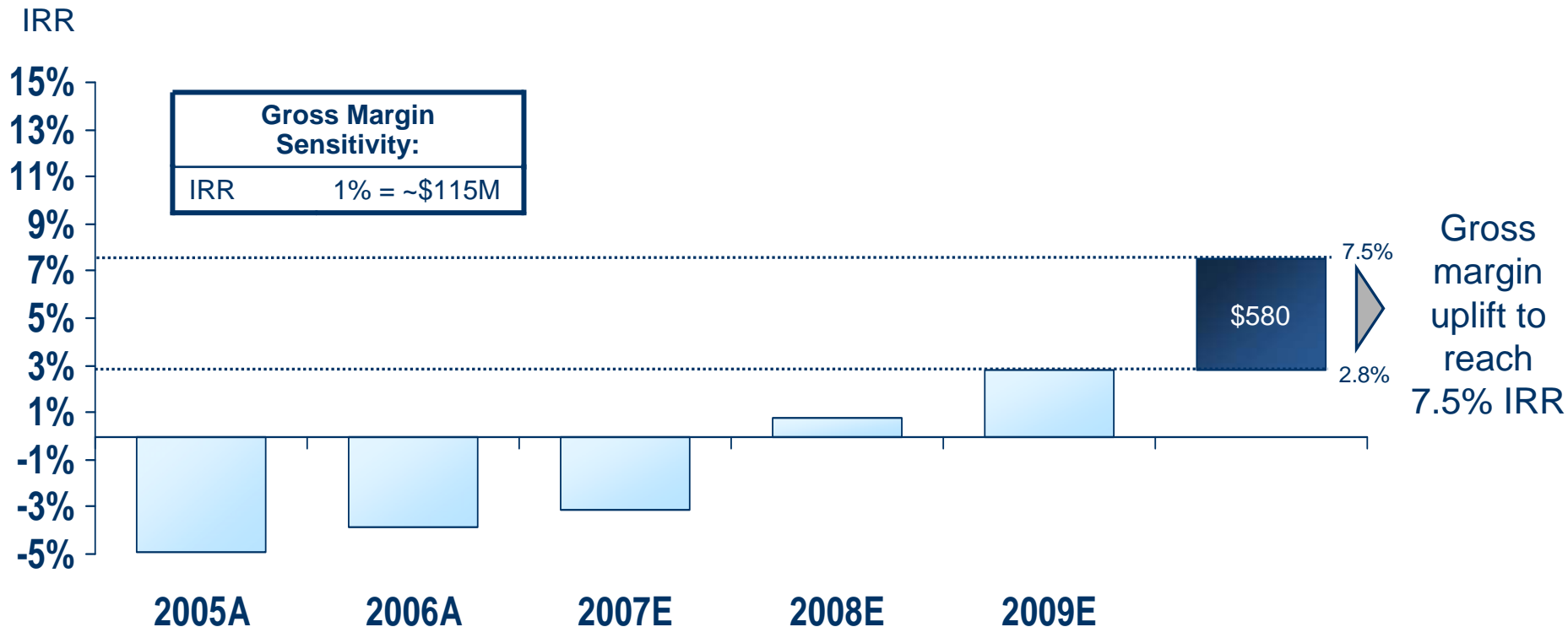
## 3Q Actuals



## Outlook



# Implied IRR on New Build<sup>1</sup>



## Significant Uplift from Supply/Demand Tightening

1. Approximate IRR on CCGT new build. Returns assume constant 25 year cash flow and \$775/kW average construction cost (excluding capitalized interest) and forward fuel prices as of September 21, 2007. Actuals through September 30, 2007. Excludes Channelview.



## **Operations Review**

***Brian Landrum***  
*Chief Operating Officer*

# Retail Key Earnings Drivers



	Q3 2007	Q3 2006	Impact (\$ MM)
Mass volume (TWh)	8.9	9.7	\$ (29)
C&I volume (TWh)	11.9	10.6	12
Total volume (TWh) <sup>1</sup>	20.8	20.3	
Mass gross margin (\$/MWh)	\$ 27.41	\$ 32.60	(42)
C&I gross margin (\$/MWh)	\$ 8.51	\$ 12.64	(45)
Weighted average gross margin (\$/MWh)	\$ 16.62	\$ 22.15	
Retail gross margin (\$ millions) <sup>2</sup>	\$ 335	\$ 436	\$ (101) <sup>3</sup>
O&M, Selling and marketing, Bad debt	129	140	11
<b>Retail contribution margin</b>	<b>\$ 206</b>	<b>\$ 296</b>	<b>\$ (90)</b>

	2007E	2008E	2009E
<b>Retail contribution margin</b>	<b>\$500</b>	<b>\$501</b>	<b>\$501</b>



1. All volumes exclude market usage adjustments.
2. Previously titled "adjusted retail gross margin." Includes market usage adjustments of (\$10) million in Q3 2007 and (\$13) million in Q3 2006.
3. Includes net market usage adjustments \$3 million.

# Wholesale Key Earnings Drivers\*



	Q3 2007	Q3 2006	Impact (\$ MM)
<b>Economic generation (TWh)</b>	12.0	11.1	\$ 30
<b>Commercial capacity factor</b>	90.8%	87.5%	9
Generation (TWh)	10.9	9.7	
<b>Open energy unit margin (\$/MWh)</b>	\$ 25.66	\$ 27.19	(23)
Open energy gross margin (\$ millions)	\$ 280	\$ 264	
<b>Other margin (\$ millions)</b>	135	96	39
Open wholesale gross margin (\$ millions)	\$ 415	\$ 360	\$ 55
<b>Operation and maintenance, bad debt</b>	143	152	9
<b>Open wholesale contribution margin</b>	<b>\$ 272</b>	<b>\$ 208</b>	<b>\$ 64</b>

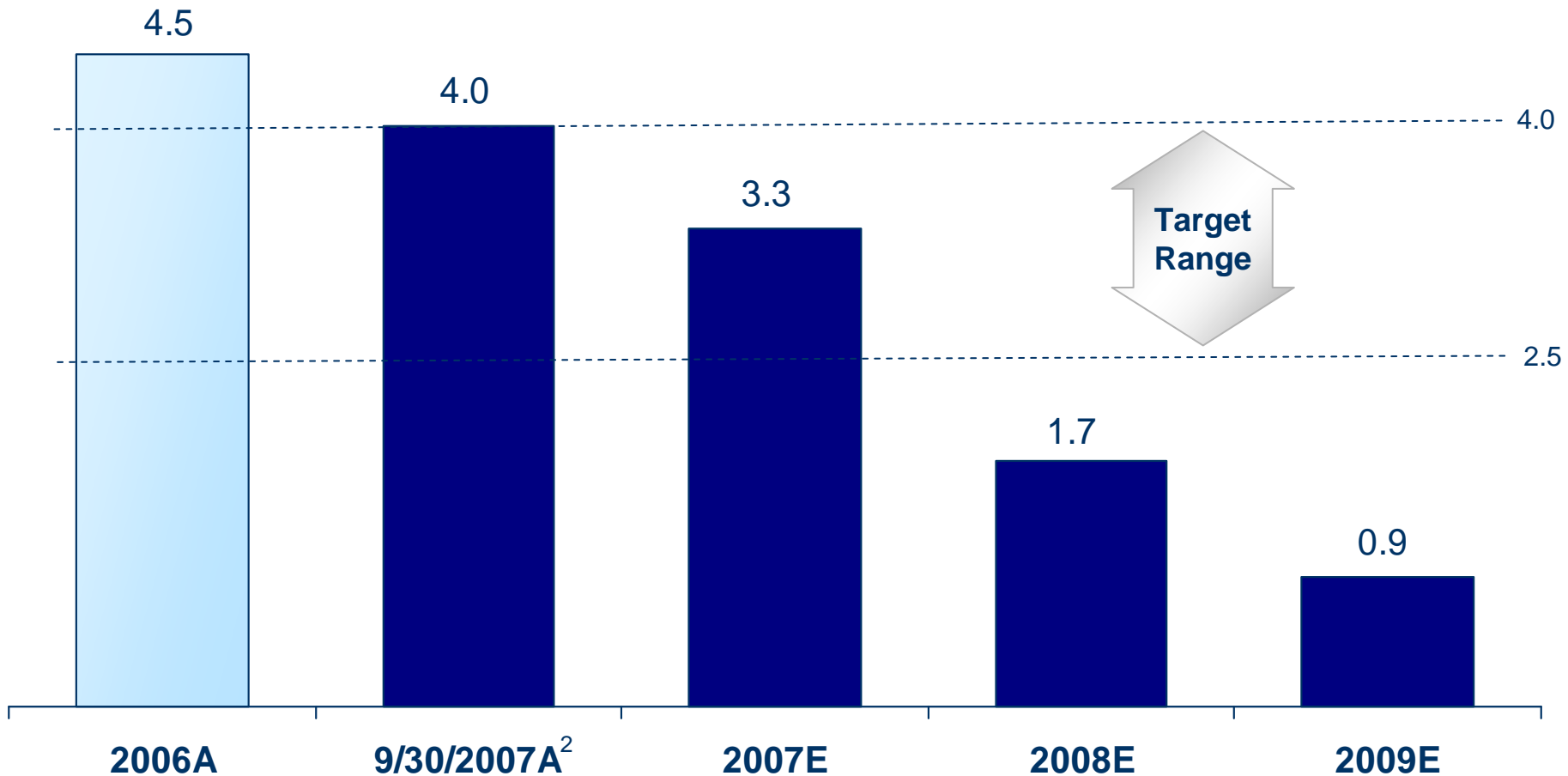
	2007E	2008E	2009E
<b>Open wholesale contribution margin</b>	<b>\$ 580</b>	<b>\$ 965</b>	<b>\$ 1,150</b>

 Market Metrics  
 Performance Metrics

\* Excludes Channelview's financial results beginning August 20, 2007 since it is deconsolidated as a result of its Chapter 11 filings.

# Rapidly Improving Credit Profile

## Net Debt/Adjusted EBITDA<sup>1</sup>



1. Adds \$60 million REMA lease expense. Assumes free cash flow is applied to debt reduction. Includes Channelview net debt and EBITDA (see appendix).

2. Adjusted EBITDA for the twelve months ended September 30, 2007.

- Significantly higher earnings in wholesale business with improving supply and demand fundamentals
- Retail is an attractive, high return on invested capital business with growth potential in new markets
- Deep fundamental knowledge of core markets will yield superior returns
  - Highly disciplined capital investments
  - Innovative application of insights



## Appendix

\$ Millions	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
Open wholesale gross margin	\$ 1,206	\$ 1,558	\$ 1,718
Wholesale operation and maintenance and bad debt	626	593	568
<b>Open wholesale contribution margin</b>	<b>\$ 580</b>	<b>\$ 965</b>	<b>\$ 1,150</b>
Retail gross margin <sup>3</sup>	\$ 947	\$ 909	\$ 913
Retail operation and maintenance	241	216	221
Selling & marketing	122	117	115
Bad debt	84	75	76
<b>Retail contribution margin</b>	<b>\$ 500</b>	<b>\$ 501</b>	<b>\$ 501</b>
Other general and administrative	165	153	158
<b>Open EBITDA</b>	<b>\$ 915</b>	<b>\$ 1,313</b>	<b>\$ 1,493</b>
Historical and operational wholesale hedges			
Power (Closed)	\$ (204)	\$ (63)	\$ (38)
Fuel	42	19	4
Tolling/Other	57	(4)	(27)
Impact of historical and operational wholesale hedges	\$ (105)	\$ (48)	\$ (61)
Gains on sales of assets and emission allowances, net	19	-	-
<b>Adjusted EBITDA</b>	<b>\$ 829</b>	<b>\$ 1,265</b>	<b>\$ 1,432</b>
Depreciation and amortization	\$ 320	\$ 301	\$ 301
Emission allowances amortization	112	146	161
Total depreciation and amortization	432	447	462
Interest expense, net <sup>4</sup>	317 <sup>5</sup>	200	144
<b>Adjusted cash flow provided by continuing operations</b>	<b>\$ 507</b>	<b>\$ 1,038</b>	<b>\$ 1,259</b>
Capital expenditures <sup>4</sup>	(221)	(313)	(207)
Emission allowances activity, net	(84)	(145)	(153)
<b>Free cash flow provided by continuing operations<sup>6</sup></b>	<b>\$ 202</b>	<b>\$ 580</b>	<b>\$ 899</b>

1. Based on actuals through September 30, 2007 and forward commodity prices as of September 21, 2007.

2. Excludes Channelview's financial results beginning August 20, 2007 through forecast period since it is deconsolidated as a result of its Chapter 11 filings.

3. Previously titled "adjusted retail gross margin."

4. Interest expense excludes and capital expenditures include \$5 million, \$22 million and \$37 million of capitalized interest in 2007E, 2008E and 2009E, respectively.

5. Includes \$40 million amortization of deferred financing fees related to phase one of comprehensive refinancing plan during the second quarter.

6. Assumes no changes in working capital.

# Cash Flow Analysis



\$ Millions

	<b>Nine months ended September 30, 2007</b>	<b>Nine months ended September 30, 2006</b>
<b>GAAP net cash provided by continuing operations from operating activities</b>	<b>\$332</b>	<b>\$40</b>
<b>Decrease in margin deposits</b>	<b>(201)</b>	<b>(220)</b>
<b>Western states and similar settlements payments</b>	<b>57</b>	<b>160</b>
<b>Adjusted cash flow provided by (used in) continuing operations</b>	<b>\$188</b>	<b>(\$20)</b>
<b>Capital expenditures</b>	<b>(135)</b>	<b>(64)</b>
<b>Proceeds from sales of emission allowances</b>	<b>7</b>	<b>205</b>
<b>Purchases of emission allowances</b>	<b>(52)</b>	<b>(12)</b>
<b>Free cash flow provided by continuing operations</b>	<b>\$8</b>	<b>\$109</b>

# Forward Market Data Used in Outlook<sup>1</sup>



	<u>2007</u>	<u>2008</u>	<u>2009</u>
NYMEX Gas (\$/MMBtu)	6.95	7.99	8.32
TETCO M3 (\$/MMBtu)	7.74	8.91	9.30
Coal (\$/MMBtu)	1.76	1.89	1.95
SO <sub>2</sub> (\$/ton)	523	552	575
NO <sub>X</sub> (\$/ton) <sup>2</sup>			
Seasonal	695	635	634
Annual	N/A	N/A	1,684 <sup>3</sup>
PJM Weighted Avg Plant to Hub Basis (\$/MWh) (5x16) <sup>4</sup>	(6.80)	(10.05)	(10.82)
PJM Simple Avg Plant to Hub Basis (\$/MWh) (5x16) <sup>4</sup>	(6.01)	(9.80)	(10.58)
FE HUB (\$/MWh) (5x16)	59.24	66.51	69.33
FE on-peak 7 HR Spark Spread to Dominion South Point (\$/MWh)	7.60	7.80	8.38
FE Market Implied Heat Rate	8.09	7.95	7.99
PJM WHUB (\$/MWh) (5x16)	66.97	76.47	79.66
PJM on-peak 7 HR Spark Spread to TETCO M3 (\$/MWh)	12.75	14.09	14.56
PJM Market Implied Heat Rate	8.76	8.66	8.67

1. Forward curves as of September 21, 2007. 2007 data includes actual settled values through September plus balance of year forwards.

2. Beginning in 2009 CAIR initiates annual NO<sub>X</sub> program. Seasonal NO<sub>X</sub> program from May – September. Annual NO<sub>X</sub> program from January – December.

3. 2009 annual price is an estimated value. 2009 weighted average full year NO<sub>X</sub> price is \$1,948.

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

## Calendar Year

PJM Zone	MW's	2007		2008		2009	
		\$/MW-day	\$MM	\$/MW-day	\$MM	\$/MW-day	\$MM
EMAAC	~1,000	\$ 132.35	\$ 45	\$ 168.85	\$ 62	\$ 173.72	\$ 64
RTO	~5,300 <sup>1</sup>	\$ 29.37	\$ 45	\$ 84.06	\$ 154	\$ 106.10	\$ 77
MAAC+APS		n/a	n/a	n/a	n/a	\$ 158.80	\$ 190
			\$ 90		\$ 216		\$ 331

## Planning Year<sup>2</sup>

PJM Zone	MW's	2007		2008		2009	
		\$/MW-day	\$MM	\$/MW-day	\$MM	\$/MW-day	\$MM
EMAAC	~1,000	\$ 197.67	\$ 73	\$ 148.80	\$ 54	\$ 191.32	\$ 70
RTO	~5,300 <sup>1</sup>	\$ 40.80	\$ 70	\$ 111.92	\$ 213	\$ 102.04	\$ 74
MAAC+APS		n/a	n/a	n/a	n/a	\$ 191.32	\$ 230
			\$ 143		\$ 267		\$ 374

1. RTO zone separates into MAAC+APS zone (3,300 MW's) and RTO zone (2,000 MW's) in 2009 auction.

2. Planning year is June 1 through May 31 of the following year.

## NPV<sup>2</sup> of historical and operational wholesale hedges Sept 07 ~(\$ 157) million; Jan 08 ~(\$150) million

	2007E	2008E	2009E
<b>Total Closed Hedges (TWh)</b>	9.6	2.8	1.1
Avg Sales Price	\$ 48.05	\$ 44.02	\$ 28.56
Avg Buyback Price	\$ (69.37)	\$ (66.81)	\$ (63.30)
<b>Total Closed Value (\$MM)</b>	<b>\$ (204)</b>	<b>\$ (63)</b>	<b>\$ (38)</b>
<b>Total Fuel Hedges (Btu)<sup>3</sup></b>	189	230	22
Avg. Hedged Fuel Cost	\$ 2.45	\$ 2.20	\$ 2.01
Avg. Market Fuel Cost	\$ 2.67	\$ 2.25	\$ 2.02
<b>Fuel Hedge Value</b>	<b>\$ 42</b>	<b>\$ 12</b>	<b>\$ 0</b>
Fuel Inventory Value, \$MM	\$ -	\$ 7	\$ 4
<b>Total Fuel Value</b>	<b>\$ 42</b>	<b>\$ 19</b>	<b>\$ 4</b>
<b>Tolling/Gas Transport/Other (\$MM)<sup>4</sup></b>	<b>\$ 57</b>	<b>\$ (4)</b>	<b>\$ (27)</b>
<b>Total Hedge Value (\$MM)</b>	<b>\$ (105)</b>	<b>\$ (48)</b>	<b>\$ (61)</b>

1. Based on actuals through September 30, 2007 and forward commodity prices as of September 21, 2007.

2. Includes tolling/other hedges that extend from 2009-2020, based on 5.62% after-tax debt rate and 38% tax rate.

3. Fuel hedge data excludes Seward.

4. Includes tolling/other hedges that extend from 2009-2020.

# Wholesale Generation Detail\*



Economic Generation (TWh in the money)	2007E		2008E		2009E	
	TWh	% Econ	TWh	% Econ	TWh	% Econ
PJM Coal	24.2	83.1%	24.2	82.7%	24.5	84.2%
MISO Coal	8.1	73.5%	7.2	65.1%	7.3	66.4%
<b>Total Coal</b>	<b>32.3</b>	<b>80.5%</b>	<b>31.4</b>	<b>77.9%</b>	<b>31.8</b>	<b>79.3%</b>
PJM/MISO Gas	1.2	4.2%	1.1	3.4%	1.1	3.2%
West	3.3	11.9%	3.8	14.5%	3.9	15.0%
Other	3.5	45.6%	0.1	7.2%	0.1	7.8%
<b>Total Gas/Oil</b>	<b>8.0</b>	<b>12.5%</b>	<b>5.0</b>	<b>8.3%</b>	<b>5.1</b>	<b>8.2%</b>
<b>Total</b>	<b>40.3</b>	<b>38.7%</b>	<b>36.4</b>	<b>36.3%</b>	<b>36.9</b>	<b>36.1%</b>
<b>Commercial Capacity Factor</b>	<b>2007E</b>		<b>2008E</b>		<b>2009E</b>	
PJM Coal	82.8%		87.5%		85.4%	
MISO Coal	69.9%		87.6%		89.0%	
<b>Total Coal</b>	<b>79.6%</b>		<b>87.5%</b>		<b>86.3%</b>	
PJM/MISO Gas	89.8%		95.4%		95.6%	
West	96.3%		92.5%		92.0%	
Other	91.3%		95.0%		95.0%	
<b>Total Gas/Oil</b>	<b>93.1%</b>		<b>93.2%</b>		<b>92.9%</b>	
<b>Total</b>	<b>82.3%</b>		<b>88.3%</b>		<b>87.2%</b>	
<b>Generation Volume</b>	<b>2007E</b>		<b>2008E</b>		<b>2009E</b>	
PJM Coal	20.1		21.2		20.9	
MISO Coal	5.7		6.3		6.5	
<b>Total Coal</b>	<b>25.8</b>		<b>27.5</b>		<b>27.4</b>	
PJM/MISO Gas	1.1		1.0		1.1	
West	3.2		3.5		3.6	
Other	3.2		0.1		0.1	
<b>Total Gas/Oil</b>	<b>7.5</b>		<b>4.6</b>		<b>4.8</b>	
<b>Total</b>	<b>33.3</b>		<b>32.1</b>		<b>32.2</b>	

\* Excludes PPAs and tolling agreements.

## Open Unit Margin (\$/MWh)

	2007E	2008E	2009E
PJM Coal	\$ 29.62	\$ 37.79	\$ 39.72
MISO Coal	\$ 26.91	\$ 29.46	\$ 33.16
Total Coal	<u>\$ 29.03</u>	<u>\$ 35.87</u>	<u>\$ 38.16</u>
PJM/MISO Gas	\$ 34.53	\$ 33.79	\$ 34.46
West	\$ 6.21	\$ 5.49	\$ 5.19
Other *	\$ 6.98	\$ 20.00	\$ 20.00
Total Gas/Oil	<u>\$ 10.68</u>	<u>\$ 12.16</u>	<u>\$ 12.07</u>
<b>Total</b>	<b><u>\$ 24.89</u></b>	<b><u>\$ 32.46</u></b>	<b><u>\$ 34.31</u></b>

## Open Energy Gross Margin (\$MM)

	2007E	2008E	2009E
PJM Coal	\$ 595	\$ 801	\$ 831
MISO Coal	153	186	217
Total Coal	<u>748</u>	<u>987</u>	<u>1,048</u>
PJM/MISO Gas	38	35	37
West	20	19	19
Other *	21	2	1
Total Gas/Oil	<u>79</u>	<u>56</u>	<u>57</u>
<b>Total</b>	<b><u>\$ 827</u></b>	<b><u>\$ 1,043</u></b>	<b><u>\$ 1,105</u></b>

## Other Margin (\$MM)

	2007E	2008E	2009E
PJM Coal	\$ 58	\$ 116	\$ 183
MISO Coal	14	15	14
Total Coal	<u>72</u>	<u>131</u>	<u>197</u>
PJM/MISO Gas	107	140	182
West	131	178	160
Other *	69	66	74
Total Gas/Oil	<u>307</u>	<u>384</u>	<u>416</u>
<b>Total</b>	<b><u>\$ 379</u></b>	<b><u>\$ 515</u></b>	<b><u>\$ 613</u></b>
<b>Total open wholesale gross margin</b>	<b><u>\$ 1,206</u></b>	<b><u>\$ 1,558</u></b>	<b><u>\$ 1,718</u></b>

\* Excludes Channelview's financial results beginning August 20, 2007 through forecast period since it is deconsolidated as a result of its Chapter 11 filings.

# SO<sub>2</sub> Emission Allowances<sup>1</sup>



<b>Current Position (tons)</b>	<b>4Q 2007</b>	<b>2008</b>	<b>2009</b>	<b>2010-2014</b>
Allowances required for power sales	3,098	3,736	296	202
Current allowances inventory	-	18,175	58,231	352,549 <sup>2</sup>
Expected Emissions	67,265	263,761	261,245	

## 2007 Activity - Year to Date

### **Emission Allowances Sales<sup>3</sup>**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Allowance (tons)	2	-	-	-
Average price (\$/ton)	\$ 470	\$ -	\$ -	\$ -
Total of sales activity (\$MM)	\$ -	\$ -	\$ -	\$ -

### **Emission Allowances Purchases**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Allowance (tons)	93,500	2,000	-	-
Average price (\$/ton)	\$ 544	\$ 495	\$ -	\$ -
Total of purchases activity (\$MM)	\$ 51	\$ 1	\$ -	\$ -

1. Does not include futures contracts.

2. Total allowances are 705,098 for 2010-2014. Beginning in 2010, two allowances are required for one ton of emissions.

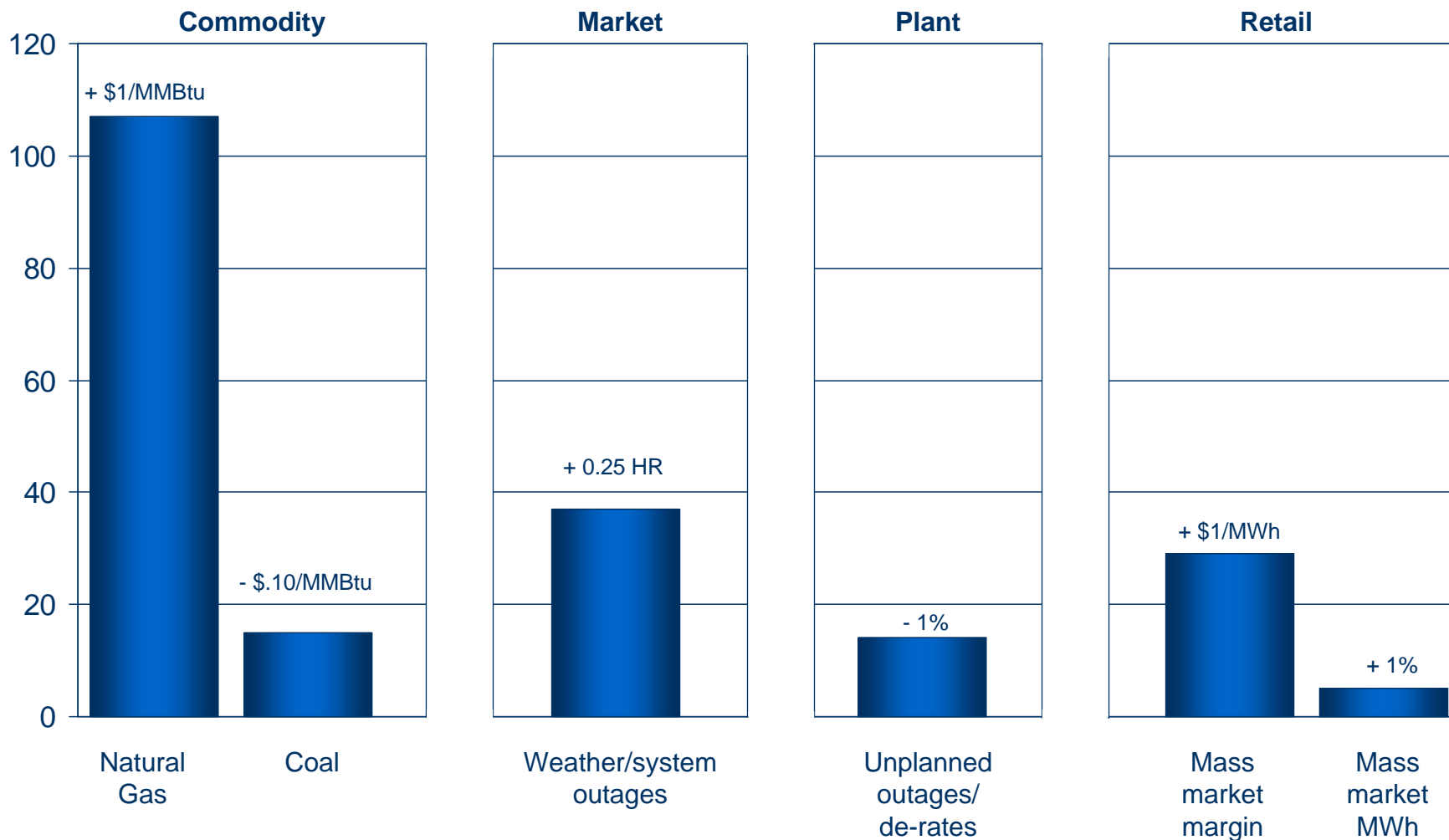
3. Does not include proceeds from EPA auction.

# Gross Margin Sensitivities\*



\$ Millions

## Wholesale



\* Sensitivities are for annual gross margin.

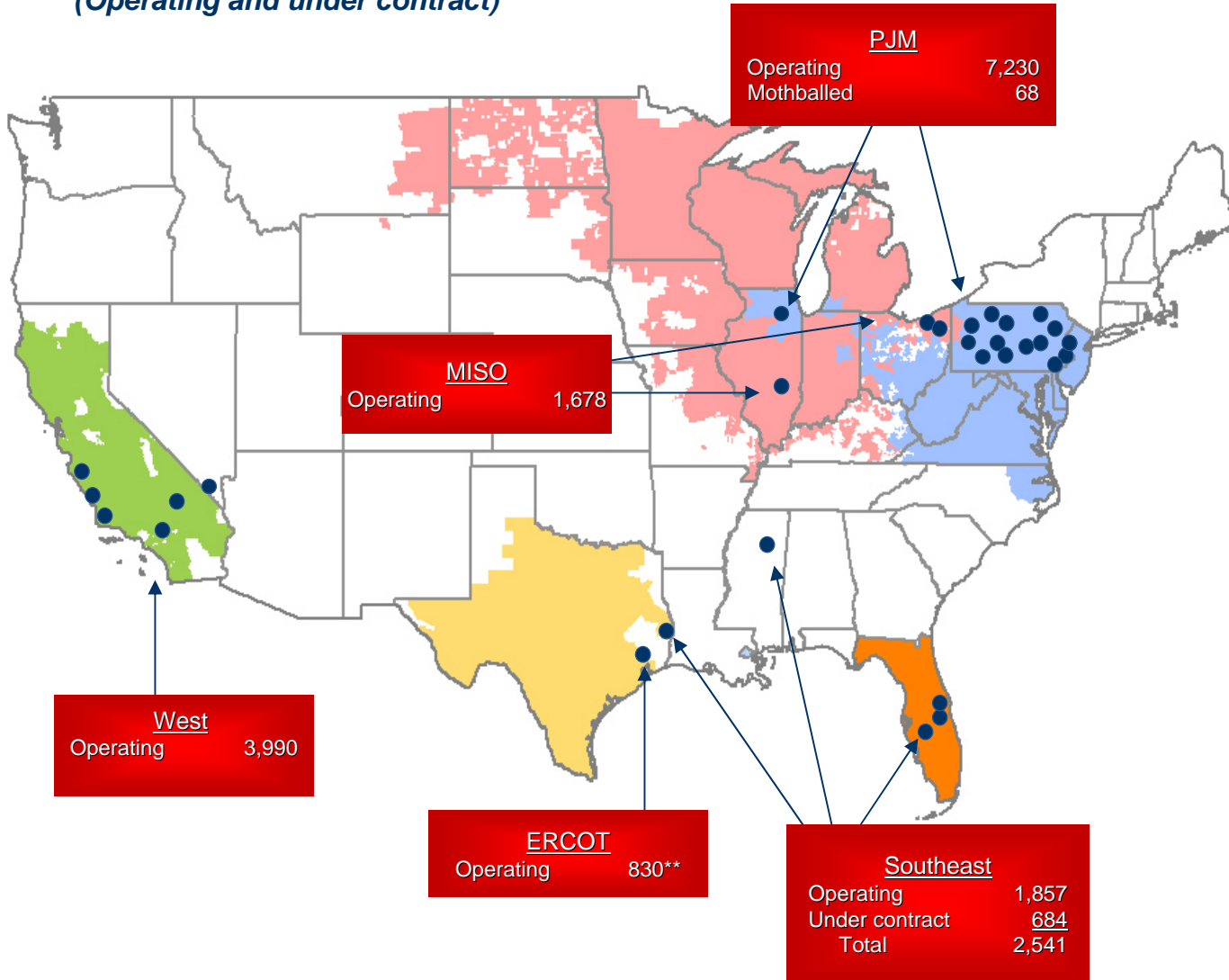
# Assumptions Used in Wholesale Open Gross Margin Sensitivities



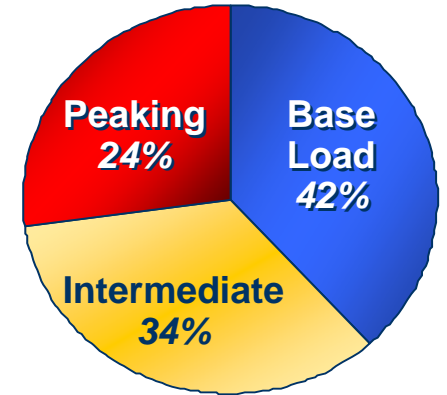
	<u>Gross margin change (\$MM)</u>
<b>Natural gas sensitivity (\$1/mmbtu)</b>	
On-peak power price impact - assumes 8.0 market implied heat rate (MIHR) and all 5x16 hours are affected \$1/mmbtu nat gas change x 8.0mmbtu/MWh on-peak x 4600MW coal x 4160 hrs per year x 90% economic on-peak x 85% Commercial Capacity Factor (CCF)	117
Off-peak power price impact - assumed to be negligible	0
Average on-peak and off-peak plant-to-hub congestion (PJM only) 0.5 mmbtu/MWh (MIHR) congestion per \$1/mmbtu nat gas move x 3300MW coal x 8760hrs x 82% economic x 87% CCF	(10)
<b>Estimated net gross margin change from \$1 move in natural gas</b>	<b>107</b>
<b>Coal sensitivity (\$0.10/mmbtu)</b>	
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% CCF x 90% economic on-peak	15
Off-peak power price impact - assumes off-peak prices increase in line with coal cost	0
<b>Estimated net gross margin change from \$0.10 move in coal</b>	<b>15</b>
<b>Weather sensitivity (0.25mmbtu/MWh (MIHR))</b>	
Assumes that only on-peak power prices/heat rates are affected.	
Coal: 0.25mmbtu/MWh x \$8 nat gas x 4600 MW x 4160 hrs per year x 85% CCF x 90% economic on-peak	29
CCGTs: 0.25mmbtu/MWh x \$8 nat gas x 1500 MW open x 4160 hrs per year x 90% CCF x 40% economic on-peak	4
Calif: 0.25mmbtu/MWh x \$8 nat gas x 2500 MW open x 1250 hrs per summer x 90% CCF x 65% economic on-peak	4
<b>Estimated net gross margin change from 0.25 move in MIHR's across year</b>	<b>37</b>

# Wholesale U.S. Generation Portfolio

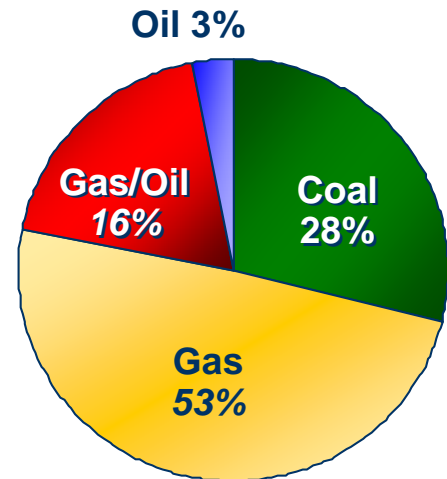
Total capacity 16,269 MW\* as of 9/30/2007  
(Operating and under contract)



## Dispatch Type (% of 16,269 MWs)



## Fuel Type (% of 16,269 MWs)

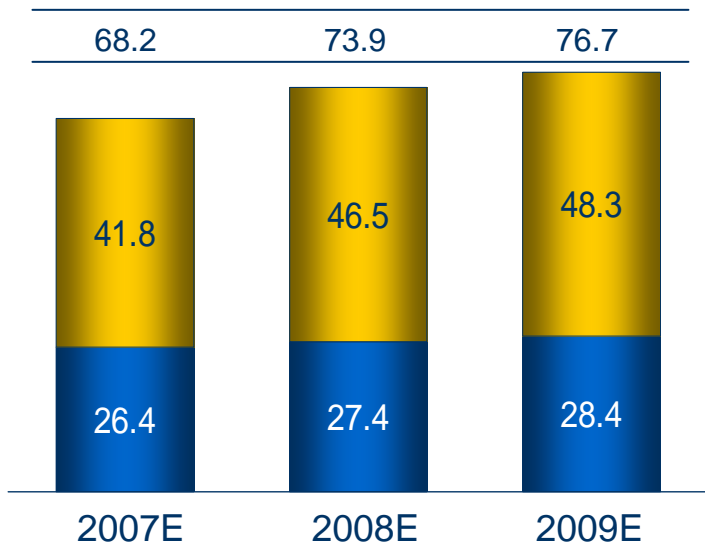


\* Excludes retirements and mothball actions.  
\*\* Represents Channelview, which is in bankruptcy.

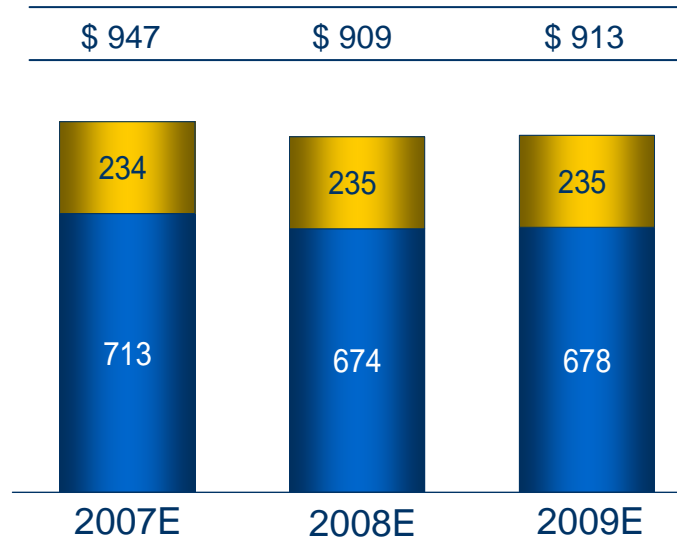
# Retail Key Earnings Drivers



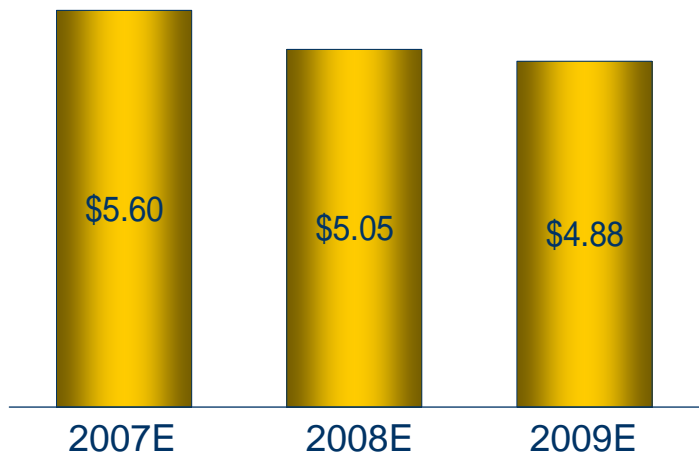
## Volumes (TWh)



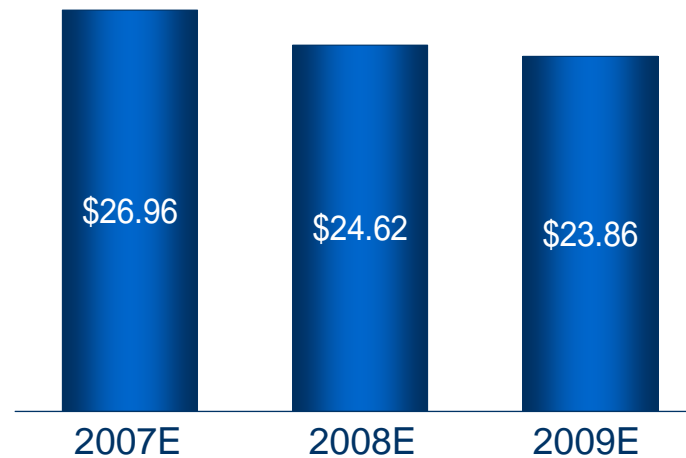
## Retail Gross Margin (\$MM)



## C&I Margin (\$/MWh)



## Mass Margin (\$/MWh)



# Reg G Outlook Reconciliation<sup>1</sup>



\$ Millions

	Twelve Months Ended				
	2006A	September 30, 2007	2007E	2008E	2009E
<b>Wholesale Energy:</b>					
Gross margin	\$ 744 <sup>2</sup>	\$ 959	\$ 1,074	\$ 1,497	\$ 1,666
Historical and operational wholesale hedges	376	121	105	48	61
Unrealized (gains) losses on energy derivatives	(56)	112	27	13	(9)
Open wholesale gross margin	\$ 1,064 <sup>2</sup>	\$ 1,192	\$ 1,206	\$ 1,558	\$ 1,718
Operation and maintenance	599	630	627	593	568
Bad debt	(2)	(2)	(1)	-	-
Open wholesale contribution margin	\$ 467 <sup>2</sup>	\$ 564	\$ 580	\$ 965	\$ 1,150
Historical and operational wholesale hedges	(376)	(121)	(105)	(48)	(61)
Unrealized gains (losses) on energy derivatives	56	(112)	(27)	(13)	9
Contribution margin, including historical and operational wholesale hedges and unrealized gains/losses on energy derivatives	147 <sup>2</sup>	331	448	904	1,098
<b>Retail Energy:</b>					
Gross margin	\$ 697	\$ 1,221	\$ 1,410	\$ 1,079	\$ 915
Unrealized (gains) losses on energy derivatives	287	(329)	(463)	(170)	(2)
Retail gross margin <sup>3</sup>	\$ 984	\$ 892	\$ 947	\$ 909	\$ 913
Operation and maintenance	234	243	241	216	221
Selling and marketing	124	126	122	117	115
Bad debt expense	89	87	84	75	76
Retail contribution margin	\$ 537	\$ 436	\$ 500	\$ 501	\$ 501
Unrealized gains (losses) on energy derivatives	(287)	329	463	170	2
Contribution margin, including unrealized gains/losses on energy derivatives	250	765	963	671	503
<b>Consolidated:</b>					
Open wholesale contribution margin	467 <sup>2</sup>	564	580	965	1,150
Retail contribution margin	537	436	500	501	501
Total	1,004	1,000	1,080	1,466	1,651
Other general and administrative	(172)	(184)	(165)	(153)	(158)
Other income (expense), net	6	8	-	-	-
Open EBITDA	\$ 838	\$ 824	\$ 915	\$ 1,313	\$ 1,493
Historical and operational wholesale hedges	(376)	(121)	(105)	(48)	(61)
Gains on sales of assets and emission allowances, net	159	19	19	-	-
Adjusted EBITDA	\$ 621	\$ 722	\$ 829	\$ 1,265	\$ 1,432
Unrealized gains (losses) on energy derivatives	(231)	217	436	157	11
Western states and similar settlements	(35)	(22)	(22)	-	-
Debt conversion expense	(37)	(37)	-	-	-
Debt extinguishments	-	(72)	(72)	-	-
EBITDA	\$ 318	\$ 808	\$ 1,171	\$ 1,422	\$ 1,443
Depreciation and amortization	(373)	(417)	(432)	(447)	(462)
Interest expense, net	(394)	(364)	(317)	(200)	(144)
Income (loss) from continuing operations before income taxes	\$ (449)	\$ 27	\$ 422	\$ 775	\$ 837

1. Based on actuals through September 30, 2007 and forward commodity prices as of September 21, 2007.

2. Includes insignificant amounts for Other Operations.

3. Previously titled "adjusted retail gross margin."

# Reg G Outlook Reconciliation



\$ Millions

	<u>2006A</u>	<u>9/30/07A</u>	<u>2007E</u>	<u>2008E</u>	<u>2009E</u>
Total debt*	\$ 3,533	\$ 2,996	\$ 2,996	\$ 2,981	\$ 2,981
REMA operating leases (off-balance sheet)	480	461	461	443	423
Total debt and debt equivalents	<u>4,013</u>	<u>3,457</u>	<u>3,457</u>	<u>3,424</u>	<u>3,404</u>
Less:					
Cash and cash equivalents	(464)	(396)	(654)	(1,306)	(2,250)
Restricted cash	(25)	(5)	(5)	(5)	(5)
Net margin deposits	(436)	(235)	(168)	(81)	(50)
<b>Net Debt*</b>	<b><u>\$ 3,088</u></b>	<b><u>\$ 2,821</u></b>	<b><u>\$ 2,630</u></b>	<b><u>\$ 2,032</u></b>	<b><u>\$ 1,099</u></b>
Channelview net debt**	N/A	320	334	317	297
<b>Net Debt, including Channelview</b>	<b><u>\$ 3,088</u></b>	<b><u>\$ 3,141</u></b>	<b><u>\$ 2,964</u></b>	<b><u>\$ 2,349</u></b>	<b><u>\$ 1,396</u></b>

\* Net debt/adjusted EBITDA reflects our improving credit profile. Using the comparable GAAP measures, total debt and income from continuing operations before income taxes, the ratio is 110.9, 7.1, 3.9 and 3.6 for twelve months ended September 30, 2007, 2007E, 2008E and 2009E, respectively. Because of the loss from continuing operations before income taxes, the 2006A ratio is not meaningful.

\*\* Channelview was deconsolidated August 20, 2007. Channelview's EBITDA for the twelve months ended September 30, 2007, 2007E, 2008E and 2009E is \$33 million, \$32 million, \$49 million and \$53 million, respectively.