

2008 CenterPoint Energy
Annual Shareholders Meeting

Remarks by:

David M. McClanahan

CenterPoint Energy

President and Chief Executive Officer

April 24, 2008

Slide: David
McClanahan,
Pres & CEO

Thank you, Milton.

Good morning, ladies and gentlemen.

It is my pleasure this morning to also welcome you to our Annual Shareholders Meeting. We appreciate your investment in CenterPoint Energy. You are the owners of a very special company. Today, I will be telling you about CenterPoint's recent performance and future prospects.

But first, let me introduce our senior leadership team, which has joined me here on the stage:

Slide: CNP
Officers

- **Scott Rozzell**, Executive Vice President, General Counsel and Corporate Secretary. Scott has been with the company seven years. He spent the previous 25 years with the law firm of Baker Botts.
- **Gary Whitlock**, Executive Vice President and Chief Financial Officer. Gary has also been with the company seven years, after spending over 30 years with Dow Chemical.
- **Tom Standish**, Senior Vice President and Group President, Regulated Operations. Tom has been with the company 25 years.
- **Wayne Stinnett**, Division President, CenterPoint Energy Services. Wayne has been with the company for 25 years.
- **Joe McGoldrick**, Division President, Gas Operations. Joe has been with the company for 29 years.

A number of other officers and members of our management team are also here. Don't hesitate to ask them any questions you might have after our meeting. They are a talented and dedicated group and know our business well.

Slide: 2008
Annual
Shareholders
Meeting

Before I give you a report on your company, we need to conduct some official business. We are here to consider the following matters:

- Election of four Class III directors for three-year terms,
- Approval of an amendment to our Articles of Incorporation to phase out the classified structure of our Board; and
- Ratification of the appointment of Deloitte & Touche as the company's independent auditors

Mr. Secretary, please report on the mailing of the meeting notice and the number of shares represented by proxy.

Mr. ROZZELL: As of the record date of February 25, 2008, there were 327,766,875 shares of common stock issued and outstanding. Approximately 85.9 percent of those shares are represented at this meeting in person or by proxy, which means we have a quorum.

Mr. MCCLANAHAN: Thank you. Our procedure is to present for discussion all items of business and then open the polls for voting. There will be time for you to ask questions at the end of the meeting.

The first order of business is to consider the election of four Class III directors. Will the Secretary please read the names of the nominees?

Mr. ROZZELL: The nominees for election as Class III directors are O. Holcombe Crosswell, Janiece Longoria, Thomas F. Madison and Sherman M. Wolff.

Mr. MCCLANAHAN: Thank you.

As today's second item of business, we are asking shareholders to approve an amendment to our Articles of Incorporation to phase out the classified structure of our Board. If the amendment is approved by our shareholders, candidates standing for election to fill expiring terms will be elected for one-year terms beginning at our 2009 annual meeting.

One of our shareholders, Mr. Harold Mathis, submitted a proposal in 2004 recommending the Board take steps to phase out its classified structure - and he submitted the same proposal each year since then. In fact, he submitted the proposal again this year but agreed to withdraw it as a result of the Board's binding proposal being voted on today.

The classification of directors is an issue that the Board has considered very carefully and thoroughly. In fact, we continue to believe that there are real benefits to both the Company and our shareholders from a classified structure. However, many investors believe the advantages are outweighed by the inability of shareholders to evaluate and elect all directors annually.

The Board indicated in last year's proxy statement that, if the declassification proposal received the support of a majority of the shares represented at the 2007 annual meeting, the Board intended to introduce a binding proposal at this year's meeting to amend the Charter to phase out the Board's classified structure. In light of the support for the proposal by our shareholders last year, the Board approved and is today submitting, and recommending shareholders approve, the proposed amendment.

We will limit discussion of this proposal to ten minutes. Individuals should limit their remarks to three minutes. As I said earlier, you will have the opportunity to pose general questions at the end of the meeting.

[DISCUSSION]

Is there any further discussion regarding this proposal?

Thank you.

The final item of business is ratification of the appointment of Deloitte & Touche as the Company's independent auditors for 2008. Mr. Chip D'Andrea is here today representing Deloitte & Touche. Chip, please stand so our shareholders know who you are. Chip will be available to answer any of your questions after the meeting.

Thank you, Chip.

Under our Bylaws, no further business has been proposed. The polls are now open for voting on all matters.

If you would like to vote but have not given your ballot or proxy to the Secretary, please raise your hand.

If you have already sent your proxy or delivered it to the Secretary, you do not need to sign a ballot unless you would like to revoke your proxy.

Does anyone else need a ballot?

Has everyone voted who wishes to?

While we wait for the votes to be tabulated, let me update you on the state of your company.

Slide:
Cautionary
Statement

When speaking of our future, I've been asked by our attorneys to remind you that any forward-looking statements made today represent our beliefs and assumptions based on information available to the company's management at this time. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may vary materially from actual results and often do.

Now, let me discuss your company.

Slide: Bar
Chart 06 v 07
op income

Last year ended with turmoil in the stock market, but your company turned in a solid financial performance. Operating income grew 13.5 percent in 2007, and our dividend grew 13 percent.

Slide: Bar
Chart 06 v 07
net income
as reported

Net income for the year 2007 was \$399 million, or \$1.17 per diluted share. On the surface, this appears less impressive than the \$432 million we earned in 2006. But the results for 2006 include the resolution of a number of non-recurring legacy tax and regulatory issues.

Slide: Bar
Chart 06 v 07
adjusted
income

Specifically, the results for the year 2006 were favorably impacted by \$92 million, or \$0.28 per diluted share, from the resolution of a tax issue related to securities issued almost ten years ago. On the other hand, the results were negatively impacted by \$21 million, or \$0.06 per diluted share, from a settlement related to the company's 2001 unbundled cost of service order (UCOS) issued by the Texas Public Utility Commission. Excluding these two items, our 2006 earnings would have been \$361 million.

Excluding those non-recurring items from the comparison, our 2007 net income was \$38 million, or approximately 11 percent, greater than 2006.

Slide: bar
chart - 3rd
year of div
growth

I believe the company had a good year, and I'm pleased that we're able to share this improvement with our shareholders. We raised our quarterly dividend more than 13 percent in 2007 and increased it again by 7.3 percent in the first quarter of 2008. Since 2005, we have increased our dividend by over 80 percent. These increases are consistent with our goal of returning 50 to 75 percent of our earnings to shareholders. They also demonstrate your board of directors' confidence in our ability to produce future earnings and cash flow.

Slide: Bar
Chart - 2007
TSR CNP vs
S&P 500 vs
Util Index

The dividends we paid in 2007, when combined with a 3.3 percent change in our stock price, produced a total shareholder return of 7.4 percent. This return exceeded the 4.9 percent average return of our regulated peers in the S&P 500 Utility Index and the 5.5 percent return of the S&P 500.

We believe that our 2007 results reflect the strength of our balanced portfolio of energy delivery businesses. Further, we believe that the strength and diversity of our portfolio demonstrate that we can succeed in a variety of market conditions.

Slide: Pie
Chart 2007
adj op
income by
segment

As shown on this chart, we operate in five business segments:

- Electric Transmission and Distribution
- Interstate Pipelines
- Natural Gas Distribution
- Field Services, which gathers and processes natural gas
- And Competitive Natural Gas Sales and Services

And in this comparison, I should note that we have eliminated the operating income from the Transition Bond Companies and the small loss from our “Other Operations.”

Slide: Bar
Chart 06 v 07
op income

Now, let me review each of our business segments. I'll begin with our electric transmission and distribution business. This business remains our largest business segment; it provides a little less than half of our operating income. In 2007, we reported operating income of \$561 million, compared to operating income of \$576 million in 2006.

Although our operating income declined by \$15 million last year as we felt the full impact of our 2006 rate case settlement, we added 53,000 new customers. In fact, 2007 marked the eleventh consecutive year of customer growth in excess of 2 percent. We expect to see continued customer growth although there are signs the economy is slowing a little.

Meeting Houston's growth, as well as maintaining our existing assets, requires large capital investments. Our single largest project completed in 2007 was the Hillje project, a 68-mile, 345 kilovolt transmission line and switching station that improved power flow into the Houston area and strengthened the grid. In total, we invested over \$400 million in infrastructure last year and plan to invest an additional \$2 billion over the next five years.

We are also considering further investments in advanced meters and intelligent grid infrastructure. Last year, we conducted a limited deployment and testing of 10,000 advanced or "smart" meters. We're pleased that the results of our deployment demonstrate the capability of a new generation of smart meters, along with broadband over power line technology to provide two-way communication. This new technology will not only help our customers understand their electricity consumption but give them the ability to use energy more efficiently and wisely.

Slide: Award
montage

Our operational performance on cost and reliability measures, when compared to similar utilities, was rated top-quartile in surveys conducted by the Southern Company and the PA Consulting Group. Additionally, we received the Edison Electric Institute 2007 Emergency Assistance Award for providing outstanding storm recovery assistance to utilities in Chicago, Illinois; Dallas and Beaumont, Texas; and Tulsa, Oklahoma.

Slide: Bar
Chart 06 v 07
op income

Let me turn now to our interstate pipelines business. Interstate pipelines achieved its fifth consecutive year of record earnings with operating income of \$237 million in 2007. This is an increase of \$56 million, a 31 percent increase over 2006.

Heightened drilling and production activity within our footprint drove system expansion. We placed Phases I and II of our 172-mile Carthage to Perryville pipeline into service, adding 1.25 billion cubic feet (Bcf) of capacity to our system. Due to increased demand for additional capacity, we've added a third phase through additional compression and increased operating pressure. Phase III went into operation last week bringing total capacity on this pipeline to 1.5 Bcf per day.

Slide: SESH
Construction
photos 1

We have also begun construction of the 270-mile Southeast Supply Header, a joint venture with Spectra Energy, which will transport up to 1.0 Bcf of natural gas per day when service begins in the second half of this year. Like our Carthage to Perryville line, this pipeline is needed to move gas from the mid-continent region to growing natural gas markets in Florida and on the East Coast.

Slide: SESH
Construction
photos 2

Slide: SESH
Construction
photos 3

We are also expanding our existing system to serve new customers – such as a new power generation facility in Arkansas.

Our financial and operating performance benefited as well from improved planning and scheduling processes, which enabled us to enhance our various transportation and storage services. Also contributing was our continued focus on customer service and retention. We value our customer relationships and measure our performance against their expectations. We believe that meeting and, whenever possible, exceeding those expectations will enable us to retain and expand our customer base.

Slide: Bar
Chart 06 v 07
op income

Next, I would like to tell you about our business unit that had the most improved performance in 2007- our natural gas distribution business. Operating income increased \$94 million, for a total operating income of \$218 million. This is a 76 percent increase over 2006.

This improvement is attributable to a combination of factors. These include an improved business model, productivity improvements, more normal weather patterns and the addition of over 38,000 customers across our six-state service area. Texas led the way. Once again, the fast-growing Houston area made a significant contribution to our growth as a company. We also had a few unusual charges in 2006 that impacted that year's operating income, including a \$21 million write-off for purchased natural gas costs that were denied recovery by the Minnesota Public Utilities Commission.

In the recent past, our natural gas distribution business has been adversely affected by unusually mild winter weather and also by reduced customer usage driven by higher prices.

We continue to tackle these challenges. To help minimize the impact of unpredictable weather, we are working to implement a rate strategy that separates the recovery of our fixed operating costs and return on our investment from the volume of natural gas consumed by our customers. These progressive rate designs, known as "decoupling," better align the interests of our company and our customers and allow us to promote energy conservation without adversely impacting our shareholders.

Late last year, we accomplished this objective in Arkansas, where we settled a rate case that increased base rates by \$20 million and provided a rate design that decoupled the recovery of our fixed costs from the volume of gas sold. We've also implemented rate structures in Oklahoma and Louisiana that help minimize the impact of mild weather. In Minnesota, we implemented a \$21 million rate increase last year. Minnesota also passed legislation to promote rate decoupling, which we will likely address in our next rate case.

To help our low-income customers pay their utility bills, we implemented an affordability program in Minnesota and worked with our congressional delegation to secure additional funding for the federal Low-Income Home Energy Assistance Program.

Slide: Bar
Chart 06 v 07
op income

This brings me now to natural gas field services – which, for the last three years, has been our fastest-growing business.

In 2007, for the fifth consecutive year, our field services business had a record performance, reporting operating income of \$99 million. Operating income rose \$10 million over 2006, an increase of 11 percent. In addition, we earned \$10 million in equity income from a jointly-owned gas processing plant compared to \$6 million for the year 2006.

We continue to capitalize on strong drilling activity near our system, and we continue to benefit from strong customer loyalty. In 2007, we added over 400 new well connections to our system. This marked the fourth consecutive year new well connects reached this level. Prior to 2004, we added about 200 wells per year. Last year, our average daily throughput was 1.2 Bcf per day, and we completed 12 new major gathering, processing and treating projects. We also continue an ongoing compressor optimization and asset rationalization program, which not only reduces our operating expense but improves our ability to serve our customers.

In 2007, we committed more than \$100 million in growth capital to this business and expect to invest approximately \$75 to \$100 million annually over the next four to five years.

Slide: Bar
Chart 06 v 07
op income

Finally, I'd like to say a few words about our smallest business, competitive natural gas sales and services. This business produced operating income of \$75 million. This was a small decrease over last year. It was caused primarily by reduced profitability in our wholesale business due to lower locational and seasonal gas price differentials.

Nonetheless, we made solid progress on our long-term growth strategy for this business by growing our retail commercial and industrial customer base. Adding 1,700 industrial and commercial customers from retail natural gas providers in South Dakota and Indiana brought total CES customers to more than 8,800. Our total natural gas throughput was 522 Bcf in 2007. We also signed an agreement to serve 21 plants for the largest U.S. producer of ethanol.

Additionally, we enhanced our natural gas storage position in 2007 by starting commercial operation of our new salt dome gas storage facility in Houston and leasing an additional 2 Bcf of storage in the mid-continent area.

In an increasingly competitive market, we continue to focus on customer retention and the pursuit of retail and wholesale growth.

This completes my review of the performance of our five business segments in 2007.

Before taking a look ahead, I'd like to say a few words about our efforts to improve our financial position.

Slide: Text –
Electric
Restructuring
Issues
- Completed
\$488M
Transition
bond sale
- Settled
\$17M fuel
reconciliation
proceeding
- Unresolved:
True-up case

We have resolved several of the issues remaining from the 1999 restructuring of the electric industry in Texas. Last summer, the state passed a law allowing us to sell transition bonds to recover certain previously approved transition costs. This law provides a win-win scenario, allowing us to recover our funds immediately while customers pay lower interest rates. In February 2008, we sold \$488 million of transition bonds, which will result in more than \$100 million in customer savings over the next 15 years. In addition, last year we settled our final fuel reconciliation proceeding, which added \$17 million to operating income.

One important issue remains unresolved: our appeal of the Texas Public Utility Commission's decision in our true-up case. In December, we received a disappointing decision from the Texas 3rd Court of Appeals that reduced the amount of potential true-up recovery. We are preparing to appeal this decision to the Texas Supreme Court in the coming weeks.

Slide: Text –
Succeeding
in changing
energy
landscape
- Tight gas
supply and
prices
- Challenges
and
opportunities
for CNP

Looking to the future, we are confident that our company is positioned to succeed in a changing energy and environmental landscape. The electric utility industry is expected to turn to natural gas, a clean-burning fossil fuel, to bridge the gap until cleaner alternatives are available. As a result, consumption of natural gas is expected to increase, putting pressure on natural gas supply and pricing. Although high gas prices will present challenges for our local distribution businesses, we believe the market demands for more natural gas will create opportunities for our pipelines and field services units. We stand ready to meet the needs of our customers and the marketplace.

Slide: Text –
Focus on
Conservation
and energy
efficiency
- decoupled
rates,
weather
normalization
- funding for
conservation
- promote
energy
efficiency

The concern about global climate change will also put more focus on conservation and using energy wisely. As a utility, we are well-positioned to serve in a leadership role. In most of our natural gas service territory, we are pursuing decoupled rates, weather normalization and adjustment mechanisms, and funding to promote energy conservation, energy audits, and incentives for high-efficiency commercial and residential natural gas products.

We also promote energy efficiency in our electric service territory. For the sixth consecutive year, the U.S. Environmental Protection Agency presented us with the ENERGY STAR Sustained Excellence Award for promoting energy-efficient home construction.

Last year, we continued our evaluation of advanced metering and an intelligent electric distribution grid through the limited deployment project that I mentioned earlier. We believe the real-time energy data that will be available from advanced meters will enable customers to better manage and reduce their energy use.

Not only do we help our customers conserve energy, but we are careful consumers ourselves. Last year, we received the 2007 ENERGY STAR Award for efficient energy use at our corporate headquarters building. We also have reduced energy use at our other Houston-area facilities by 27 percent since 2002.

Slide:
Employee
photo
montage 1

Finally, we recognize that our employees are the most important driver of our success. To address our future workforce needs, we are hiring and training new employees and partnering

Slide:
Employee
photo
montage 2

with educational institutions. Our employees not only contribute to our business success, they work hard for the communities we serve. Last year, our employees volunteered more than 174,000 hours and raised more than \$2 million dollars for nonprofit organizations.

Slide:
Employee
photo
montage 3

In conclusion, the energy industry is on the move, and we're moving with it. Thank you for your continued confidence and investment in CenterPoint Energy. We will continue to work hard to increase the value of your investment. I look forward to your questions, but first let's conclude our business.

Slide: 2008
Annual
Shareholders
Meeting

Mr. Secretary, please report on the results of the vote.

Mr. ROZZELL: The nominees for director in Class III were each approved by at least 270 million shares, representing a majority of the shares of common stock voted for or against each nominee.

The proposal to amend the company's articles was approved, having received a favorable vote of 270,351,324 shares of common stock, representing 82.48 percent of the outstanding shares of our common stock.

The ratification of the appointment of Deloitte & Touche as the company's independent auditors for 2008 was approved by 274,156,719 shares of common stock, representing approximately 98.6 percent of the shares of common stock voted.

I am therefore pleased to announce that:

- O. Holcombe Crosswell, Janiece Longoria, Thomas F. Madison and Sherman M. Wolff have been elected as Class III directors;

- The proposal to amend the company's Articles of Incorporation has been approved ; and
- The proposal to ratify the appointment of Deloitte & Touche as the company's independent auditors has also been approved.

MR. MCCLANAHAN: Thank, you. Now, I'll be happy to take your questions.

In fairness to other shareholders who may have questions, please limit your comments to three minutes. Please raise your hand, and when you are acknowledged, we will pass you a microphone. When recognized, please state your name and affiliation, if any, and then ask your question.

[QUESTIONS & ANSWERS]

This concludes our meeting for today. On behalf of the directors, officers and employees of CenterPoint Energy, thank you for coming. I hereby declare the annual meeting to be adjourned.

Now please join us in the lobby for refreshments and a chance to speak with our officers and directors.

Thanks again for attending.