

CenterPoint Energy, Inc. and Subsidiaries  
 Statements of Consolidated Income  
 (Millions of Dollars)  
 (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2007	2008	2007	2008
<b>Revenues:</b>				
Electric Transmission & Distribution	\$ 465	\$ 510	\$ 871	\$ 919
Natural Gas Distribution	576	726	2,143	2,426
Competitive Natural Gas Sales and Services	881	1,243	1,945	2,363
Interstate Pipelines	121	192	211	325
Field Services	42	62	81	120
Other Operations	3	2	5	5
Eliminations	(55)	(65)	(117)	(125)
Total	<u>2,033</u>	<u>2,670</u>	<u>5,139</u>	<u>6,033</u>
<b>Expenses:</b>				
Natural gas	1,208	1,750	3,358	4,143
Operation and maintenance	330	342	682	707
Depreciation and amortization	160	188	305	346
Taxes other than income taxes	93	93	199	204
Total	<u>1,791</u>	<u>2,373</u>	<u>4,544</u>	<u>5,400</u>
Operating Income	<u>242</u>	<u>297</u>	<u>595</u>	<u>633</u>
<b>Other Income (Expense) :</b>				
Gain (loss) on Time Warner investment	28	17	(16)	(37)
Gain (loss) on indexed debt securities	(27)	(17)	14	33
Interest and other finance charges	(119)	(113)	(242)	(228)
Interest on transition bonds	(32)	(35)	(63)	(68)
Other - net	6	14	12	27
Total	<u>(144)</u>	<u>(134)</u>	<u>(295)</u>	<u>(273)</u>
Income Before Income Taxes	98	163	300	360
Income Tax Expense	<u>(28)</u>	<u>(62)</u>	<u>(100)</u>	<u>(136)</u>
Net Income	<u>\$ 70</u>	<u>\$ 101</u>	<u>\$ 200</u>	<u>\$ 224</u>

Reference is made to the Notes to the Consolidated Financial Statements contained in the Quarterly Report on Form 10-Q of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries  
Selected Data From Statements of Consolidated Income  
(Millions of Dollars, Except Share and Per Share Amounts)  
(Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2007	2008	2007	2008
Basic Earnings Per Common Share:				
Net Income	\$ 0.22	\$ 0.30	\$ 0.62	\$ 0.68
Diluted Earnings Per Common Share:				
Net Income	\$ 0.20	\$ 0.30	\$ 0.58	\$ 0.66
Dividends Declared per Common Share	\$ 0.17	\$ 0.1825	\$ 0.34	\$ 0.365
Weighted Average Common Shares Outstanding (000):				
- Basic	320,927	331,354	319,501	329,316
- Diluted	343,770	342,027	342,024	340,873
 <u>Operating Income (Loss) by Segment</u>				
Electric Transmission & Distribution:				
Electric Transmission and Distribution Operations	\$ 118	\$ 129	\$ 180	\$ 183
Competition Transition Charge	10	-	21	5
Total Electric Transmission and Distribution Utility	128	129	201	188
Transition Bond Companies	29	35	60	67
Total Electric Transmission & Distribution	157	164	261	255
Natural Gas Distribution	8	4	137	125
Competitive Natural Gas Sales and Services	(4)	(5)	52	1
Interstate Pipelines	52	101	96	172
Field Services	27	32	49	77
Other Operations	2	1	-	3
Total	\$ 242	\$ 297	\$ 595	\$ 633

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CenterPoint Energy, Inc. and Subsidiaries  
Results of Operations by Segment  
(Millions of Dollars)  
(Unaudited)

	<b>Electric Transmission &amp; Distribution</b>					
	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,	2008		June 30,	2008	
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues:						
Electric transmission and distribution utility	\$ 395	\$ 419	6%	\$ 742	\$ 765	3%
Transition bond companies	70	91	30%	129	154	19%
Total	<u>465</u>	<u>510</u>	10%	<u>871</u>	<u>919</u>	6%
Expenses:						
Operation and maintenance	150	167	(11%)	304	335	(10%)
Depreciation and amortization	61	71	(16%)	124	137	(10%)
Taxes other than income taxes	56	52	7%	113	105	7%
Transition bond companies	41	56	(37%)	69	87	(26%)
Total	<u>308</u>	<u>346</u>	(12%)	<u>610</u>	<u>664</u>	(9%)
Operating Income	<u>\$ 157</u>	<u>\$ 164</u>	4%	<u>\$ 261</u>	<u>\$ 255</u>	(2%)
Operating Income:						
Electric transmission and distribution operations	\$ 118	\$ 129	9%	\$ 180	\$ 183	2%
Competition transition charge	10	-	(100%)	21	5	(76%)
Transition bond companies	29	35	21%	60	67	12%
Total Segment Operating Income	<u>\$ 157</u>	<u>\$ 164</u>	4%	<u>\$ 261</u>	<u>\$ 255</u>	(2%)

**Electric Transmission & Distribution  
Operating Data:**

<b>Actual MWH Delivered</b>						
Residential	6,020,714	6,774,069	13%	10,678,773	11,177,381	5%
Total	19,175,278	20,359,540	6%	35,835,191	36,929,230	3%
<b>Weather (average for service area):</b>						
Percentage of 10-year average:						
Cooling degree days	94%	111%	17%	96%	113%	17%
Heating degree days	197%	73%	(124%)	114%	95%	(19%)
<b>Average number of metered customers:</b>						
Residential	1,767,749	1,814,840	3%	1,760,006	1,808,056	3%
Total	2,006,840	2,058,171	3%	1,998,291	2,050,316	3%

**Natural Gas Distribution**

	<b>Natural Gas Distribution</b>					
	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,	2008		June 30,	2008	
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues:						
	\$ 576	\$ 726	26%	\$ 2,143	\$ 2,426	13%
Expenses:						
Natural gas	366	512	(40%)	1,578	1,845	(17%)
Operation and maintenance	135	141	(4%)	282	297	(5%)
Depreciation and amortization	38	39	(3%)	76	78	(3%)
Taxes other than income taxes	29	30	(3%)	70	81	(16%)
Total	<u>568</u>	<u>722</u>	(27%)	<u>2,006</u>	<u>2,301</u>	(15%)
Operating Income	<u>\$ 8</u>	<u>\$ 4</u>	(50%)	<u>\$ 137</u>	<u>\$ 125</u>	(9%)
<b>Natural Gas Distribution Operating Data:</b>						
<b>Throughput data in BCF</b>						
Residential	20	20	-	106	104	(2%)
Commercial and Industrial	44	47	7%	126	130	3%
Total Throughput	<u>64</u>	<u>67</u>	5%	<u>232</u>	<u>234</u>	1%
<b>Weather (average for service area)</b>						
Percentage of 10-year average:						
Heating degree days	95%	113%	18%	99%	107%	8%
<b>Average number of customers:</b>						
Residential	2,925,120	2,956,291	1%	2,935,661	2,965,941	1%
Commercial and Industrial	247,550	249,776	1%	246,564	250,382	2%
Total	<u>3,172,670</u>	<u>3,206,067</u>	1%	<u>3,182,225</u>	<u>3,216,323</u>	1%

Reference is made to the Notes to the Consolidated Financial Statements contained in the Quarterly Report on Form 10-Q of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries  
Results of Operations by Segment  
(Millions of Dollars)  
(Unaudited)

**Competitive Natural Gas Sales and Services**

	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,			June 30,		
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues	\$ 881	\$ 1,243	41%	\$ 1,945	\$ 2,363	21%
Expenses:						
Natural gas	877	1,237	(41%)	1,875	2,342	(25%)
Operation and maintenance	7	10	(43%)	16	18	(13%)
Depreciation and amortization	1	-	-	1	1	-
Taxes other than income taxes	-	1	-	1	1	-
Total	885	1,248	(41%)	1,893	2,362	(25%)
Operating Income (Loss)	\$ (4)	\$ (5)	(25%)	\$ 52	\$ 1	(98%)
<b>Competitive Natural Gas Sales and Services Operating Data:</b>						
Throughput data in BCF	120	129	8%	275	267	(3%)
Average number of customers	7,077	9,186	30%	7,032	8,840	26%

**Interstate Pipelines**

	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,			June 30,		
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues	\$ 121	\$ 192	59%	\$ 211	\$ 325	54%
Expenses:						
Natural gas	24	58	(142%)	28	73	(161%)
Operation and maintenance	29	16	45%	56	46	18%
Depreciation and amortization	11	11	-	21	23	(10%)
Taxes other than income taxes	5	6	(20%)	10	11	(10%)
Total	69	91	(32%)	115	153	(33%)
Operating Income	\$ 52	\$ 101	94%	\$ 96	\$ 172	79%
<b>Pipelines Operating Data:</b>						
Throughput data in BCF						
Transportation	274	361	32%	568	785	38%

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CenterPoint Energy, Inc. and Subsidiaries  
Results of Operations by Segment  
(Millions of Dollars)  
(Unaudited)

**Field Services**

	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,			June 30,		
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues	\$ 42	\$ 62	48%	\$ 81	\$ 120	48%
Expenses:						
Natural gas	(4)	8	(300%)	(7)	6	(186%)
Operation and maintenance	16	18	(13%)	32	29	9%
Depreciation and amortization	3	3	-	6	6	-
Taxes other than income taxes	-	1	-	1	2	(100%)
Total	15	30	(100%)	32	43	(34%)
Operating Income	\$ 27	\$ 32	19%	\$ 49	\$ 77	57%

**Field Services Operating Data:**

**Throughput data in BCF**

	2007	2008	% Diff	2007	2008	% Diff
Gathering	100	104	4%	193	202	5%

**Other Operations**

	Quarter Ended		% Diff Fav/(Unfav)	Six Months Ended		% Diff Fav/(Unfav)
	June 30,			June 30,		
	2007	2008		2007	2008	
<b>Results of Operations:</b>						
Revenues	\$ 3	\$ 2	(33%)	\$ 5	\$ 5	-
Expenses	1	1	-	5	2	60%
Operating Income (Loss)	\$ 2	\$ 1	(50%)	\$ -	\$ 3	-

**Capital Expenditures by Segment**

(Millions of Dollars)

(Unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2008	2007	2008
<b>Capital Expenditures by Segment</b>				
Electric Transmission & Distribution	\$ 111	\$ 87	\$ 221	\$ 176
Natural Gas Distribution	44	56	77	94
Competitive Natural Gas Sales and Services	2	1	4	2
Interstate Pipelines	60	42	214	70
Field Services	13	28	40	46
Other Operations	6	5	17	13
Total	\$ 236	\$ 219	\$ 573	\$ 401

**Interest Expense Detail**

(Millions of Dollars)

(Unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2008	2007	2008
<b>Interest Expense Detail</b>				
Amortization of Deferred Financing Cost	\$ 12	\$ 6	\$ 31	\$ 12
Capitalization of Interest Cost	(7)	(4)	(15)	(7)
Transition Bond Interest Expense	32	35	63	68
Other Interest Expense	114	111	226	223
Total Interest Expense	\$ 151	\$ 148	\$ 305	\$ 296

CenterPoint Energy, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(Millions of Dollars)  
(Unaudited)

	December 31, 2007	June 30, 2008
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 129	\$ 150
Other current assets	2,659	2,448
Total current assets	2,788	2,598
<b>Property, Plant and Equipment, net</b>	9,740	9,908
<b>Other Assets:</b>		
Goodwill	1,696	1,696
Regulatory assets	2,993	2,847
Other non-current assets	655	1,027
Total other assets	5,344	5,570
<b>Total Assets</b>	\$ 17,872	\$ 18,076
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term borrowings	\$ 232	\$ 200
Current portion of transition bond long-term debt	159	186
Current portion of other long-term debt	1,156	123
Other current liabilities	2,244	2,304
Total current liabilities	3,791	2,813
<b>Other Liabilities:</b>		
Accumulated deferred income taxes, net and investment tax credit	2,266	2,255
Regulatory liabilities	828	806
Other non-current liabilities	813	883
Total other liabilities	3,907	3,944
<b>Long-term Debt:</b>		
Transition bond	2,101	2,485
Other	6,263	6,869
Total long-term debt	8,364	9,354
<b>Shareholders' Equity</b>	1,810	1,965
<b>Total Liabilities and Shareholders' Equity</b>	\$ 17,872	\$ 18,076

Reference is made to the Notes to the Consolidated Financial Statements contained in the Quarterly Report on Form 10-Q of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries  
Condensed Statements of Consolidated Cash Flows  
(Millions of Dollars)  
(Unaudited)

	Six Months Ended June 30,	
	2007	2008
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 200	\$ 224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	338	360
Deferred income taxes	12	12
Changes in net regulatory assets	31	14
Changes in other assets and liabilities	(164)	256
Other, net	10	2
<b>Net Cash Provided by Operating Activities</b>	427	868
<b>Net Cash Used in Investing Activities</b>	(709)	(700)
<b>Net Cash Provided by (Used in) Financing Activities</b>	267	(147)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(15)	21
<b>Cash and Cash Equivalents at Beginning of Period</b>	127	129
<b>Cash and Cash Equivalents at End of Period</b>	\$ 112	\$ 150

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