

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

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|-----------------------------|--------------|---------------------------------|---------------|
| | 2005 | 2006 | 2005 | 2006 |
| Revenues: | | | | |
| Electric Transmission & Distribution | \$ 484 | \$ 533 | \$ 1,243 | \$ 1,374 |
| Natural Gas Distribution | 535 | 485 | 2,405 | 2,514 |
| Competitive Natural Gas Sales and Services | 1,013 | 830 | 2,783 | 2,743 |
| Pipelines and Field Services | 116 | 141 | 362 | 401 |
| Other Operations | 4 | 3 | 15 | 12 |
| Eliminations | (79) | (57) | (298) | (189) |
| Total | <u>2,073</u> | <u>1,935</u> | <u>6,510</u> | <u>6,855</u> |
| Expenses: | | | | |
| Natural gas | 1,277 | 1,058 | 4,161 | 4,286 |
| Operation and maintenance | 336 | 347 | 974 | 1,018 |
| Depreciation and amortization | 145 | 159 | 411 | 452 |
| Taxes other than income taxes | 90 | 87 | 277 | 289 |
| Total | <u>1,848</u> | <u>1,651</u> | <u>5,823</u> | <u>6,045</u> |
| Operating Income | <u>225</u> | <u>284</u> | <u>687</u> | <u>810</u> |
| Other Income (Expense) : | | | | |
| Gain (Loss) on Time Warner investment | 30 | 20 | (29) | 17 |
| Gain (Loss) on indexed debt securities | (29) | (12) | 34 | (13) |
| Interest and other finance charges | (168) | (120) | (521) | (353) |
| Interest on transition bonds | (9) | (32) | (27) | (98) |
| Return on true-up balance | 35 | - | 104 | - |
| Other - net | 7 | 12 | 18 | 27 |
| Total | <u>(134)</u> | <u>(132)</u> | <u>(421)</u> | <u>(420)</u> |
| Income from Continuing Operations Before Income Taxes and Extraordinary Item | 91 | 152 | 266 | 390 |
| Income Tax Expense | <u>(41)</u> | <u>(69)</u> | <u>(122)</u> | <u>(25)</u> |
| Income from Continuing Operations Before Extraordinary Item | <u>50</u> | <u>83</u> | <u>144</u> | <u>365</u> |
| Discontinued Operations: | | | | |
| Income from Texas Genco, net of tax | - | - | 11 | - |
| Loss on Disposal of Texas Genco, net of tax | - | - | (14) | - |
| Total | <u>-</u> | <u>-</u> | <u>(3)</u> | <u>-</u> |
| Income Before Extraordinary Item | 50 | 83 | 141 | 365 |
| Extraordinary Item, net of tax | - | - | 30 | - |
| Net Income | <u>\$ 50</u> | <u>\$ 83</u> | <u>\$ 171</u> | <u>\$ 365</u> |

Reference is made to the Notes to the Consolidated Financial Statements
 contained in the Annual Report on Form 10-K 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 September 30, | | Nine Months Ended September 30, | |
|---|--------------------------------|----------------|------------------------------------|----------------|
| | 2005 | 2006 | 2005 | 2006 |
| Basic Earnings Per Common Share: | | | | |
| Income from Continuing Operations | \$ 0.16 | \$ 0.27 | \$ 0.46 | \$ 1.17 |
| Income from Discontinued Operations | - | - | (0.01) | - |
| Extraordinary item, net of tax | - | - | 0.10 | - |
| Net Income | <u>\$ 0.16</u> | <u>\$ 0.27</u> | <u>\$ 0.55</u> | <u>\$ 1.17</u> |
| Diluted Earnings Per Common Share: | | | | |
| Income from Continuing Operations | \$ 0.15 | \$ 0.26 | \$ 0.43 | \$ 1.14 |
| Income from Discontinued Operations | - | - | (0.01) | - |
| Extraordinary item, net of tax | - | - | 0.09 | - |
| Net Income | <u>\$ 0.15</u> | <u>\$ 0.26</u> | <u>\$ 0.51</u> | <u>\$ 1.14</u> |
| Dividends Declared per Common Share | \$ 0.07 | \$ 0.15 | \$ 0.34 | \$ 0.45 |
| Weighted Average Common Shares Outstanding (000): | | | | |
| - Basic | 309,657 | 311,945 | 309,080 | 311,414 |
| - Diluted | 346,503 | 324,716 | 355,022 | 319,974 |
| <u>Operating Income (Loss) by Segment</u> | | | | |
| Electric Transmission & Distribution: | | | | |
| Transmission & Distribution Operations | \$ 174 | \$ 187 | \$ 358 | \$ 384 |
| Transition Bond Companies | 9 | 32 | 27 | 96 |
| Total Electric Transmission & Distribution | <u>183</u> | <u>219</u> | <u>385</u> | <u>480</u> |
| Natural Gas Distribution | (16) | (11) | 116 | 90 |
| Competitive Natural Gas Sales and Services | 4 | 12 | 30 | 44 |
| Pipelines and Field Services | 52 | 69 | 168 | 203 |
| Other Operations | <u>2</u> | <u>(5)</u> | <u>(12)</u> | <u>(7)</u> |
| Total | <u>\$ 225</u> | <u>\$ 284</u> | <u>\$ 687</u> | <u>\$ 810</u> |

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contained in the Annual Report on Form 10-K of CenterPoint Energy, Inc.

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

| | Electric Transmission & Distribution | | | | | |
|---|---|---------------|-----------------------|------------------------------------|---------------|-----------------------|
| | Quarter Ended September 30, | | % Diff Fav/(Unfav) | Nine Months Ended September 30, | | % Diff Fav/(Unfav) |
| | 2005 | 2006 | | 2005 | 2006 | |
| Results of Operations: | | | | | | |
| Revenues: | | | | | | |
| Electric transmission and distribution utility | \$ 453 | \$ 453 | - | \$ 1,164 | \$ 1,170 | 1% |
| Transition bond companies | 31 | 80 | 158% | 79 | 204 | 158% |
| Total | <u>484</u> | <u>533</u> | 10% | <u>1,243</u> | <u>1,374</u> | 11% |
| Expenses: | | | | | | |
| Operation and maintenance | 155 | 155 | - | 446 | 436 | 2% |
| Depreciation and amortization | 69 | 58 | 16% | 197 | 182 | 8% |
| Taxes other than income taxes | 55 | 53 | 4% | 163 | 168 | (3%) |
| Transition bond companies | 22 | 48 | (118%) | 52 | 108 | (108%) |
| Total | <u>301</u> | <u>314</u> | (4%) | <u>858</u> | <u>894</u> | (4%) |
| Operating Income | <u>\$ 183</u> | <u>\$ 219</u> | 20% | <u>\$ 385</u> | <u>\$ 480</u> | 25% |
| Operating Income - Electric transmission and distribution utility | 174 | 187 | 7% | 358 | 384 | 7% |
| Operating Income - Transition bond companies | 9 | 32 | 256% | 27 | 96 | 256% |
| Total Segment Operating Income | <u>\$ 183</u> | <u>\$ 219</u> | 20% | <u>\$ 385</u> | <u>\$ 480</u> | 25% |

Electric Transmission & Distribution

Operating Data:

Actual MWH Delivered

| | | | | | | |
|-------------|------------|------------|------|------------|------------|------|
| Residential | 8,871,356 | 8,522,786 | (4%) | 19,606,915 | 19,317,160 | (1%) |
| Total | 22,351,407 | 22,829,685 | 2% | 57,134,034 | 59,238,907 | 4% |

Weather (average for service area):

Percentage of normal:

| | | | | | | |
|---------------------|------|------|-------|------|------|-------|
| Cooling degree days | 113% | 100% | (13%) | 110% | 105% | (5%) |
| Heating degree days | 0% | 0% | 0% | 76% | 60% | (16%) |

Average number of metered customers:

| | | | | | | |
|-------------|-----------|-----------|----|-----------|-----------|----|
| Residential | 1,690,819 | 1,740,079 | 3% | 1,675,904 | 1,729,348 | 3% |
| Total | 1,921,594 | 1,976,559 | 3% | 1,904,235 | 1,964,189 | 3% |

Natural Gas Distribution

| | Quarter Ended September 30, | | % Diff Fav/(Unfav) | Nine Months Ended September 30, | | % Diff Fav/(Unfav) |
|-------------------------------|--------------------------------|----------------|-----------------------|------------------------------------|--------------|-----------------------|
| | 2005 | 2006 | | 2005 | 2006 | |
| | Results of Operations: | | | | | |
| Revenues | \$ 535 | \$ 485 | (9%) | \$ 2,405 | \$ 2,514 | 5% |
| Expenses: | | | | | | |
| Natural gas | 355 | 298 | 16% | 1,693 | 1,787 | (6%) |
| Operation and maintenance | 132 | 137 | (4%) | 393 | 429 | (9%) |
| Depreciation and amortization | 39 | 38 | 3% | 115 | 113 | 2% |
| Taxes other than income taxes | 25 | 23 | 8% | 88 | 95 | (8%) |
| Total | <u>551</u> | <u>496</u> | 10% | <u>2,289</u> | <u>2,424</u> | (6%) |
| Operating Income (Loss) | <u>\$ (16)</u> | <u>\$ (11)</u> | 31% | <u>\$ 116</u> | <u>\$ 90</u> | (22%) |

Natural Gas Distribution Operating Data:

Throughput data in BCF

| | | | | | | |
|---------------------------|-----------|-----------|-----|------------|------------|------|
| Residential | 9 | 14 | 56% | 107 | 98 | (8%) |
| Commercial and Industrial | 38 | 44 | 16% | 158 | 160 | 1% |
| Total Throughput | <u>47</u> | <u>58</u> | 23% | <u>265</u> | <u>258</u> | (3%) |

Weather (average for service area)

Percentage of normal:

| | | | | | | |
|---------------------|-----|------|-----|-----|-----|------|
| Heating degree days | 34% | 104% | 70% | 89% | 81% | (8%) |
|---------------------|-----|------|-----|-----|-----|------|

Average number of customers:

| | | | | | | |
|---------------------------|------------------|------------------|----|------------------|------------------|----|
| Residential | 2,820,629 | 2,849,040 | 1% | 2,835,306 | 2,864,999 | 1% |
| Commercial and Industrial | 244,249 | 253,063 | 4% | 246,370 | 253,357 | 3% |
| Total | <u>3,064,878</u> | <u>3,102,103</u> | 1% | <u>3,081,676</u> | <u>3,118,356</u> | 1% |

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

| | Competitive Natural Gas Sales and Services | | | | | |
|-------------------------------|---|--------------|-----------------------|-------------------|--------------|-----------------------|
| | Quarter Ended | | | Nine Months Ended | | |
| | September 30, | | % Diff Fav/(Unfav) | September 30, | | % Diff Fav/(Unfav) |
| 2005 | 2006 | 2005 | | 2006 | | |
| Results of Operations: | | | | | | |
| Revenues | \$ 1,013 | \$ 830 | (18%) | \$ 2,783 | \$ 2,743 | (1%) |
| Expenses: | | | | | | |
| Natural gas | 998 | 809 | 19% | 2,728 | 2,673 | 2% |
| Operation and maintenance | 9 | 8 | 11% | 21 | 23 | (10%) |
| Depreciation and amortization | - | - | - | 1 | 1 | - |
| Taxes other than income taxes | 2 | 1 | 50% | 3 | 2 | 33% |
| Total | <u>1,009</u> | <u>818</u> | 19% | <u>2,753</u> | <u>2,699</u> | 2% |
| Operating Income | <u>\$ 4</u> | <u>\$ 12</u> | 200% | <u>\$ 30</u> | <u>\$ 44</u> | 47% |

Competitive Natural Gas Sales and Services

Operating Data:

Throughput data in BCF

| | | | | | | |
|---------------------------|------------|------------|-------|------------|------------|-------|
| Wholesale - third parties | 81 | 90 | 11% | 235 | 251 | 7% |
| Wholesale - affiliates | 11 | 8 | (27%) | 46 | 27 | (41%) |
| Retail | 31 | 31 | - | 112 | 110 | (2%) |
| Pipeline | 10 | 9 | (10%) | 41 | 28 | (32%) |
| Total Throughput | <u>133</u> | <u>138</u> | 4% | <u>434</u> | <u>416</u> | (4%) |

Average number of customers:

| | | | | | | |
|-----------|--------------|--------------|------|--------------|--------------|-------|
| Wholesale | 144 | 140 | (3%) | 143 | 140 | (2%) |
| Retail | 6,225 | 6,213 | - | 6,203 | 6,416 | 3% |
| Pipeline | 147 | 138 | (6%) | 154 | 138 | (10%) |
| Total | <u>6,516</u> | <u>6,491</u> | - | <u>6,500</u> | <u>6,694</u> | 3% |

Pipelines and Field Services

| | Quarter Ended | | | Nine Months Ended | | |
|--|---------------|--------------|-----------------------|-------------------|---------------|-----------------------|
| | September 30, | | % Diff Fav/(Unfav) | September 30, | | % Diff Fav/(Unfav) |
| | 2005 | 2006 | | 2005 | 2006 | |
| Results of Operations: | | | | | | |
| Revenues | \$ 116 | \$ 141 | 22% | \$ 362 | \$ 401 | 11% |
| Expenses: | | | | | | |
| Natural gas | - | 7 | - | 25 | 10 | 60% |
| Operation and maintenance | 47 | 47 | - | 121 | 136 | (12%) |
| Depreciation and amortization | 12 | 12 | - | 34 | 36 | (6%) |
| Taxes other than income taxes | 5 | 6 | (20%) | 14 | 16 | (14%) |
| Total | <u>64</u> | <u>72</u> | (13%) | <u>194</u> | <u>198</u> | (2%) |
| Operating Income | <u>\$ 52</u> | <u>\$ 69</u> | 33% | <u>\$ 168</u> | <u>\$ 203</u> | 21% |
| Operating Income - Pipeline business | 36 | 48 | 33% | 119 | 137 | 15% |
| Operating Income - Field Services business | 16 | 21 | 31% | 49 | 66 | 35% |
| Total Segment Operating Income | <u>\$ 52</u> | <u>\$ 69</u> | 33% | <u>\$ 168</u> | <u>\$ 203</u> | 21% |

Pipelines and Field Services Operating Data:

Throughput data in BCF

| | | | | | | |
|-------------------|------------|------------|----|------------|------------|-------|
| Natural Gas Sales | - | 1 | - | 4 | 3 | (25%) |
| Transportation | 199 | 204 | 3% | 700 | 718 | 3% |
| Gathering | 92 | 97 | 5% | 262 | 279 | 6% |
| Elimination | (1) | (1) | - | (4) | (2) | 50% |
| Total Throughput | <u>290</u> | <u>301</u> | 4% | <u>962</u> | <u>998</u> | 4% |

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

| | Other Operations | | | | | |
|-------------------------------|--------------------------------|---------------|-----------------------|------------------------------------|---------------|-----------------------|
| | Quarter Ended September 30, | | % Diff Fav/(Unfav) | Nine Months Ended September 30, | | % Diff Fav/(Unfav) |
| | 2005 | 2006 | | 2005 | 2006 | |
| Results of Operations: | | | | | | |
| Revenues | \$ 4 | \$ 3 | (25%) | \$ 15 | \$ 12 | (20%) |
| Expenses | 2 | 8 | (300%) | 27 | 19 | 30% |
| Operating Income (Loss) | <u>\$ 2</u> | <u>\$ (5)</u> | (350%) | <u>\$ (12)</u> | <u>\$ (7)</u> | 42% |

Capital Expenditures by Segment
(Millions of Dollars)
(Unaudited)

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|--|--|---------------|------------------------------------|---------------|
| | 2005 | 2006 | 2005 | 2006 |
| | Capital Expenditures by Segment | | | |
| Electric Transmission & Distribution | \$ 57 | \$ 88 | \$ 199 | \$ 278 |
| Natural Gas Distribution | 77 | 48 | 173 | 133 |
| Competitive Natural Gas Sales and Services | - | 4 | - | 14 |
| Pipelines and Field Services | 55 | 135 | 108 | 219 |
| Other Operations | 7 | 4 | 17 | 18 |
| Total | <u>\$ 196</u> | <u>\$ 279</u> | <u>\$ 497</u> | <u>\$ 662</u> |

Interest Expense Detail
(Millions of Dollars)
(Unaudited)

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|---|--------------------------------|---------------|------------------------------------|---------------|
| | 2005 | 2006 | 2005 | 2006 |
| | Interest Expense Detail | | | |
| Amortization of Deferred Financing Cost | \$ 19 | \$ 14 | \$ 58 | \$ 40 |
| Capitalization of Interest Cost | (1) | (3) | (3) | (6) |
| Transition Bond Interest Expense | 9 | 32 | 27 | 98 |
| Other Interest Expense | 150 | 109 | 466 | 319 |
| Total Interest Expense | <u>\$ 177</u> | <u>\$ 152</u> | <u>\$ 548</u> | <u>\$ 451</u> |

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

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

| | December 31, 2005 | September 30, 2006 |
|--|----------------------|-----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 74 | \$ 285 |
| Other current assets | 2,817 | 2,281 |
| Total current assets | 2,891 | 2,566 |
| Property, Plant and Equipment, net | 8,492 | 8,842 |
| Other Assets: | | |
| Goodwill | 1,709 | 1,709 |
| Regulatory assets | 2,955 | 2,838 |
| Other non-current assets | 1,069 | 1,018 |
| Total other assets | 5,733 | 5,565 |
| Total Assets | \$ 17,116 | \$ 16,973 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current portion of transition bond long-term debt | \$ 73 | \$ 147 |
| Current portion of other long-term debt | 266 | 1,093 |
| Other current liabilities | 2,675 | 2,136 |
| Total current liabilities | 3,014 | 3,376 |
| Other Liabilities: | | |
| Accumulated deferred income taxes, net and investment tax credit | 2,520 | 2,444 |
| Regulatory liabilities | 728 | 826 |
| Other non-current liabilities | 990 | 855 |
| Total other liabilities | 4,238 | 4,125 |
| Long-term Debt: | | |
| Transition bond | 2,407 | 2,260 |
| Other | 6,161 | 5,645 |
| Total long-term debt | 8,568 | 7,905 |
| Shareholders' Equity | 1,296 | 1,567 |
| Total Liabilities and Shareholders' Equity | \$ 17,116 | \$ 16,973 |

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

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

| | Nine Months Ended September 30, | |
|--|---------------------------------|---------------|
| | 2005 | 2006 |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 171 | \$ 365 |
| Discontinued operations, net of tax | 3 | - |
| Extraordinary item, net of tax | (30) | - |
| Income from continuing operations | 144 | 365 |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities: | | |
| Depreciation and amortization | 470 | 489 |
| Deferred income taxes and investment tax credit | 156 | (87) |
| Tax and interest reserves reductions related to ZENS and ACES | - | (119) |
| Write-down of natural gas inventory | - | 56 |
| Changes in net regulatory assets | (166) | 65 |
| Changes in other assets and liabilities | (295) | (48) |
| Other, net | 4 | 7 |
| Net Cash Provided by Operating Activities of Continuing Operations | 313 | 728 |
| Net Cash Used in Operating Activities of Discontinued Operations | (38) | - |
| Net Cash Provided by Operating Activities | 275 | 728 |
| Net Cash Provided by (Used in) Investing Activities | 218 | (626) |
| Net Cash Provided by (Used in) Financing Activities | (496) | 109 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (3) | 211 |
| Cash and Cash Equivalents at Beginning of Period | 165 | 74 |
| Cash and Cash Equivalents at End of Period | \$ 162 | \$ 285 |

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