

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Revenues:				
Electric Transmission & Distribution	\$ 533	\$ 528	\$ 1,374	\$ 1,399
Natural Gas Distribution	485	458	2,514	2,601
Competitive Natural Gas Sales and Services	830	770	2,743	2,715
Interstate Pipelines	106	137	299	348
Field Services	39	44	114	125
Other Operations	3	3	12	8
Eliminations	(61)	(58)	(201)	(175)
Total	<u>1,935</u>	<u>1,882</u>	<u>6,855</u>	<u>7,021</u>
Expenses:				
Natural gas	1,058	991	4,286	4,349
Operation and maintenance	347	349	1,018	1,031
Depreciation and amortization	159	170	452	475
Taxes other than income taxes	87	85	289	284
Total	<u>1,651</u>	<u>1,595</u>	<u>6,045</u>	<u>6,139</u>
Operating Income	<u>284</u>	<u>287</u>	<u>810</u>	<u>882</u>
Other Income (Expense) :				
Gain (Loss) on Time Warner investment	20	(58)	17	(74)
Gain (Loss) on indexed debt securities	(12)	56	(13)	70
Interest and other finance charges	(120)	(126)	(353)	(368)
Interest on transition bonds	(32)	(30)	(98)	(93)
Distribution from AOL Time Warner litigation settlement	-	32	-	32
Additional distribution to ZENS holders	-	(27)	-	(27)
Other - net	12	11	27	23
Total	<u>(132)</u>	<u>(142)</u>	<u>(420)</u>	<u>(437)</u>
Income from Before Income Taxes	152	145	390	445
Income Tax Expense	<u>(69)</u>	<u>(54)</u>	<u>(25)</u>	<u>(154)</u>
Net Income	<u>\$ 83</u>	<u>\$ 91</u>	<u>\$ 365</u>	<u>\$ 291</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 September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Basic Earnings Per Common Share:				
Net Income	\$ 0.27	\$ 0.29	\$ 1.17	\$ 0.91
Diluted Earnings Per Common Share:				
Net Income	\$ 0.26	\$ 0.27	\$ 1.14	\$ 0.85
Dividends Declared per Common Share	\$ 0.15	\$ 0.17	\$ 0.45	\$ 0.51
Weighted Average Common Shares Outstanding (000):				
- Basic	311,945	321,192	311,414	320,071
- Diluted	324,716	340,974	319,974	342,222
 <u>Operating Income (Loss) by Segment</u>				
Electric Transmission & Distribution:				
Electric Transmission and Distribution Operations	\$ 173	\$ 155	\$ 340	\$ 335
Competition Transition Charge	14	11	44	32
Total Electric Transmission and Distribution Utility	187	166	384	367
Transition Bond Companies	32	30	96	90
Total Electric Transmission & Distribution	219	196	480	457
Natural Gas Distribution	(11)	(8)	90	129
Competitive Natural Gas Sales and Services	12	4	44	56
Interstate Pipelines	48	70	137	166
Field Services	21	26	66	75
Other Operations	(5)	(1)	(7)	(1)
Total	\$ 284	\$ 287	\$ 810	\$ 882

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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)

Electric Transmission & Distribution

	Quarter Ended		% Diff Fav/(Unfav)	Nine Months Ended		% Diff Fav/(Unfav)
	September 30,			September 30,		
	2006	2007		2006	2007	
Results of Operations:						
Revenues:						
Electric transmission and distribution utility	\$ 453	\$ 445	(2%)	\$ 1,170	\$ 1,187	1%
Transition bond companies	80	83	4%	204	212	4%
Total	<u>533</u>	<u>528</u>	(1%)	<u>1,374</u>	<u>1,399</u>	2%
Expenses:						
Operation and maintenance	155	163	(5%)	436	467	(7%)
Depreciation and amortization	58	58	-	182	182	-
Taxes other than income taxes	53	58	(9%)	168	171	(2%)
Transition bond companies	48	53	(10%)	108	122	(13%)
Total	<u>314</u>	<u>332</u>	(6%)	<u>894</u>	<u>942</u>	(5%)
Operating Income	<u>\$ 219</u>	<u>\$ 196</u>	(11%)	<u>\$ 480</u>	<u>\$ 457</u>	(5%)
Operating Income:						
Electric transmission and distribution operations	\$ 173	\$ 155	(10%)	\$ 340	\$ 335	(1%)
Competition transition charge	14	11	(21%)	44	32	(27%)
Transition bond companies	32	30	(6%)	96	90	(6%)
Total Segment Operating Income	<u>\$ 219</u>	<u>\$ 196</u>	(11%)	<u>\$ 480</u>	<u>\$ 457</u>	(5%)

Electric Transmission & Distribution

Operating Data:

Actual MWH Delivered

Residential	8,522,786	8,381,258	(2%)	19,317,160	19,060,031	(1%)
Total	22,829,685	22,725,500	-	59,238,907	58,560,692	(1%)

Weather (average for service area):

Percentage of normal:

Cooling degree days	100%	102%	2%	105%	100%	(5%)
Heating degree days	0%	0%	0%	60%	114%	54%

Average number of metered customers:

Residential	1,740,079	1,782,281	2%	1,729,348	1,767,431	2%
Total	1,976,559	2,022,448	2%	1,964,189	2,006,344	2%

Natural Gas Distribution

	Quarter Ended		% Diff Fav/(Unfav)	Nine Months Ended		% Diff Fav/(Unfav)
	September 30,			September 30,		
	2006	2007		2006	2007	
Results of Operations:						
Revenues						
	\$ 485	\$ 458	(6%)	\$ 2,514	\$ 2,601	3%
Expenses:						
Natural gas	298	267	10%	1,787	1,845	(3%)
Operation and maintenance	137	139	(1%)	429	421	2%
Depreciation and amortization	38	38	-	113	114	(1%)
Taxes other than income taxes	23	22	4%	95	92	3%
Total	<u>496</u>	<u>466</u>	6%	<u>2,424</u>	<u>2,472</u>	(2%)
Operating Income (Loss)	<u>\$ (11)</u>	<u>\$ (8)</u>	27%	<u>\$ 90</u>	<u>\$ 129</u>	43%
Natural Gas Distribution Operating Data:						
Throughput data in BCF						
Residential	14	12	(14%)	98	118	20%
Commercial and Industrial	44	42	(5%)	160	168	5%
Total Throughput	<u>58</u>	<u>54</u>	(7%)	<u>258</u>	<u>286</u>	11%
Weather (average for service area)						
Percentage of normal:						
Heating degree days	104%	75%	(29%)	81%	98%	17%
Average number of customers:						
Residential	2,862,020	2,910,041	2%	2,875,345	2,927,122	2%
Commercial and Industrial	240,083	246,021	2%	243,011	246,382	1%
Total	<u>3,102,103</u>	<u>3,156,062</u>	2%	<u>3,118,356</u>	<u>3,173,504</u>	2%

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)
2006	2007	2006		2007		
Results of Operations:						
Revenues	\$ 830	\$ 770	(7%)	\$ 2,743	\$ 2,715	(1%)
Expenses:						
Natural gas	809	756	7%	2,673	2,631	2%
Operation and maintenance	8	7	13%	23	23	-
Depreciation and amortization	-	3	-	1	4	(300%)
Taxes other than income taxes	1	-	-	2	1	50%
Total	818	766	6%	2,699	2,659	1%
Operating Income	\$ 12	\$ 4	(67%)	\$ 44	\$ 56	27%

Competitive Natural Gas Sales and Services

Operating Data:

Throughput data in BCF

Wholesale - third parties	90	74	(18%)	251	241	(4%)
Wholesale - affiliates	8	2	(75%)	27	7	(74%)
Retail & Pipeline	40	43	8%	138	145	5%
Total Throughput	138	119	(14%)	416	393	(6%)

Average number of customers:

Wholesale	140	233	66%	140	235	68%
Retail & Pipeline	6,351	6,743	6%	6,554	6,779	3%
Total	6,491	6,976	7%	6,694	7,014	5%

Interstate Pipelines

	Quarter Ended			Nine Months Ended		
	September 30,		% Diff Fav/(Unfav)	September 30,		% Diff Fav/(Unfav)
	2006	2007		2006	2007	
Results of Operations:						
Revenues	\$ 106	\$ 137	29%	\$ 299	\$ 348	16%
Expenses:						
Natural gas	10	27	(170%)	22	55	(150%)
Operation and maintenance	33	29	12%	98	85	13%
Depreciation and amortization	10	11	(10%)	28	32	(14%)
Taxes other than income taxes	5	-	-	14	10	29%
Total	58	67	(16%)	162	182	(12%)
Operating Income	\$ 48	\$ 70	46%	\$ 137	\$ 166	21%

Pipelines Operating Data:

Throughput data in BCF

Transportation	204	312	53%	718	880	23%
Total Throughput	204	312	53%	718	880	23%

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

Field Services

	Quarter Ended September 30,		% Diff Fav/(Unfav)	Nine Months Ended September 30,		% Diff Fav/(Unfav)
	2006	2007		2006	2007	
	Results of Operations:					
Revenues	\$ 39	\$ 44	13%	\$ 114	\$ 125	10%
Expenses:						
Natural gas	(1)	(2)	(100%)	(4)	(9)	125%
Operation and maintenance	15	17	(13%)	42	49	(17%)
Depreciation and amortization	3	2	33%	8	8	-
Taxes other than income taxes	1	1	-	2	2	-
Total	18	18	-	48	50	(4%)
Operating Income	<u>\$ 21</u>	<u>\$ 26</u>	24%	<u>\$ 66</u>	<u>\$ 75</u>	14%

Field Services Operating Data:

Throughput data in BCF

	2006	2007	%	2006	2007	%
Gathering	97	104	7%	279	297	6%
Total Throughput	<u>97</u>	<u>104</u>	7%	<u>279</u>	<u>297</u>	6%

Other Operations

	Quarter Ended September 30,		% Diff Fav/(Unfav)	Nine Months Ended September 30,		% Diff Fav/(Unfav)
	2006	2007		2006	2007	
	Results of Operations:					
Revenues	\$ 3	\$ 3	-	\$ 12	\$ 8	(33%)
Expenses	8	4	50%	19	9	53%
Operating Loss	<u>\$ (5)</u>	<u>\$ (1)</u>	80%	<u>\$ (7)</u>	<u>\$ (1)</u>	86%

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

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
	Capital Expenditures by Segment			
Electric Transmission & Distribution	\$ 88	\$ 83	\$ 278	\$ 304
Natural Gas Distribution	48	58	133	135
Competitive Natural Gas Sales and Services	4	1	14	5
Interstate Pipelines	117	39	178	253
Field Services	18	15	41	55
Other Operations	4	5	18	22
Total	<u>\$ 279</u>	<u>\$ 201</u>	<u>\$ 662</u>	<u>\$ 774</u>

Interest Expense Detail
(Millions of Dollars)
(Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
	Interest Expense Detail			
Amortization of Deferred Financing Cost	\$ 14	\$ 11	\$ 40	\$ 42
Capitalization of Interest Cost	(3)	(3)	(6)	(18)
Transition Bond Interest Expense	32	30	98	93
Other Interest Expense	109	118	319	344
Total Interest Expense	<u>\$ 152</u>	<u>\$ 156</u>	<u>\$ 451</u>	<u>\$ 461</u>

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

	<u>December 31, 2006</u>	<u>September 30, 2007</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 127	\$ 54
Other current assets	<u>2,868</u>	<u>2,296</u>
Total current assets	<u>2,995</u>	<u>2,350</u>
Property, Plant and Equipment, net	<u>9,204</u>	<u>9,629</u>
Other Assets:		
Goodwill	1,705	1,705
Regulatory assets	3,290	3,139
Other non-current assets	<u>439</u>	<u>480</u>
Total other assets	<u>5,434</u>	<u>5,324</u>
Total Assets	<u><u>\$ 17,633</u></u>	<u><u>\$ 17,303</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	\$ 187	\$ 150
Current portion of transition bond long-term debt	147	159
Current portion of other long-term debt	1,051	1,195
Other current liabilities	<u>2,836</u>	<u>1,881</u>
Total current liabilities	<u>4,221</u>	<u>3,385</u>
Other Liabilities:		
Accumulated deferred income taxes, net and investment tax credit	2,362	2,295
Regulatory liabilities	792	825
Other non-current liabilities	<u>900</u>	<u>871</u>
Total other liabilities	<u>4,054</u>	<u>3,991</u>
Long-term Debt:		
Transition bond	2,260	2,101
Other	<u>5,542</u>	<u>6,090</u>
Total long-term debt	<u>7,802</u>	<u>8,191</u>
Shareholders' Equity	<u>1,556</u>	<u>1,736</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 17,633</u></u>	<u><u>\$ 17,303</u></u>

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

	Nine Months Ended September 30,	
	2006	2007
Cash Flows from Operating Activities:		
Net income	\$ 365	\$ 291
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	489	519
Deferred income taxes and investment tax credit	(87)	23
Tax and interest reserves reductions related to ZENS and ACES	(119)	-
Changes in net regulatory assets	65	57
Changes in other assets and liabilities	8	(410)
Other, net	7	12
Net Cash Provided by Operating Activities	728	492
Net Cash Used in Investing Activities	(626)	(933)
Net Cash Provided by Financing Activities	109	368
Net Increase (Decrease) in Cash and Cash Equivalents	211	(73)
Cash and Cash Equivalents at Beginning of Period	74	127
Cash and Cash Equivalents at End of Period	\$ 285	\$ 54

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