



CenterPoint Energy Reports Fourth Quarter and Full Year 2004 Earnings

HOUSTON, March 8, 2005 /PRNewswire-FirstCall via COMTEX/ -- CenterPoint Energy, Inc. (NYSE: CNP) today reported net income of \$100 million, or \$0.29 per diluted share, for the fourth quarter of 2004 compared to \$70 million, or \$0.21 per diluted share for the same period of 2003.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020930/CNPLOGO>)

Net income for the fourth quarter of 2004 included an extraordinary loss of \$84 million, or \$0.23 per diluted share, which reflects a further write-down of generation-related regulatory assets resulting from the company's assessment of the amounts ultimately recoverable as a result of proceedings before the Texas Public Utility Commission (PUC). In addition, the fourth quarter of 2004 includes \$21 million, or \$0.06 per diluted share, of income from discontinued operations. The fourth quarter of 2003 included \$23 million, or \$0.07 per diluted share, of income from discontinued operations.

Income from continuing operations before extraordinary loss for the fourth quarter of 2004 was \$163 million, or \$0.46 per diluted share, compared to \$47 million, or \$0.14 per diluted share, for the fourth quarter of 2003. The fourth quarter of 2004 included income of \$226 million pre-tax, or \$147 million after-tax (\$0.41 per diluted share) related to interest on certain generation-related regulatory assets for the period 2002 through 2004 in accordance with a recent PUC order. The fourth quarter of 2003 included income of \$206 million pre-tax, or \$134 million after-tax (\$0.37 per diluted share) related to Excess Cost Over Market (ECOM) revenues. ECOM ended on December 31, 2003, in accordance with the Texas electric restructuring law.

For the year ended December 31, 2004, the company recorded a net loss of \$905 million, or \$2.48 per diluted share, which included a \$977 million extraordinary loss (\$2.72 per diluted share) from the write-down of generation-related regulatory assets and a \$133 million net loss from discontinued operations (\$0.37 per diluted share). Net income for the year ended December 31, 2003, was \$484 million, or \$1.46 per diluted share, which included \$75 million, or \$0.22 per diluted share, of income from discontinued operations.

Income from continuing operations before extraordinary loss for the year ended December 31, 2004, was \$206 million, or \$0.61 per diluted share, compared to \$409 million, or \$1.24 per diluted share, for 2003. Income from continuing operations for 2004 included income of \$226 million pre-tax, or \$147 million after-tax (\$0.41 per diluted share) related to interest on certain generation-related regulatory assets for the period 2002 through 2004. Income from continuing operations for 2003 included ECOM-related income of \$661 million pre-tax, or \$429 million after-tax (\$1.27 per diluted share).

"Although we were very disappointed with the amount of our generation-related assets that the PUC authorized us to recover, I am very pleased with our overall progress and accomplishments in 2004," said David M. McClanahan, president and chief executive officer of CenterPoint Energy. "2004 was a year of significant milestones for our company. We sold our power generation business for over \$2.9 billion and significantly reduced our indebtedness, an important strategic objective for our company. We completed a contentious regulatory proceeding and are moving ahead with the appeal process. Each of our core energy delivery businesses performed exceptionally well, achieving excellent financial results while continuing to make operational improvements to better serve our customers.

"With these major events coming to a close, our attention this year will be to continue to reduce the company's indebtedness and enhance the business performance of our core operations and to look for opportunities to accelerate our growth in a disciplined manner," continued McClanahan.

FULL YEAR AND FOURTH QUARTER 2004 HIGHLIGHTS

Sale of Generation Assets

In July 2004, the company announced a transaction in which Texas Genco LLC (formerly known as GC Power Acquisition LLC), an entity owned in equal parts by affiliates of The Blackstone Group, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co. L.P. and Texas Pacific Group, agreed to acquire the company's generation assets. In December, the first step of the transaction, the sale of the fossil assets, was completed, with CenterPoint Energy receiving \$2.231 billion in cash.

In the final step of the transaction, expected to take place in the first half of 2005 following Nuclear Regulatory Commission

approval, Texas Genco LLC will acquire the company's nuclear generating assets. At that closing, CenterPoint Energy will receive a cash payment of \$700 million.

True-Up Proceeding

In March 2004, the company filed its true-up application with the PUC to recover its stranded costs and other generation-related assets, marking one of the final steps in the implementation of the Texas electric restructuring law. In its application, the company was seeking to recover a true-up balance of \$3.7 billion, excluding interest. In December 2004, the PUC issued a final order authorizing recovery of \$2.3 billion, including interest through August 31, 2004, subject to upward adjustments to reflect the accrual of interest and payments of Excess Mitigation Credits after August 31, 2004 and a downward adjustment to reflect the benefit of certain deferred taxes as determined by the PUC. The company had recorded an \$894 million extraordinary loss in the third quarter of 2004 based on deliberations by the PUC commissioners during six public meetings. This estimated loss was adjusted in the fourth quarter of 2004 by an additional \$84 million based on the company's assessment of the amounts ultimately recoverable. The company and other parties appealed certain rulings in the final order to the Texas state courts.

On December 2, 2004, the company filed for a financing order to issue transition bonds to securitize all or a part of its authorized true-up balance. On March 9, the PUC is expected to issue its order allowing the company to securitize approximately \$1.8 billion and requiring that the benefit of deferred taxes be reflected as a reduction in the Competition Transition Charge (CTC). Depending on market conditions and the impact of possible appeals of the financing order, the company anticipates completing a transition bond offering later this year.

In addition, the company filed an application with the PUC for a CTC to recover the portion of its adjusted true-up balance that it is not allowed to securitize. Under the PUC's rules, the CTC is expected to provide the company a return on the non-securitized true-up balance. Hearings in this proceeding are scheduled for April 2005.

OTHER FINANCIAL HIGHLIGHTS

- * Reduced debt by nearly \$2 billion in 2004
 - Repaid the term component (\$915 million) of the company's \$2.34 billion credit facility
 - Permanently reduced the \$1.425 billion revolver component of the company's \$2.34 billion credit facility to \$750 million
 - Redeemed \$375 million of trust preferred securities
- * Restructured the company's credit facilities in the first quarter of 2005 to reduce interest costs, extend maturities and improve terms
 - Replaced the \$750 million parent company revolving credit facility with a \$1 billion, five-year revolving credit facility, with an interest rate of LIBOR + 100 basis points
 - Established a \$200 million, five-year revolving credit facility at CenterPoint Energy Houston Electric (CEHE), the company's electric transmission and distribution subsidiary, with an interest rate of LIBOR + 75 basis points
 - Established a \$1.31 billion secured revolving credit backstop facility at CEHE, with an interest rate of LIBOR + 75 basis points, to be used only if necessary to repay the \$1.31 billion term loan at CEHE, due in November 2005, if sufficient transition bonds have not been issued by that date
- * Contributed \$476 million to the pension plan, which effectively
 - Brought plan assets and accumulated benefit obligation into balance
 - Added \$350 million to shareholders' equity by adjusting minimum pension liability
 - Is expected to save approximately \$40 million in pension expense in 2005

OPERATING INCOME BY SEGMENT DETAILED

Electric Transmission & Distribution

The electric transmission & distribution segment generated operating income of \$104 million in the fourth quarter of 2004, consisting of \$95 million for the regulated electric transmission & distribution utility (TDU) and \$9 million for the transition bond company, which is an amount sufficient to pay interest on the transition bonds. Results for the fourth quarter of 2004 do not include any revenues related to ECOM which terminated as of December 31, 2003, in accordance with the Texas electric

restructuring law. Operating income for the fourth quarter of 2003 totaled \$197 million, consisting of \$69 million for the TDU, \$9 million for the transition bond company and \$206 million of non-cash income associated with ECOM, partially offset by an \$87 million reserve related to the final fuel reconciliation of the formerly integrated utility.

The TDU's revenues continued to benefit from solid customer growth with nearly 47,000 metered customers added since December 31, 2003. Weather also positively impacted revenue in the fourth quarter of 2004. Excluding the \$87 million fuel reserve recorded in the prior year's fourth quarter, operation and maintenance expenses were essentially the same as the prior year's fourth quarter.

Operating income for the year ended December 31, 2004 was \$494 million, consisting of \$441 million for the TDU, \$38 million for the transition bond company, and a \$15 million partial reversal of the fuel reserve. Operating income for 2003 totaled \$1.0 billion, consisting of \$408 million for the TDU, \$38 million for the transition bond company and \$661 million of non-cash income associated with ECOM, partially offset by the \$87 million fuel reserve noted above.

In 2004, the TDU benefited from continued customer growth, lower employee- related costs and the proceeds from a land sale, partially offset by milder weather and decreased usage, and higher transmission costs.

Natural Gas Distribution

The natural gas distribution segment reported operating income of \$85 million for the fourth quarter of 2004, compared to \$56 million for the same period of 2003. Revenue increases from the impact of rate increases and favorable weather and a higher contribution from the company's competitive commercial and industrial sales business were partially offset by higher operating expenses in the fourth quarter of 2004. The fourth quarter of 2003 included the negative impact of a change in the estimate of margins earned on unbilled revenues.

Operating income for the year ended December 31, 2004 was \$222 million compared to \$202 million for 2003. Rate increases and customer growth of over 45,000 since December of 2003 contributed to the increase in revenues, while weather impacted the year negatively. Higher operating expenses, partially due to organizational restructuring costs and higher depreciation and property taxes, somewhat offset the revenue increase.

Pipelines and Gathering

The pipelines and gathering segment reported operating income of \$57 million for the fourth quarter of 2004 compared to \$34 million for the same period of 2003. The improvement in operating income for the quarter resulted primarily from increased throughput, favorable commodity prices and increased ancillary services, partially offset by higher litigation costs.

Operating income for the year ended December 31, 2004, was \$180 million compared to \$158 million for 2003. The improvement in operating income for the year resulted primarily from the same items cited for the quarter, partially offset by higher litigation costs and pipeline integrity expenditures.

Other Operations

The company's other operations reported an operating loss of \$15 million for the fourth quarter of 2004 compared to a loss of \$9 million for the same period of 2003.

The operating loss for the year ended December 31, 2004, was \$32 million compared to a loss of \$25 million for 2003.

OTHER

Interest expense incurred for the fourth quarter of 2004 was \$228 million compared to \$230 million for the same period of 2003. In accordance with Emerging Issues Task Force Issue No. 87-24, "Allocation of Interest to Discontinued Operations", the company reclassified interest to discontinued operations of Texas Genco according to the terms for debt repayment in the respective credit facilities in effect for each period. After reflecting the reclassification of interest expense to discontinued operations and interest incurred by discontinued operations of \$34 million for the fourth quarter of 2004 and \$20 million for the same period of 2003, interest expense related to continuing operations was \$194 million in 2004 and \$210 million in 2003.

Interest expense incurred for the year ended December 31, 2004, was \$849 million compared to \$942 million for the same period of 2003. After reflecting the reclassification of interest expense to discontinued operations and interest incurred by discontinued operations of \$72 million for the year ended December 31, 2004, and \$201 million for the same period of 2003, interest expense related to continuing operations was \$777 million for 2004 and \$741 million for the same period of 2003.

The company adopted EITF Issue No. 04-8, "Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings Per Share" (EITF 04-8) effective December 31, 2004. EITF 04-8 requires certain

contingently convertible debt instruments with a market price trigger to be treated the same as traditional convertible debt instruments for earnings per share (EPS) purposes. The contingently convertible debt instruments are taken into consideration in the calculation of diluted EPS using the "if-converted" method. The impact on the company's diluted EPS from continuing operations for the years ended December 31, 2003, and 2004 related to its \$575 million contingently convertible notes was a decrease of \$0.10 per share and \$0.05 per share, respectively. The company is considering alternatives for decreasing this dilutive effect, including an exchange offer.

DISCONTINUED OPERATIONS

Due to the sale of the company's generation assets, the electric generation segment was reclassified as discontinued operations in the third quarter of 2004. As a result of the sale, the company recorded a \$214 million loss in 2004 and an additional after-tax loss of \$152 million offsetting the company's 81 percent interest in the 2004 earnings of this segment. Until the sale is complete, the company's interest in any earnings will be offset by an increased loss on the pending sale. Income from the generation operations presented in discontinued operations was \$233 million for 2004 and \$91 million for 2003. These operations are presented as discontinued operations in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", for all periods presented.

WEBCAST OF EARNINGS CONFERENCE CALL

CenterPoint Energy's management will host an earnings conference call on Tuesday, March 8, 2005, at 9:00 a.m. Central time. Interested parties may listen to a live, audio broadcast of the conference call at <http://www.CenterPointEnergy.com/investors/events>. A replay of the call can be accessed approximately two hours after the completion of the call, and will be archived on the web site for at least one year.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution and sales, interstate pipeline and gathering operations, and an electric generation business that the company is under a contract to sell. The company serves nearly five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. Assets total approximately \$17 billion after giving effect to the first step in the sale of the company's generation assets. With more than 9,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at <http://www.CenterPointEnergy.com>.

This news release includes forward-looking statements. Actual events and results may differ materially from those projected. The statements in this news release regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements. Factors that could affect actual results include the timing and outcome of the true-up proceeding and any legal proceedings related thereto, the timing and impact of future regulatory and legislative decisions, successful consummation and timing of the sale of generation operations, effects of competition, weather variations, changes in CenterPoint Energy's or its subsidiaries' business plans, financial market conditions, the timing and extent of changes in commodity prices, particularly natural gas, the impact of unplanned facility outages and other factors discussed in CenterPoint Energy's and its subsidiaries' Form 10-K's for the period ended December 31, 2003, Form 10-Q's for the periods ended March 31, 2004, June 30, 2004 and September 30, 2004, and other filings with the Securities and Exchange Commission.

CenterPoint Energy, Inc. and Subsidiaries
 Statements of Consolidated Operations
 (Thousands of Dollars)
 (Unaudited)

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Revenues:				
Electric Transmission & Distribution	\$371,822	\$541,624	\$1,521,105	\$2,124,237
Natural Gas Distribution	2,159,328	1,522,584	6,684,193	5,435,303
Pipelines and Gathering	127,138	87,043	450,808	406,950
Other Operations	(673)	1,507	7,699	27,374
Eliminations	(40,066)	(35,669)	(153,377)	(204,183)
Total	2,617,549	2,117,089	8,510,428	7,789,681

Expenses:

Natural gas	1,823,772	1,224,262	5,524,451	4,297,914
Operation and maintenance	348,336	423,997	1,276,892	1,334,271
Depreciation and amortization	127,822	115,024	489,642	465,571
Taxes other than income taxes	86,333	75,623	355,648	336,512
Total	2,386,263	1,838,906	7,646,633	6,434,268
Operating Income	231,286	278,183	863,795	1,355,413
Other Income (Expense):				
Gain on Time Warner investment	71,625	62,323	31,592	105,820
Loss on indexed debt securities	(63,472)	(57,963)	(20,232)	(96,473)
Interest and other finance charges	(184,675)	(200,784)	(739,333)	(701,891)
Interest on transition bonds	(9,251)	(9,701)	(37,967)	(39,196)
Return on true-up balance	226,324	---	226,324	---
Other - net	4,599	(21,684)	19,842	(9,838)
Total	45,150	(227,809)	(519,774)	(741,578)
Income from Continuing Operations Before Income Taxes and Extraordinary Loss				
	276,436	50,374	344,021	613,835
Income Tax Expense	(113,525)	(3,365)	(138,306)	(205,064)
Income from Continuing Operations Before Extraordinary Loss				
	162,911	47,009	205,715	408,771
Discontinued Operations:				
Income from Texas Genco, net of tax	53,338	34,078	294,027	138,658
Minority Interest related to Texas Genco, net of tax	(12,687)	(8,847)	(61,394)	(47,646)
Loss on Disposal of Texas Genco, net of tax	(19,589)	---	(365,716)	---
Loss from Other Operations, net of tax	---	(597)	---	(2,674)
Loss on Disposal of Other Operations, net of tax	---	(1,356)	---	(13,442)
Total	21,062	23,278	(133,083)	74,896
Income Before Extraordinary Loss				
	183,973	70,287	72,632	483,667
Extraordinary Loss, net of tax	(83,718)	---	(977,336)	---
Net Income (Loss)	\$100,255	\$70,287	\$(904,704)	\$483,667

Reference is made to the Notes to the Consolidated Financial Statements contained in the Current Report on Form 8-K of CenterPoint Energy, Inc. dated

December 7, 2004.

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

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
Basic Earnings Per Common Share:				
Income from Continuing Operations	\$0.53	\$0.15	\$0.67	\$1.35
Income (Loss) from Discontinued Operations	0.07	0.08	(0.43)	0.24
Extraordinary Loss, net of tax	(0.27)	---	(3.18)	---
Net Income (Loss)	\$0.33	\$0.23	\$(2.94)	\$1.59
Diluted Earnings Per Common Share:				
Income from Continuing Operations	\$0.46	\$0.14	\$0.61	\$1.24
Income (Loss) from Discontinued Operations	0.06	0.07	(0.37)	0.22
Extraordinary Loss, net of tax	(0.23)	---	(2.72)	---
Net Income (Loss)	\$0.29	\$0.21	\$(2.48)	\$1.46
Dividends Declared per Common Share	\$0.10	\$0.10	\$0.40	\$0.40
Weighted Average Common Shares Outstanding (000):				
- Basic	307,876	305,666	307,185	303,867
- Diluted	360,205	358,004	359,506	336,965
Operating Income (Loss) by Segment				
Electric Transmission & Distribution:				
Transmission & Distribution Operations	\$94,506	\$68,795	\$441,005	\$407,696
Transition Bond Company	9,192	9,682	37,697	38,934
ECOM True-up	---	205,691	---	660,474
Final Fuel Reconciliation	---	(86,918)	15,136	(86,918)
Total Electric Transmission & Distribution	103,698	197,250	493,838	1,020,186
Natural Gas Distribution	84,825	56,461	222,252	202,250
Pipelines and Gathering	57,363	34,189	179,847	158,386
Other Operations	(14,600)	(9,717)	(32,142)	(25,409)
Total	\$231,286	\$278,183	\$863,795	\$1,355,413

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December 7, 2004.

Results of Operations by Segment
(Millions of Dollars)
(Unaudited)

Electric Transmission & Distribution

	Quarter Ended			Twelve Months Ended		
	December 31,	% Diff		December 31,	% Diff	
		Fav/			Fav/	
	2004	2003	(Unfav)	2004	2003	(Unfav)
Results of Operations:						
Revenues:						
Electric revenues	\$351	\$321	9%	\$1,446	\$1,400	3%
ECOM revenues	---	206	---	---	661	---
Transition bond revenues	21	15	40%	75	63	19%
Total Revenues	372	542	(31%)	1,521	2,124	(28%)
Expenses:						
Operation and maintenance	149	238	37%	539	635	15%
Depreciation and amortization	62	62	---	248	246	(1%)
Taxes other than income taxes	45	39	(15%)	203	198	(3%)
Transition bond expenses	12	6	(100%)	37	25	(48%)
Total	268	345	22%	1,027	1,104	7%
Operating Income	\$104	\$197	(47%)	\$494	\$1,020	(52%)

Electric Transmission
& Distribution
Operating Data:

	Quarter Ended		% Diff	Twelve Months Ended		% Diff
	December 31,	December 31,		December 31,	December 31,	
	2004	2003		2004	2003	
Actual MWH Delivered	5,033,574	4,504,187	12%	23,747,996	23,686,937	---
Residential	5,033,574	4,504,187	12%	23,747,996	23,686,937	---
Total	16,997,828	16,044,510	6%	73,631,547	70,814,528	4%

Weather (average for service area):

Percentage of normal:

Cooling degree days	146%	109%	37%	107%	103%	4%
Heating degree days	75%	86%	(11%)	82%	101%	(19%)

Average number of metered customers:

Residential	1,656,281	1,612,781	3%	1,639,488	1,594,177	3%
Commercial and Industrial	225,480	220,710	2%	223,365	220,965	1%
Total	1,881,761	1,833,491	3%	1,862,853	1,815,142	3%

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December 7, 2004.

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

Natural Gas Distribution

	Quarter Ended		% Diff	Twelve Months Ended		
	December 31,			December 31,		% Diff
	2004	2003	Fav/ (Unfav)	2004	2003	Fav/ (Unfav)
Results of Operations:						
Revenues	\$2,159	\$1,522	42%	\$6,684	\$5,435	23%
Expenses:						
Natural gas	1,855	1,260	(47%)	5,631	4,428	(27%)
Operation and maintenance	150	143	(5%)	566	560	(1%)
Depreciation and amortization	37	35	(6%)	143	136	(5%)
Taxes other than income taxes	32	28	(14%)	122	109	(12%)
Total	2,074	1,466	(41%)	6,462	5,233	(23%)
Operating Income	\$85	\$56	52%	\$222	\$202	10%

Natural Gas Distribution

Operating Data:

Throughput data in BCF

Residential	55	54	2%	175	183	(4%)
Commercial and Industrial	65	71	(8%)	237	238	---
Non-rate regulated Commercial and Industrial	169	146	16%	579	511	13%
Elimination	(37)	(32)	(16%)	(134)	(96)	(40%)
Total Throughput	252	239	5%	857	836	3%

Weather (average for service area)

Percentage of normal:

Heating degree days	88%	88%	---	92%	98%	(6%)
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Average number of customers:

Residential	2,817,670	2,772,088	2%	2,798,210	2,755,200	2%
Commercial and Industrial	246,581	245,886	---	246,068	245,081	---
Non-rate regulated Commercial and Industrial	6,274	5,959	5%	6,245	5,503	13%
Total	3,070,525	3,023,933	2%	3,050,523	3,005,784	1%

Pipelines and Gathering

Quarter Ended	Twelve Months Ended
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	December 31,			December 31,		
	2004	2003	% Diff Fav/ (Unfav)	2004	2003	% Diff Fav/ (Unfav)
Results of Operations:						
Revenues	\$127	\$87	46%	\$451	\$407	11%
Expenses:						
Natural gas	13	---	---	46	61	25%
Third party project costs	3	2	(50%)	17	6	(183%)
Operation and maintenance	39	36	(8%)	147	123	(20%)
Depreciation and amortization	11	9	(22%)	44	40	(10%)
Taxes other than income taxes	4	6	33%	17	19	11%
Total	70	53	(32%)	271	249	(9%)
Operating Income	\$57	\$34	68%	\$180	\$158	14%

Pipelines and Gathering

Operating Data:

Throughput data in BCF

Natural Gas Sales	3	---	---	11	9	22%
Transportation	201	164	23%	859	794	8%
Gathering	88	73	21%	321	292	10%
Elimination	(2)	---	---	(7)	(4)	(75%)
Total Throughput	290	237	22%	1,184	1,091	9%

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December 7, 2004.

CenterPoint Energy, Inc. and Subsidiaries

Results of Operations by Segment

(Millions of Dollars)

(Unaudited)

Other Operations

	Quarter Ended			Twelve Months Ended		
	December 31,	% Diff		December 31,	% Diff	
		Fav/			Fav/	
	2004	2003	(Unfav)	2004	2003	(Unfav)
Results of Operations:						
Revenues	\$ (1)	\$ 2	(150%)	\$ 8	\$ 28	(71%)
Expenses	14	11	(27%)	40	53	25%
Operating Loss	\$ (15)	\$ (9)	(67%)	\$ (32)	\$ (25)	(28%)

Capital Expenditures by Segment

(Millions of Dollars)

(Unaudited)

Quarter Ended	Twelve Months Ended
December 31,	December 31,

	-----		-----	
	2004	2003	2004	2003
	-----		-----	
Capital Expenditures by Segment				
Electric Transmission & Distribution	\$62	\$62	\$235	\$218
Natural Gas Distribution	65	51	197	199
Pipelines and Gathering	35	24	73	66
Other Operations	9	8	25	14
Total	\$171	\$145	\$530	\$497

Interest Expense Detail
(Millions of Dollars)
(Unaudited)

	Quarter Ended December 31,		Twelve Months Ended December 31,	
	-----		-----	
	2004	2003	2004	2003
	-----		-----	
Interest Expense Detail				
Amortization of Deferred Financing Cost	\$29	\$29	\$92	\$73
Capitalization of Interest Cost	(1)	(1)	(4)	(4)
Transition Bond Interest Expense	9	10	37	38
Other Interest Expense	157	172	652	634
Total Interest Expense	194	210	777	741
Amortization of Deferred Financing Cost Reclassified to Discontinued Operations	16	14	19	78
Other Interest Reclassified to Discontinued Operations	18	11	53	120
Total Interest Reclassified to Discontinued Operations (A)	34	25	72	198
Interest Expense Incurred by Discontinued Operations	---	(5)	---	3
Total Expense in Discontinued Operations	34	20	72	201
Total Interest Expense Incurred	\$228	\$230	\$849	\$942

- (A) In 2003, our \$3.85 billion credit facility was comprised of a revolver and a term loan. This facility was amended in October 2003 to a \$2.35 billion credit facility, comprised of a revolver and a term loan. According to the terms of the \$3.85 billion credit facility, any net cash proceeds received from the sale of Texas Genco were required to be applied to repay borrowings under the credit facility. According to the terms of the \$2.35 billion credit facility, until such time as the facility has been reduced to \$750 million, 100% of any net cash proceeds received from the sale of Texas Genco are required to be applied to repay borrowings under the credit facility and reduce the amount available under the credit facility.

In accordance with Emerging Issues Task Force Issue No. 87-24 "Allocation of Interest to Discontinued Operations", we have reclassified interest to discontinued operations of Texas Genco based on net proceeds to be received from the sale of Texas Genco of \$2.5 billion, and have applied the proceeds to the amount of debt assumed to be paid down in each respective period according to the terms of the respective credit facilities in effect for those periods. In periods where only the term loan was assumed to be repaid, the actual interest paid was reclassified. In periods where a portion of the revolver was assumed to be repaid, the percentage of that portion of the revolver to the total outstanding balance was calculated, and that percentage was applied to the actual interest paid in those periods to compute the amount of interest reclassified. In the fourth quarter of 2004, we reduced borrowings under our credit facility by \$1.574 billion.

Total interest expense was \$228 million and \$230 million for the three months ended December 31, 2004 and 2003, respectively, and \$849 million and \$942 million for the year ended December 31, 2004 and 2003, respectively. Interest expense of \$34 million and \$25 million for the three months ended December 31, 2004 and 2003, respectively, and interest expense of \$72 million and \$198 million for the year ended December 31, 2004 and 2003, respectively, was reclassified to discontinued operations of Texas Genco.

Reference is made to the Notes to the Consolidated Financial Statements contained in the Current Report on Form 8-K of CenterPoint Energy, Inc. dated

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