



CenterPoint Energy Reports Solid First Quarter 2004 Earnings

HOUSTON, Apr 22, 2004 /PRNewswire-FirstCall via COMTEX/ -- CenterPoint Energy, Inc. (NYSE: CNP) today reported net income of \$74 million, or \$0.24 per diluted share, for the first quarter of 2004 compared to \$81 million, or \$0.27 per diluted share, for the first quarter of 2003 before discontinued operations and the effect of an accounting change in that period.

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

Net income for the first quarter of 2003 was \$168 million, or \$0.56 per diluted share including a gain of \$80 million (\$0.27 per diluted share) relating to the implementation of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations", and a \$7 million (\$0.02 per diluted share) gain from discontinued operations, primarily as a result of the sale of a cogeneration facility in Argentina.

"I'm pleased to report solid financial results for our first quarter of 2004. These results reflect continued improvements in our core operating units combined with a significant profit contribution from Texas Genco," said David McClanahan, president and chief executive officer of CenterPoint Energy. "Our businesses continue to focus on implementing their strategies and enhancing productivity, while we seek a buyer for our 81 percent interest in Texas Genco and complete the process of determining and recovering stranded investment and other true-up amounts."

FIRST QUARTER 2004 HIGHLIGHTS

The company's results for the first quarter of 2004 compared to the same period of 2003 benefited from:

- improved operating income from Texas Genco of \$107 million
- continued customer growth, with the addition of almost 87,000 metered electric and gas customers
- a decrease in interest expense of \$33 million

The company's results for the first quarter of 2004 compared to the same period of 2003 were negatively impacted by:

- the termination of revenues related to Excess Cost Over Market (ECOM) as of January 1, 2004 compared to ECOM revenues of \$132 million recorded in the first quarter of 2003
- milder weather in 2004, impacting the quarter by \$16 million
- a charge of \$8 million related to staff reductions in the natural gas distribution business

In addition, cash flow from operations improved substantially in the first quarter of 2004 compared to the same period of 2003.

In the first quarter of 2004, CenterPoint Energy reduced its borrowing costs and enhanced financial flexibility and liquidity by:

- redeeming \$250 million of higher cost trust preferred securities with proceeds from securities sold in late 2003
- refinancing higher cost pollution control bonds totaling approximately \$229 million
- replacing a \$100 million receivables facility with a \$250 million receivables facility at the company's natural gas and pipeline and gathering subsidiary, CenterPoint Energy Resources Corp. (CERC)
- replacing a one-year \$200 million revolving credit facility at CERC with a three-year \$250 million facility

On March 31, 2004, the company filed its true-up application with the Public Utility Commission of Texas (PUC) for \$3.8 billion, excluding interest, marking one of the final steps in the implementation of the Texas electric restructuring law. In this application the company is seeking to recover its stranded investment and other true-up amounts in accordance with the statute that was enacted in 1999.

Electric Transmission & Distribution

The electric transmission & distribution segment reported operating income of \$85 million in the first quarter of 2004, consisting of \$75 million for the regulated transmission and distribution utility (TDU) and \$10 million for the transition bond company, which is an amount sufficient to pay interest on the transition bonds. Operating income for the same period of 2003 totaled \$206 million, consisting of \$64 million for the TDU, \$10 million for the transition bond company and \$132 million of non-cash income associated with ECOM. ECOM is recoverable under the Texas electric restructuring law and is included in the company's recently filed true-up application. ECOM is the difference between the market prices received in 2002 and 2003 by its affiliated power generation company in the PUC mandated auctions and the projections for the same periods made previously by the PUC. Beginning in 2004, there is no ECOM contribution to earnings.

The TDU continues to benefit from solid customer growth. Revenues increased in the first quarter of 2004 compared to the same period of 2003 from the addition of 48,000 metered customers since March 2003. This revenue increase was partially offset by milder weather. Higher transmission payments to transmission providers were more than offset by reductions in other operation and maintenance expenses.

Electric Generation

Texas Genco reported operating income of \$90 million for the first quarter of 2004, compared to an operating loss of \$17 million for the same period of 2003. Revenues continued to benefit from increased prices for baseload products due primarily to strong wholesale electricity prices. Operation and maintenance expenses for the first quarter of 2004 were lower than the prior year. The first quarter of 2004 had lower expenses associated with planned and unplanned outages compared with the same quarter of 2003.

Natural Gas Distribution

The natural gas distribution segment reported operating income of \$117 million for the first quarter of 2004 compared to \$129 million for the same period of 2003. Continued customer growth, with the addition of over 38,000 customers since March 2003, and higher revenues of \$3 million from rate increases were more than offset by milder weather (\$10 million) and reduced contribution from the company's competitive commercial and industrial sales business. The quarter also included an \$8 million charge for staff reductions related to process improvements, which will benefit future periods. Excluding this charge, operation and maintenance expenses were down by \$7 million.

Pipelines and Gathering

The pipelines and gathering segment reported operating income of \$45 million for the first quarter of 2004 compared to \$43 million for the same period of 2003. The improvement is primarily due to an increase in throughput and enhanced services related to our gas gathering operations. Operation and maintenance expenses increased primarily due to spending related to pipeline integrity and higher employee-related costs.

Other Operations

The company's other operations reported an operating loss of \$2 million for the first quarter of 2004. Operating income for the same period of 2003 was zero.

WEBCAST OF EARNINGS CONFERENCE CALL

CenterPoint Energy's management will host an earnings conference call on Thursday, April 22, 2004, at 10:30 a.m. Central time. Interested parties may listen to a live, audio broadcast of the conference call at 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.

The management of Texas Genco, the company's 81 percent-owned subsidiary, will host an earnings conference call on Thursday, April 22, 2004, at 9 a.m. Central time. Interested parties may listen to a live, audio broadcast of the conference call at www.txgenco.com/investor.html. 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 more than 14,000 megawatts of power generation in Texas, of which nearly 3,000 megawatts are currently in mothball status. The

company serves nearly five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. Assets total over \$21 billion. With more than 11,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at 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 impact of future regulatory and legislative decisions, 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-Ks for the period ended December 31, 2003 and other filings with the Securities and Exchange Commission.

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

	Quarter Ended March 31,	
	2004	2003
Revenues:		
Electric Transmission & Distribution	\$329,150	\$447,403
Electric Generation	439,129	358,587
Natural Gas Distribution	2,131,332	2,044,751
Pipelines and Gathering	102,403	109,108
Other Operations	2,889	8,930
Eliminations	(45,716)	(68,611)
Total	2,959,187	2,900,168
Expenses:		
Fuel and cost of gas sold	1,942,258	1,859,145
Purchased power	8,270	11,994
Operation and maintenance	410,612	412,876
Depreciation and amortization	156,587	152,282
Taxes other than income taxes	106,245	102,844
Total	2,623,972	2,539,141
Operating Income	335,215	361,027
Other Income (Expense):		
Loss on Time Warner investment	(24,453)	(48,474)
Gain on indexed debt securities	27,014	42,703
Interest and other finance charges	(194,752)	(228,044)
Interest on transition bonds	(9,674)	(9,848)
Other - net	1,824	3,159
Total	(200,041)	(240,504)
Income from Continuing Operations Before		
Income Taxes, Minority Interest and		
Cumulative Effect of Accounting Change	135,174	120,523
Income Tax Expense	(49,997)	(41,109)
Minority Interest	(11,590)	2,066
Income from Continuing Operations Before		
Cumulative Effect of Accounting Change	73,587	81,480
Discontinued Operations:		
Loss from Other Operations, net of tax	---	(462)
Gain on disposal of Other Operations,		
net of tax	---	7,342
Total	---	6,880

Cumulative Effect of Accounting Change, net of minority interest and tax	---	80,072
Net Income Attributable to Common Shareholders	\$73,587	\$168,432

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
(Thousands of Dollars, Except Per Share Amounts)
(Unaudited)

	Quarter Ended March 31,	
	2004	2003
Basic Earnings Per Common Share:		
Income from Continuing Operations before Cumulative Effect of Accounting Change	\$0.24	\$0.27
Discontinued Operations:		
Loss from Other Operations, net of tax	---	---
Gain on Disposal of Other Operations, net of tax	---	0.02
Cumulative Effect of Accounting Change, net of minority interest and tax	---	0.27
Net Income Attributable to Common Shareholders	\$0.24	\$0.56
Diluted Earnings Per Common Share:		
Income from Continuing Operations before Cumulative Effect of Accounting Change	\$0.24	\$0.27
Discontinued Operations:		
Loss from Other Operations, net of tax	---	---
Gain on Disposal of Other Operations, net of tax	---	0.02
Cumulative Effect of Accounting Change, net of minority interest and tax	---	0.27
Net Income Attributable to Common Shareholders	\$0.24	\$0.56
Dividends Declared per Common Share	\$0.10	\$0.10
Weighted Average Common Shares Outstanding (000):		
- Basic	306,012	301,664
- Diluted	308,151	303,278
Operating Income (Loss) by Segment		
Electric Transmission & Distribution:		
Transmission & Distribution Operations	\$75,285	\$63,894
Transition Bond Company	9,608	9,744
ECOM True-up	---	131,963
Total Electric Transmission & Distribution	84,893	205,601
Electric Generation	90,592	(17,116)
Natural Gas Distribution	116,611	129,561
Pipelines and Gathering	44,856	42,893
Other Operations	(1,737)	88

Total	\$335,215	\$361,027
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CenterPoint Energy, Inc. and Subsidiaries
Results of Operations by Segment
(Millions of Dollars)
(Unaudited)

	Electric Transmission & Distribution		
	Quarter Ended		% Diff Fav/(Unfav)
	March 31,		
	2004	2003	
Results of Operations:			
Revenues:			
Electric revenues	\$314	\$303	4%
ECOM revenues	---	132	---
Transition bond revenues	15	13	15%
Total Revenues	329	448	(27%)
Expenses:			
Operation and maintenance	132	133	1%
Depreciation and amortization	60	62	3%
Taxes other than income taxes	47	44	(7%)
Transition bond expenses	5	3	(67%)
Total	244	242	(1%)
Operating Income	\$85	\$206	(59%)

	Electric Transmission & Distribution		
	Quarter Ended		
	March 31,		
	2004	2003	
Operating Data:			
Actual MWH Delivered			
Residential	4,401,825	4,558,195	(3%)
Total	15,520,086	14,787,976	5%

Weather (average for service area):			
Percentage of normal:			
Heating degree days	85%	112%	(27%)

Average number of metered customers:			
Residential	1,621,945	1,577,114	3%
Commercial and Industrial	220,731	221,109	---
Total	1,842,676	1,798,223	2%

	Electric Generation		
	Quarter Ended		% Diff Fav/(Unfav)
	March 31,		
	2004	2003	
Results of Operations:			
Revenues			
	439	359	22%
Expenses:			
Fuel	187	208	10%
Purchased power	8	12	33%
Operation and maintenance	102	106	4%
Depreciation and amortization	40	39	(3%)
Taxes other than income taxes	12	11	(9%)

Total	349	376	7%
Operating Income (Loss)	\$90	\$(17)	629%

Electric Generation Operating Data:

Sales (MWH)	10,720,778	9,276,344	16%
Generation (MWH)	10,149,190	8,994,753	13%

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

	Natural Gas Distribution		
	Quarter Ended		
	March 31,		% Diff
	2004	2003	Fav/(Unfav)
Results of Operations:			
Revenues	\$2,131	\$2,045	4%
Expenses:			
Natural gas	1,790	1,694	(6%)
Operation and maintenance	149	148	(1%)
Depreciation and amortization	35	33	(6%)
Taxes other than income taxes	40	41	2%
Total	2,014	1,916	(5%)
Operating Income	\$117	\$129	(9%)

Natural Gas Distribution Operating Data:

Throughput data in BCF			
	2004	2003	% Diff
Residential	85	94	(10%)
Commercial and Industrial	83	89	(7%)
Non-rate regulated Commercial and Industrial	139	129	8%
Elimination	(10)	(15)	33%
Total Throughput	297	297	---

Weather (average for service area)

Percentage of normal:			
	2004	2003	% Diff
Heating degree days	96%	106%	(10%)

Average number of customers:

	2004	2003	% Diff
Residential	2,808,058	2,770,060	1%
Commercial and Industrial	250,064	247,767	1%
Non-rate regulated Commercial and Industrial	6,190	5,219	19%
Total	3,064,312	3,023,046	1%

	Pipelines and Gathering		
	Quarter Ended		
	March 31,		% Diff
	2004	2003	Fav/(Unfav)

Results of Operations:			
Revenues	\$102	\$109	(6%)
Expenses:			
Natural gas	9	21	57%

Operation and maintenance	33	30	(10%)
Depreciation and amortization	11	11	---
Taxes other than income taxes	4	4	---
Total	57	66	14%
Operating Income	\$45	\$43	5%

Pipelines and Gathering Operating Data:

Throughput data in BCF

Natural Gas Sales	2	4	(50%)
Transportation	270	268	1%
Gathering	75	72	4%
Elimination	(2)	(2)	---
Total Throughput	345	342	1%

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

	Other Operations		% Diff Fav/(Unfav)
	Quarter Ended		
	2004	2003	
Results of Operations:			
Revenues	\$3	\$9	(67%)
Expenses	5	9	44%
Operating Income (Loss)	\$(2)	\$---	---

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

	Quarter Ended	
	2004	2003
Capital Expenditures by Segment		
Electric Transmission & Distribution:	\$42	\$47
Electric Generation	24	45
Natural Gas Distribution	37	30
Pipelines and Gathering	15	21
Other Operations	5	---
Total	\$123	\$143

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

March 31, 2004 December 31, 2003

ASSETS

Current Assets:

Cash and cash equivalents	\$206,467	\$131,480
Other current assets	1,743,865	2,141,225
Total current assets	1,950,332	2,272,705

Property, Plant and Equipment, net	11,790,051	11,811,536
Other Assets:		
Goodwill, net	1,740,510	1,740,510
Regulatory assets	4,945,277	4,930,793
Other non-current assets	633,374	621,120
Total other assets	7,319,161	7,292,423
Total Assets	\$21,059,544	\$21,376,664

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Current portion of transition bond long-term debt	\$43,099	\$41,189
Short-term borrowings and current portion of other long-term debt	122,108	184,234
Other current liabilities	2,039,405	2,292,913
Total current liabilities	2,204,612	2,518,336

Other Liabilities:

Accumulated deferred income taxes, net and investment tax credit	3,250,063	3,222,308
Regulatory liabilities	1,331,355	1,358,030
Other non-current liabilities	1,550,930	1,555,459
Total other liabilities	6,132,348	6,135,797

Long-term Debt:

Transition bond	659,762	675,665
Other	10,046,251	10,107,399
Total long-term debt	10,706,013	10,783,064

Minority Interest in Consolidated

Subsidiaries	186,691	178,910
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Shareholders' Equity	1,829,880	1,760,557
Total Liabilities and Shareholders' Equity	\$21,059,544	\$21,376,664

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
(Thousands of Dollars)
(Unaudited)

Three Months Ended March 31,
2004 2003

Cash Flows from Operating Activities:

Net income attributable to common shareholders	\$73,587	\$168,432
Discontinued operations, net of tax	---	(6,880)
Income from continuing operations and cumulative effect of accounting change	73,587	161,552
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		

Depreciation and amortization	186,349	197,656
Deferred income taxes and investment tax credit	12,300	97,603
Cumulative effect of accounting change, net	---	(80,072)
Changes in net regulatory assets and liabilities	(54,965)	(198,022)
Changes in other assets and liabilities	154,413	(172,723)
Other, net	21,136	(296)
Net Cash Provided by Operating Activities	392,820	5,698
Net Cash Used in Investing Activities	(127,598)	(146,297)
Net Cash Provided by (Used in) Financing Activities	(190,235)	121,465
Net Cash Provided by Discontinued Operations	---	19,322
Net Increase in Cash and Cash Equivalents	74,987	188
Cash and Cash Equivalents at Beginning of Period	131,480	304,281
Cash and Cash Equivalents at End of Period	\$206,467	\$304,469

SOURCE CenterPoint Energy, Inc.

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