CenterPoint Energy Successfully Amends $3.85 Billion Credit Facility

Extends term to June 2005; Eliminates $1.2 billion in mandatory payments; Board approves $0.10 quarterly dividend

Houston - February 28, 2003 - CenterPoint Energy, Inc. (NYSE:CNP) announced today that it has successfully negotiated an amendment to its existing $3.85 billion credit facility. The amendment extends the term to June 2005 and eliminates $1.2 billion in mandatory payments that would have been required this year.

"This amended bank credit facility is excellent news for all our stakeholders," said David M. McClanahan, president and chief executive officer of the company. "It provides financial stability during our transition period to 2005, by which time we expect to recover our investment in our generating assets and return to a debt level more typical for a regulated utility.

"In addition, the elimination of the mandatory payments will substantially enhance the company's ability to efficiently access the capital markets," McClanahan said.

The company also announced that its Board of Directors, meeting in a special session, has approved a first quarter dividend on its common stock of $0.10 per share, payable on March 31, 2003 to shareholders of record as of March 12, 2003. This quarterly dividend is the maximum allowed under the amended facility. In addition, beginning in 2004, the dividend may be limited to a payout ratio of 50 percent of earnings under certain circumstances. However, under no circumstance will the quarterly dividend be greater than $0.10 per share for the duration of this facility.

"Although this is a reduction from our previous quarterly dividend of $0.16 per share," McClanahan said, "we are pleased to continue to offer a dividend that is consistent with our financial condition, yet remains competitive."

Key features of the amendment:

- The term of the facility has been extended to June 1, 2005.
- There is no change in the existing pricing grid, which is based on LIBOR rates and tied to the company's credit rating. Under the pricing grid, we currently pay a rate that is a little less than 6 percent.
- There are no mandatory payments during the extended term of the loan. The two $600 million payments previously required in 2003 have been eliminated.
- We are seeking SEC approval to pledge the Texas Genco (NYSE:TGN) stock we own as security for the loan. If we do not obtain SEC approval, the interest rate on the facility will be increased by 25 basis points.
- We have agreed to provide the bank syndicate warrants to purchase up to ten percent of CNP common stock. The issuance of the warrants is intended to be an incentive for the company to access the capital markets in order to reduce the size of the facility.
  - Warrants are not exercisable until one year after issuance and are subject to a proportionate vesting schedule.
  - A maximum of 50 percent of the warrants will vest if the company does not reduce the size of the bank facility by $400 million within 90 days.
  - A maximum of 50 percent of the remaining warrants will vest if the company has not reduced the size of the facility by an additional $400 million by December 31, 2003.
  - Issuance of warrants is subject to SEC approval. Should that approval not be obtained, equivalent value will be provided to the banks.
- In addition, if the company reduces the bank facility by at least $400 million, of which $200 million is from the issuance of equity or equity-linked securities, the limitation on the dividend that begins in 2004 will be extinguished.
- An extension fee of 75 basis points will be paid on the balance of the facility outstanding on the original expiration date in October 2003.

In addition to this amended facility, the company has received a commitment from Citigroup for a $350 million bridge financing to address the near-term maturity of the bank facility at CenterPoint Energy Resources Corp. (CERC), the company's natural gas distribution and pipeline subsidiary.

"With the bank credit facility extended into 2005, the mandatory payments eliminated and the bridge financing secured, I'm confident that we will be able to access the capital markets in a timely manner and on reasonable terms, and avoid vesting of the warrants," said Gary L. Whitlock, CenterPoint Energy's chief financial officer.

"These are very positive developments for our company and should lift the cloud of financial uncertainty under which we have been operating since our separation from Reliant Resources," McClanahan said. "We remain committed to doing what we do best - delivering safe and reliable electricity and natural gas to our customers as we pursue our vision of becoming America's leading energy delivery company."

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. The company serves nearly five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Missouri, Oklahoma, and Texas. Assets total nearly $19 billion. CenterPoint Energy became the new holding company for the regulated operations of the former Reliant Energy, Incorporated in August 2002. With more than 11,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 130 years.