AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 30, 2003

REGISTRATION NO. 333-108766

==

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

(Exact name of registrant as specified in its charter)

TEXAS	4911	22-3865106
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1111 LOUISIANA
HOUSTON, TEXAS 77002
(713) 207-1111
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

RUFUS S. SCOTT
VICE PRESIDENT, DEPUTY GENERAL COUNSEL
AND ASSISTANT SECRETARY
1111 LOUISIANA
HOUSTON, TEXAS 77002
(713) 207-1111
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPY TO:

TIMOTHY S. TAYLOR
BAKER BOTTS L.L.P.
910 LOUISIANA, ONE SHELL PLAZA
HOUSTON, TEXAS 77002
(713) 229-1234

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable following the effectiveness of this Registration Statement.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

==

PROPOSED MAXIMUM PROPOSED MAXIMUM AMOUNT OF AMOUNT TO BE OFFERING PRICE PER AGGREGATE OFFERING REGISTRATION TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED REGISTERED UNIT(1) PRICE(1) FEE(1)(2) - -- 5.70% General Mortgage Bonds, Series J2, due

2013.. $450,000,000 100% $450,000,000 $36,405.00 - --------------------------------- -- 6.95% General Mortgage Bonds, Series K2, due 2033.. $312,275,000 100% $312,275,000 $25,263.05 - ------------------ --- 5.60% General Mortgage Bonds, Series L2, due July 1, 2023.............................. $200,000,000 100% $200,000,000 $16,180.00 - ------ --- 5.75% General Mortgage Bonds, Series M2, due 2014.. $300,000,000 100% $300,000,000 $24,270.00 - -- -------------- Total.. $1,262,275,000 $1,262,275,000 $102,118.05

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f)(2) of the Securities Act of 1933. For purposes of this calculation, the offering price per Series J2 Bond, Series K2 Bond, Series L2 Bond and Series M2 Bond was assumed to be the stated principal amount of each Series J Bond, Series K Bond, Series L Bond and Series M Bond, respectively, that may be received by the Registrant in the exchange transaction in which the Series J2 Bonds, Series K2 Bonds, Series L2 Bonds or Series M2 Bonds, as the case may be, will be offered.

(2) A registration fee of $77,848.05 was previously paid in connection with the filing of the Form S-4.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED SEPTEMBER 30, 2003

PROSPECTUS

$1,262,275,000

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

OFFER TO EXCHANGE

5.70% General Mortgage Bonds, Series J2, due 2013
for all outstanding
5.70% General Mortgage Bonds, Series J, due 2013

5.60% General Mortgage Bonds, Series L2, due July 1, 2023
for all outstanding
5.60% General Mortgage Bonds, Series L, due July 1, 2023

6.95% General Mortgage Bonds, Series K2, due 2033
for all outstanding
6.95% General Mortgage Bonds, Series K, due 2033

5.75% General Mortgage Bonds, Series M2, due 2014
for all outstanding
5.75% General Mortgage Bonds, Series M, due 2014

THE EXCHANGE OFFER FOR OUTSTANDING BONDS OF EACH SERIES:

- will expire at 5:00 p.m., New York City time, , 2003, unless extended; and

- is not conditioned upon any minimum aggregate principal amount of outstanding bonds of that series being tendered for exchange or upon consummation of the exchange offer for outstanding bonds of any other series.

THE EXCHANGE BONDS:

- will be freely tradable;

- are substantially identical to the outstanding bonds for which they may be exchanged; and

- with the exception of the 6.95% General Mortgage Bonds, Series K2, due 2033, which have been accepted for listing on the New York Stock Exchange, will not be listed on any securities exchange or on any automated dealer quotation system, but may be sold in the over-the-counter market, in negotiated transactions or through a combination of those methods.

YOU SHOULD NOTE THAT:

- we will exchange all outstanding bonds of a series that are validly tendered and not validly withdrawn for an equal principal amount of exchange bonds of that series that we have registered under the Securities Act of 1933;

- you may withdraw tenders of outstanding bonds at any time prior to the expiration of the exchange offer; and

- the exchange of outstanding bonds for exchange bonds in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

YOU SHOULD CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 15 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is , 2003.

TABLE OF CONTENTS

THIS PROSPECTUS INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT US THAT IS NOT INCLUDED IN OR DELIVERED WITH THIS PROSPECTUS. SEE "WHERE YOU CAN FIND MORE INFORMATION" BEGINNING ON PAGE 65 FOR A LISTING OF DOCUMENTS WE INCORPORATE BY REFERENCE. THESE DOCUMENTS ARE AVAILABLE WITHOUT CHARGE UPON WRITTEN OR ORAL REQUEST DIRECTED TO CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, C/O CENTERPOINT ENERGY, INC., ATTN: INVESTOR SERVICES, P.O. BOX 4567, HOUSTON, TEXAS 77210-4567, TELEPHONE: (713) 207-1111. TO ENSURE TIMELY DELIVERY OF ANY OF OUR FILINGS, AGREEMENTS OR OTHER DOCUMENTS, YOU MUST MAKE YOUR REQUEST TO US NO LATER THAN , 2003, WHICH IS FIVE DAYS BEFORE THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2003.

Cautionary Statement Regarding Forward-Looking Information	i
Prospectus Summary	1
Risk Factors	15
Private Placement	21
Use of Proceeds	22
Capitalization	23
The Exchange Offer	24
Description of the Exchange Bonds	34
The Indenture	37
The First Mortgage Indenture	53
Registration Rights	53
Book-Entry Delivery and Settlement	56
Certain U.S. Federal Income Tax Consequences	59
Plan of Distribution	63
Transfer Restrictions	64
Legal Matters	64
Experts	64
Where You Can Find More Information	65

Each broker-dealer that receives exchange bonds for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange bonds. The letters of transmittal state that, by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange bonds received in exchange for outstanding bonds where the outstanding bonds were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with the resale of exchange bonds.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. In some cases, you can identify our forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predicts," "projection," "should," "will," or other similar words.

We have based our forward-looking statements on our management's beliefs and assumptions based on information available at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements are described under "Risk Factors" beginning on page 15 of this prospectus and on page 31 of our Second Quarter 2003 Form 10-Q. Other such factors are described in other documents we file with the SEC and incorporate by reference into this prospectus.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference herein. This summary is not complete and does not contain all the information that you should consider before investing in the exchange bonds. You should read carefully the entire prospectus, including the risk factors, financial data and financial statements included or incorporated by reference herein and the other information and documents we have incorporated by reference in this prospectus.

Unless the context requires otherwise, the terms "CenterPoint Houston," "our company," "we," "our," "ours" and "us" refer to CenterPoint Energy Houston Electric, LLC; the term "CenterPoint Energy" refers to CenterPoint Energy, Inc., our indirect parent; and the term "Reliant Energy" refers to Reliant Energy, Incorporated. We refer to our 5.70% General Mortgage Bonds, Series J, due 2013 as the "Series J outstanding bonds," our 6.95% General Mortgage Bonds, Series K, due 2033 as the "Series K outstanding bonds," our 5.60% General Mortgage Bonds, Series L, due July 1, 2023 as the "Series L outstanding bonds," and our 5.75% General Mortgage Bonds, Series M, due 2014 as the "Series M outstanding bonds" and the Series J outstanding bonds, the Series K outstanding bonds, the Series L outstanding bonds and the Series M outstanding bonds together as the "outstanding bonds." We refer to our 5.70% General Mortgage Bonds, Series J2, due 2013 offered by this prospectus as the "Series J exchange bonds," our 6.95% General Mortgage Bonds, Series K2, due 2033 offered by this prospectus as the "Series K exchange bonds," our 5.60% General Mortgage Bonds, Series L2, due July 1, 2023 offered by this prospectus as the "Series L exchange bonds," and our 5.75% General Mortgage Bonds, Series M2, due 2014 offered by this prospectus as the "Series M exchange bonds" and the Series J exchange bonds, the Series K exchange bonds, the Series L exchange bonds and the Series M exchange bonds together as the "exchange bonds." We sometimes refer to the outstanding bonds and the exchange bonds collectively as the "bonds."

OUR COMPANY

GENERAL

We are a regulated utility engaged in the transmission and distribution of electric energy in a 5,000-square mile area along the Texas Gulf Coast with a population of approximately 4.7 million people. Electric transmission and distribution service is provided to approximately 1.8 million metered customers in this area. With the exception of Texas City, we serve nearly all of the Houston/Galveston metropolitan area.

We are an indirect wholly owned subsidiary of CenterPoint Energy, a public utility holding company that became the parent of Reliant Energy and its subsidiaries on August 31, 2002 as part of a corporate restructuring of Reliant Energy. CenterPoint Energy's other principal wholly owned indirect subsidiary is CenterPoint Energy Resources Corp. ("CERC"), which owns gas distribution systems that together form one of the United States' largest natural gas distribution operations in terms of the number of customers served. Through wholly owned subsidiaries, CERC also owns two interstate natural gas pipelines and gathering systems and also provides various ancillary services. CenterPoint Energy also owns an approximately 81% interest in Texas Genco Holdings, Inc. ("Texas Genco"), which owns and operates the Texas generating plants that were formerly part of the integrated electric utility that was part of Reliant Energy. CenterPoint Energy distributed to its shareholders approximately 19% of the outstanding common stock of Texas Genco on January 6, 2003.

Reliant Energy completed the separation of the generation, transmission and distribution, and retail sales functions of Reliant Energy's Texas electric operations (the "Restructuring") in August 2002. To effect the Restructuring, Reliant Energy:

- conveyed its Texas electric generation assets to Texas Genco,

- became an indirect, wholly owned subsidiary of CenterPoint Energy,

- was converted into a Texas limited liability company and renamed CenterPoint Energy Houston Electric, LLC, and

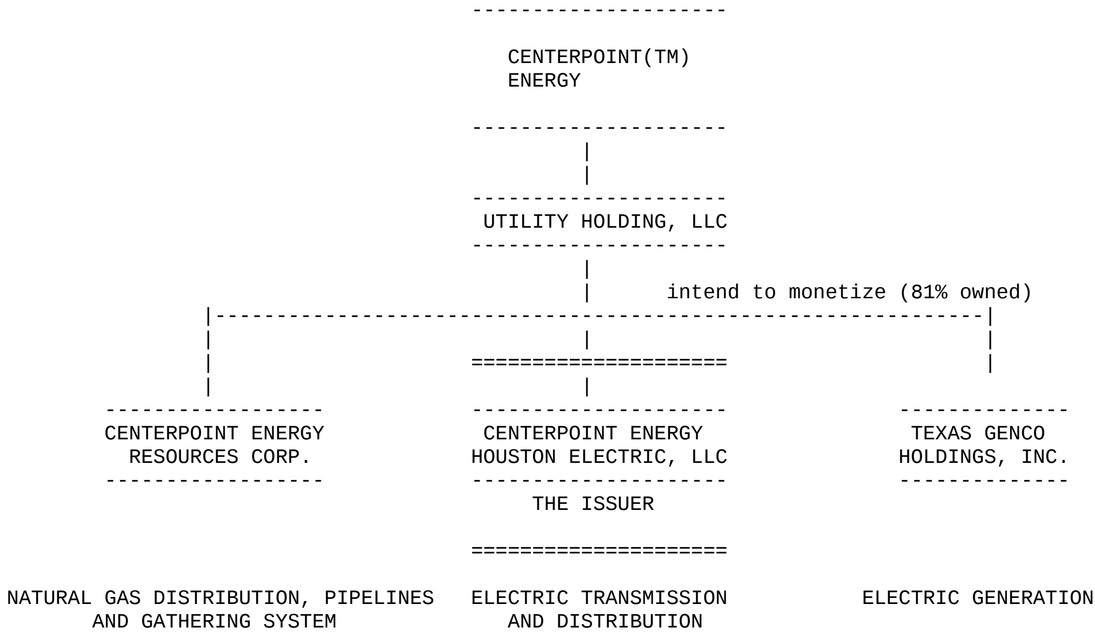
- distributed the capital stock of its operating subsidiaries to CenterPoint Energy.

As part of the Restructuring, each share of Reliant Energy common stock was converted into one share of CenterPoint Energy common stock. Prior to the Restructuring, Reliant Energy's subsidiary, Reliant Resources, Inc. ("Reliant Resources"), conducted non-utility wholesale and retail energy operations. As a result of the Restructuring, CenterPoint Energy became the owner of approximately 83% of the stock of Reliant Resources. On September 30, 2002 CenterPoint Energy distributed this stock to its shareholders on a pro rata basis.

CenterPoint Energy is a registered public utility holding company under the Public Utility Holding Company Act of 1935 ("1935 Act"). The 1935 Act and related rules and regulations impose a number of restrictions on CenterPoint Energy's activities and those of its subsidiaries. The 1935 Act, among other things, limits CenterPoint Energy's ability to issue debt and equity securities without prior authorization, restricts the source of dividend payments to current and retained earnings without prior authorization, regulates sales and acquisitions of certain assets and businesses and governs affiliate transactions.

The general corporate structure of CenterPoint Energy is described in the diagram below.

CENTERPOINT ENERGY CORPORATE STRUCTURE



OUR BUSINESS

ELECTRIC TRANSMISSION

We transport electricity from power plants to substations and from one substation to another and to retail customers taking power above 69 kilovolts ("kV") in locations throughout the control area managed by the Electric Reliability Council of Texas, Inc. ("ERCOT"). ERCOT is an intrastate network of retail customers, investor and municipally owned electric utilities, rural electric co-operatives, river authorities, independent generators, power marketers and retail electric providers, which serves as the regional reliability coordinating council for member electric power systems in Texas. The ERCOT market consists of the State of Texas, other than a portion of the Texas panhandle, a portion of the eastern part of the state bordering on Louisiana and the area in and around El Paso. The ERCOT market represents approximately 85% of the demand for power in Texas and is one of the nation's largest power markets.

Transmission services are provided under tariffs approved by the Public Utility Commission of Texas (the "Texas Utility Commission").

ELECTRIC DISTRIBUTION

We distribute electricity for retail electric providers in our certificated service area by carrying lower-voltage power from the substation to the retail electric customer. Our distribution network receives electricity from the transmission grid through power distribution substations and distributes electricity to end users through our distribution feeders. Operations include construction and maintenance of facilities, metering services, outage response services and other call center operations. Distribution services are provided under tariffs approved by the Texas Utility Commission. Texas Utility Commission rules and market protocols govern the commercial retail operations of distribution companies and other market participants.

CUSTOMERS

Our customers consist of municipalities, electric cooperatives, other distribution companies and approximately 31 retail electric providers in our certificated service area. Each retail electric provider is licensed by the Texas Utility Commission and must meet creditworthiness criteria established by the Texas Utility Commission. Two of these retail electric providers are subsidiaries of Reliant Resources. Our receivables balance from retail electric providers on June 30, 2003 was $119 million. Approximately 78% of this amount was owed by subsidiaries of Reliant Resources. For the year ended December 31, 2002, sales to subsidiaries of Reliant Resources of approximately $940 million represented 83% of our transmission and distribution revenues since deregulation began.

The Texas Utility Commission has set forth minimum creditworthiness criteria that all retail electric providers serving retail electric customers must meet. The retail electric provider must satisfy one of the following criteria:

- maintain a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service, Inc., respectively, or provide a guarantee, surety bond or letter of credit from an affiliate or another company that meets the requisite ratings;

- have assets in excess of liabilities of $50 million, as reflected on its most recent quarterly and annual independently audited financial statements; or

- have unused cash resources commensurate with the level of business it has been certified by the Texas Utility Commission to conduct.

Additional creditworthiness standards are required of the retail electric providers with regard to the billing and collection of transition charges described below under "-- Regulation -- Stranded Costs, Regulatory Assets Recovery and Securitization -- The Texas Electric Restructuring Law."

If a retail electric provider defaults on its payments to us or on its obligation to maintain the required security, we may pursue a number of legal remedies to recover all unpaid amounts and, possibly, seek to relieve the retail electric provider of its billing and collection responsibilities. Please read "Electric Transmission and Distribution -- Remedies Upon Default by Retail Electric Provider" in Item 1 of our 2002 Form 10-K.

COMPETITION

There are no other transmission and distribution utilities in our service area. In order for another provider of transmission and distribution services to provide such services in our territory, it would be required to obtain a certificate of convenience and necessity in proceedings before the Texas Utility Commission and, depending on the location of the facilities, may also be required to obtain franchises

from one or more municipalities. We know of no other party intending to enter this business in our service area at this time.

REGULATION

We are subject to regulation by various federal, state and local governmental agencies, including the regulations described below. We are not a "public utility" under the Federal Power Act and therefore are not generally regulated by the Federal Energy Regulatory Commission, except in limited circumstances. Please read "Regulation" in Item 1 of our 2002 Form 10-K.

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

As a subsidiary of a registered public utility holding company, we are subject to a comprehensive regulatory scheme imposed by the SEC in order to protect customers, investors and the public interest. Although the SEC does not regulate rates and charges under the 1935 Act, it does regulate the structure, financing, lines of business and internal transactions of public utility holding companies and their system companies. In order to obtain financing, acquire additional public utility assets or stock, or engage in other significant transactions, we are required to obtain approval from the SEC under the 1935 Act.

CenterPoint Energy and its subsidiaries, including CenterPoint Houston, received an order from the SEC under the 1935 Act on June 30, 2003 (the "June 2003 Financing Order") relating to financing and other activities. The June 2003 Financing Order is effective until June 30, 2005. On August 1, 2003, the SEC issued a supplemental order (the "August 2003 Financing Order" and, together with the June 2003 Financing Order, the "Orders") that allows us to issue additional amounts of external debt. The Orders permit refinancings and together authorize us to issue an additional aggregate $500 million of external debt and an aggregate $250 million of preferred stock and preferred securities in addition to amounts outstanding on June 30, 2003.

The June 2003 Financing Order requires that if we issue any securities that are rated by a nationally recognized statistical rating organization ("NRSRO"), the security to be issued must obtain an investment grade rating from at least one NRSRO and, as a condition to such issuance, all of our outstanding rated securities and those of CenterPoint Energy must be so rated by at least one NRSRO. The June 2003 Financing Order also contains certain requirements for interest rates, maturities, issuance expenses and use of proceeds. Under the June 2003 Financing Order, our common equity as a percentage of total capitalization must be at least 30%.

STRANDED COSTS, REGULATORY ASSETS RECOVERY AND SECURITIZATION

The Texas Electric Restructuring Law. In June 1999, the Texas legislature adopted the Texas Electric Choice Plan (the "Texas electric restructuring law"), which substantially amended the regulatory structure governing electric utilities in order to allow and encourage retail competition. The Texas electric restructuring law required the separation of the generation, transmission and distribution and retail sales functions of electric utilities into three different units. It also required each electric utility to file a business separation plan with the Texas Utility Commission detailing its plan to comply with the Texas electric restructuring law. Under the law, neither the generation function nor the retail function is subject to traditional cost of service regulation, and the retail function has been opened to competition. The transmission and distribution function we perform remains subject to traditional utility rate regulation.

Under the Texas electric restructuring law, transmission and distribution utilities in Texas whose generation assets were "unbundled," including us, may recover, following a regulatory proceeding to be held in 2004:

- "regulatory assets," which consist of the Texas jurisdictional amount reported by the previously vertically integrated electric utilities as regulatory assets and liabilities (offset and adjusted by specified amounts) in their audited financial statements for 1998,

- "stranded costs," which consist of the positive excess of the net regulatory book value of generation assets over the market value of the assets, taking specified factors into account, and

- the excess cost over market for capacity auctions by Texas Genco ("ECOM"), fuel over- or under-recovery and "price to beat" clawback components.

The Texas electric restructuring law permits transmission and distribution utilities to recover regulatory assets and stranded costs through transition charges on retail electric customers' bills, to the extent that such assets and costs are established in certain regulatory proceedings. These transition charges are non-bypassable, meaning that they must be paid by essentially all customers and cannot, except in limited circumstances, be avoided by switching to self-generation.

Final True-Up. Beginning in January 2004, the Texas Utility Commission will conduct true-up proceedings for each investor-owned utility. The purpose of the true-up proceeding is to quantify and reconcile the amount of stranded costs, other regulatory assets associated with the generation assets that were not previously securitized, the difference in the price of power obtained through the state mandated capacity auctions and the power costs used in the Texas Utility Commission's ECOM model, any fuel costs over- or under-recovery and the "price to beat" clawback. The true-up proceeding will result in either additional charges being assessed on, or credits being issued to, retail electric customers taking delivery from us. We will make the filing to initiate our final true-up proceeding on March 31, 2004. The Texas electric restructuring law requires a final order to be issued by the Texas Utility Commission not more than 150 days after a proper filing is made by the regulated utility.

Securitization. The Texas electric restructuring law provides for the use of special purpose entities to issue transition bonds for the economic value of generation-related regulatory assets and stranded costs. These transition bonds will be amortized over a period not to exceed 15 years through non-bypassable transition charges to customers taking delivery service from us. Any stranded costs not recovered through the transition bonds will be recovered through a non-bypassable competition transition charge assessed to customers taking delivery service from us. In October 2001, a special purpose subsidiary of ours issued $749 million of transition bonds to securitize generation-related regulatory assets. These transition bonds have a final maturity date of September 15, 2015 and are non-recourse to us, CenterPoint Energy or its other subsidiaries other than to the special purpose issuer.

We expect that upon completion of the 2004 true-up proceeding, we will seek to securitize our stranded costs, any regulatory assets not previously securitized by the October 2001 issuance of transition bonds and, to the extent permitted by the Texas Utility Commission, the balance of the other true-up components. Under the Texas electric restructuring law, we are entitled to recover any portion of the true-up balance not securitized by transition bonds through a non-bypassable competition transition charge assessed to our customers.

MISCELLANEOUS

Our principal executive offices are located at 1111 Louisiana, Houston, Texas 77002, and our telephone number is (713) 207-1111.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

On March 18, 2003 we completed the private offering of the Series J outstanding bonds and Series K outstanding bonds; on May 23, 2003 we completed the private offering of the Series L outstanding bonds; and on September 9, 2003, we completed the private offering of the Series M outstanding bonds. We received proceeds, after deducting the discount to the initial purchasers, of approximately $753.1 million, $197.9 million and $297.3 million from the sales of the outstanding bonds in March, May and September, respectively.

In connection with the offering of the outstanding bonds, we entered into registration rights agreements with the initial purchasers of the outstanding bonds in which we agreed to deliver to you this prospectus and to use our reasonable commercial efforts to complete the exchange offer within 315 days after the respective dates of issuance of the outstanding bonds. In the exchange offer, you are entitled to exchange your outstanding bonds of a series for exchange bonds of that series, with substantially identical terms, that are registered with the SEC. You should read the discussion under the headings "-- Summary of the Terms of the Exchange Bonds" beginning on page 11, "Description of the Exchange Bonds" beginning on page 34 and "The Indenture" beginning on page 37 for further information about the exchange bonds. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights for your outstanding bonds.

The exchange offer consists of separate, independent offers for each series of outstanding bonds. We have summarized the terms of the exchange offer below. You should read the discussion under the heading "The Exchange Offer" beginning on page 24 for further information about the exchange offer and resale of the exchange bonds.

The Exchange Offer............ We are offering to exchange:

- up to $450,000,000 aggregate principal amount of outstanding 5.70% General Mortgage Bonds, Series J, due 2013, for up to $450,000,000 aggregate principal amount of 5.70% General Mortgage Bonds, Series J2, due 2013;
- up to $312,275,000 aggregate principal amount of outstanding 6.95% General Mortgage Bonds, Series K, due 2033, for up to $312,275,000 aggregate principal amount of 6.95% General Mortgage Bonds, Series K2, due 2033;
- up to $200,000,000 aggregate principal amount of outstanding 5.60% General Mortgage Bonds, Series L, due July 1, 2023, for up to $200,000,000 aggregate principal amount of 5.60% General Mortgage Bonds, Series L2, due July 1, 2023; and
- up to $300,000,000 aggregate principal amount of outstanding 5.75% General Mortgage Bonds, Series M, due 2014, for up to $300,000,000 aggregate principal amount of 5.75% General Mortgage Bonds, Series M2, due 2014.

Outstanding bonds may be exchanged only in integral multiples of $1,000.

The terms of each series of exchange bonds are identical in all material respects to those of the outstanding bonds for which they may be exchanged except the exchange bonds will not contain provisions with respect to transfer restrictions, registration rights or additional interest for failure to fulfil certain obligations under the applicable registration rights agreement. The exchange bonds of a series will vote together with the outstanding bonds of that series not exchanged on all matters on

which holders of the outstanding bonds and exchange bonds of such series are entitled to vote.

OUTSTANDING BONDS THAT ARE NOT TENDERED FOR EXCHANGE WILL CONTINUE TO BE SUBJECT TO TRANSFER RESTRICTIONS AND WILL NOT HAVE REGISTRATION RIGHTS. THEREFORE, THE MARKET FOR SECONDARY RESALES OF OUTSTANDING BONDS THAT ARE NOT TENDERED FOR EXCHANGE IS LIKELY TO BE MINIMAL.

Resale........................ Based on SEC staff interpretation in no-action letters issued to third parties, we believe that the exchange bonds issued pursuant to the exchange offer in exchange for outstanding bonds may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933 if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act of 1933;

- you acquire such exchange bonds in the ordinary course of your business; and

- you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of exchange bonds.

Each participating broker-dealer that receives exchange bonds for its own account pursuant to the exchange offer in exchange for outstanding bonds that were acquired as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the exchange bonds. Please read "Plan of Distribution" beginning on page 63.

Expiration Date............... The exchange offer for each series of outstanding bonds will expire at 5:00 p.m., New York City time, on   , 2003, or such later date and time to which we may extend it at our discretion. We may extend the expiration date for each series of outstanding bonds independently. Please read "The Exchange Offer -- Extensions, Delay in Acceptance, Termination or Amendment" on page 26 for more information about an extension of the expiration date.

Withdrawal of Tenders......... You may withdraw your tender of outstanding bonds at any time prior to the expiration date. We will return to you, without charge, promptly after the expiration or termination of the exchange offer any outstanding bonds that you tendered but that were not accepted for exchange.

Conditions to the Exchange Offer......................... We will not be required to accept outstanding bonds for exchange:

- if the exchange offer would be unlawful or would violate any interpretation of the staff of the SEC; or

- if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer.

The exchange offer for outstanding bonds of each series is not conditioned upon any minimum aggregate principal amount of outstanding bonds being tendered for exchange or upon consummation of the exchange offer for outstanding bonds of any other series. The exchange offer is subject to customary conditions, which we may waive in our sole discretion. Please read "The Exchange Offer -- Conditions to the Exchange Offer" beginning on page 26 for more information about the conditions to the exchange offer.

Procedures for Tendering Outstanding Bonds............. If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal or a facsimile of the letter of transmittal and mail or deliver the letter of transmittal, together with your outstanding bonds, to the exchange agent. If your outstanding bonds are held through The Depository Trust Company ("DTC") you may effect delivery of the outstanding bonds by book-entry transfer.

In the alternative, if your outstanding bonds are held through DTC and you wish to participate in the exchange offer, you may do so through DTC's automated tender offer program. If you tender under this program, you will agree to be bound by the letter of transmittal that we are providing with this prospectus as though you had signed the letter of transmittal. By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange bonds received are being acquired in the ordinary course of your business;

- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act of 1933) of the outstanding bonds or the exchange bonds;

- you are not our "affiliate," as defined in Rule 405 of the Securities Act of 1933, or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act of 1933 to the extent applicable;

- if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, a distribution of the exchange bonds;

- if you are a broker-dealer, you are not tendering outstanding bonds acquired directly from us or one of our affiliates;

- if you are a broker-dealer, you will receive the exchange bonds for your own account in exchange for outstanding bonds that you acquired as a result of market-making activities or other trading activities, and you will deliver a prospectus in connection with any resale of such exchange bonds; and

- you are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

Special Procedures for Beneficial Owners............	If you beneficially own outstanding bonds that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the outstanding bonds in the exchange offer, please contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf. If you wish to tender your outstanding bonds on your own behalf, you must either arrange to have outstanding bonds registered in your name or obtain a properly completed bond power from the registered holder before completing and executing the letter of transmittal and delivering your outstanding bonds. The transfer of registered ownership may take considerable time.
Guaranteed Delivery Procedures....................	You must tender your outstanding bonds according to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures" beginning on page 30 if any of the following apply: - you wish to tender your outstanding bonds but they are not immediately available; - you cannot deliver your outstanding bonds, the letter of transmittal or any other required documents to the exchange agent prior to the expiration date; or - you cannot comply with the applicable procedures under DTC's automated tender offer program prior to the expiration date.
Consequences of Failure to Exchange Your Outstanding Bonds.........................	If you do not exchange your outstanding bonds in the exchange offer, you will no longer be entitled to registration rights. You will not be able to offer or sell the outstanding bonds unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act of 1933 or state securities laws. Except as specified in the registration rights agreements, we are not obligated to, nor do we currently anticipate that we will register the outstanding bonds under the Securities Act of 1933. Please read "The Exchange Offer -- Consequences of Failure to Exchange" on page 33.
Certain U.S. Federal Income Tax Considerations...........	The exchange of outstanding bonds for exchange bonds in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "Certain U.S. Federal Income Tax Consequences" beginning on page 59.
Use of Proceeds..............	We will not receive any cash proceeds from the issuance of exchange bonds in the exchange offer.

THE EXCHANGE AGENT

We have appointed JPMorgan Chase Bank as exchange agent for the exchange offer. Please direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent. If you are not tendering under DTC's automated tender offer program, you should send the letter of transmittal and any other required documents to the exchange agent as follows:

JPMORGAN CHASE BANK

By Hand Or Overnight Courier

JPMorgan Chase Bank
2001 Bryan Street, 9th Floor
Registered Bond Processing Dept.
Dallas, Texas 75201

By Mail (Registered Or Certified Mail Recommended):

JPMorgan Chase Bank
P.O. Box 2320
Attn: Registered Bond Processing Dept.
Dallas, Texas 75221-2320

By Facsimile Transmission (Eligible Institutions Only):

(214) 468-6494

Attention: Frank Ivins

Confirm By Telephone:

(800) 275-2048

SUMMARY OF THE TERMS OF THE EXCHANGE BONDS

Each series of the exchange bonds will be freely tradable and otherwise substantially identical to the outstanding bonds of that series. The exchange bonds will not have registration rights or provisions for additional interest. Each series of the exchange bonds will evidence the same debt as the outstanding bonds of that series, and both exchange bonds and outstanding bonds are governed by the same indenture. Each series of exchange bonds will vote together with the outstanding bonds of that series on all matters in which holders of the outstanding bonds and exchange bonds of such series are entitled to vote.

Exchange Bonds Offered........	$450,000,000 aggregate principal amount of 5.70% General Mortgage Bonds, Series J2, due 2013;
	$312,275,000 aggregate principal amount of 6.95% General Mortgage Bonds, Series K2, due 2033;
	$200,000,000 aggregate principal amount of 5.60% General Mortgage Bonds, Series L2, due July 1, 2023; and
	$300,000,000 aggregate principal amount of 5.75% General Mortgage Bonds, Series M2, due 2014.
Maturity Dates................	March 15, 2013 for the Series J exchange bonds;
	March 15, 2033 for the Series K exchange bonds;
	July 1, 2023 for the Series L exchange bonds; and
	January 15, 2014 for the Series M exchange bonds.
Interest Payment Dates........	March 15 and September 15, beginning on March 15, 2004 for the Series J exchange bonds;
	March 15 and September 15, beginning on March 15, 2004 for the Series K exchange bonds;
	January 1 and July 1, beginning on January 1, 2004 for the Series L exchange bonds; and
	January 15 and July 15, beginning on January 15, 2004 for the Series M exchange bonds.
Ranking.......................	The exchange bonds will be secured obligations of CenterPoint Houston under the general mortgage indenture dated October 10, 2002, as supplemented, and will be subject and junior to the prior lien of our first mortgage bonds. As of June 30, 2003, there was $498.9 million of first mortgage bonds outstanding, including $396.5 million of first mortgage bonds (not reflected in our financial statements because of the contingent nature of the obligation) collateralizing debt at our parent company.
	The exchange bonds will rank on a parity with our other general mortgage bonds. As of the date of this prospectus, we have $3.1 billion of general mortgage bonds outstanding, including $527.2 million of general mortgage bonds (not reflected in our financial

statements because of the contingent nature of the obligation) collateralizing debt at our parent company.

Optional Redemption...........	We may redeem all or a part of the exchange bonds at any time and from time to time by paying the greater of (a) 100% of the principal thereof and (b) the applicable "make-whole" amount

based on U.S. treasury rates as specified in this prospectus under "Description of the Exchange Bonds -- Optional Redemption."

Lack of Public Markets for the Exchange Bonds................	There is no existing market for the exchange bonds. We cannot provide any assurance about: - the liquidity of any markets that may develop for the exchange bonds; - your ability to sell the exchange bonds; and - the prices at which you will be able to sell the exchange bonds. Future trading prices of the exchange bonds will depend on many factors, including: - prevailing interest rates; - our operating results; - the ratings of the exchange bonds; and - the market for similar securities. Except for the Series K exchange bonds that have been accepted for listing on the New York Stock Exchange, we do not intend to apply for listing of the exchange bonds on any securities exchange or for quotation of the exchange bonds in any automated dealer quotation system.
Limitations on Secured Debt...	As of the date of this prospectus, we are contractually prohibited, subject to certain exceptions including prior approval, under a collateralized term loan maturing in 2005 from issuing incremental secured debt in excess of $200 million. In addition, we are contractually prohibited, subject to certain exceptions, from issuing additional first mortgage bonds, whether or not incremental.
Risk Factors..................	You should consider carefully all of the information set forth in this prospectus and, in particular, you should evaluate the specific factors set forth under "Risk Factors" beginning on page 15 of this prospectus.
Governing Law.................	The indenture and the exchange bonds are governed by, and construed in accordance with, the laws of the State of New York except to the extent that the law of any jurisdiction where any portion of the mortgaged property is located will govern the creation, perfection, priority or enforcement of the lien of the indenture, or the exercise of remedies with respect to such portions of the mortgaged property.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth our summary consolidated financial data for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 and the six months ended June 30, 2002 and 2003. This table should be read in conjunction with "Management's Narrative Analysis of Results of Operations," the consolidated financial statements and the related notes and the report of our independent auditors included in Exhibits 99.1 and 99.2 of our May 16, 2003 Form 8-K that is incorporated by reference in this prospectus, and "Management's Narrative Analysis of Results of Operations of CenterPoint Energy Houston Electric, LLC and Subsidiaries," the unaudited financial statements and the related notes included in our Second Quarter 2003 Form 10-Q that is incorporated by reference in this prospectus. In addition, the years ended December 31, 1998 and 1999 presented below contain certain reclassifications from amounts originally disclosed to reflect the Restructuring. The consolidated financial statements present our operations that were distributed to CenterPoint Energy as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1998	1999	2000	2001	2002	2002	2003
	(IN THOUSANDS)						
REVENUES....................	$1,442,154	$1,666,726	$2,160,641	$2,099,872	$2,221,618	$1,096,402	$929,175
EXPENSES:							
Purchased power..........	--	--	--	--	66,348	55,932	--
Operation and maintenance............	504,093	543,546	585,767	649,995	575,241	270,592	258,604
Depreciation and amortization...........	68,437	273,551	356,523	299,204	270,799	129,580	132,849
Taxes other than income taxes..................	251,350	247,328	283,802	287,318	212,988	111,921	97,487
Total................	823,880	1,064,425	1,226,092	1,236,517	1,125,376	568,025	488,940
OPERATING INCOME...........	618,274	602,301	934,549	863,355	1,096,242	528,377	440,235
OTHER INCOME (EXPENSE):							
Interest expense and distribution on trust preferred securities...	(229,505)	(196,791)	(230,385)	(233,344)	(284,898)	(127,666)	(182,543)
Other, net...............	15,195	14,516	20,190	43,755	21,988	7,569	17,025
Total................	(214,310)	(182,275)	(210,195)	(189,589)			

(262,910) (120,097)
(165,518) ---------- -----
----- ---------- ---------
- ---------- ---------- --
------ INCOME FROM
CONTINUING OPERATIONS
BEFORE INCOME TAXES,
EXTRAORDINARY ITEM AND
PREFERRED
DIVIDENDS................
403,964 420,026 724,354
673,766 833,332 408,280
274,717 Income Tax
Expense....... 159,126
142,786 233,367 227,811
285,882 138,140 95,159 ---
------- ---------- -------
--- ---------- ----------
---------- -------- INCOME
FROM CONTINUING OPERATIONS
BEFORE EXTRAORDINARY ITEM
AND PREFERRED
DIVIDENDS...... 244,838
277,240 490,987 445,955
547,450 270,140 179,558
Income (Loss) from
Discontinued Operations,
net of
tax...................
(385,930) 738,678 (43,487)
534,604 131,949 (2,890) --
Extraordinary Gain.......
-- 466,552 -- -- -- -- --
---------- ---------- ----
------ ---------- --------
-- ---------- --------
INCOME (LOSS) BEFORE
PREFERRED DIVIDENDS......
(141,092) 1,482,470
447,500 980,559 679,399
267,250 179,558 PREFERRED
DIVIDENDS........ 390 389
389 858 -- -- -- ---------
- ---------- ---------- --
-------- ---------- ------
---- -------- NET INCOME
(LOSS).......... $
(141,482) $1,482,081 $
447,111 $ 979,701 $
679,399 $ 267,250 $179,558
========== ==========
========== ==========
========== ==========
========

	AS OF DECEMBER 31,					AS OF JUNE 30,
	1998	1999	2000	2001	2002	2003
	(IN THOUSANDS)					
BALANCE SHEET DATA:(a)						
Total Assets	$19,138,522	$26,533,592	$31,977,433	$30,943,937	$9,081,044	$9,653,076
Property, Plant and Equipment, net of accumulated depreciation of $1,473 million, $1,517 million, $1,442 million, $2,146 million, $2,123 million and $2,195 million as of December 31, 1998, 1999, 2000, 2001 and 2002, and June 30, 2003, respectively	3,589,193	4,064,460	4,401,232	4,065,140	3,837,232	3,821,450
Total Debt(b)	2,783,042	2,988,747	3,104,459	3,761,785	3,791,415	3,946,042
Total Debt excluding Series 2001-1 Transition Bonds	2,783,042	2,988,747	3,104,459	3,013,202	3,055,888	3,216,616

- ---------------

(a) 2002 Balance Sheet Data reflects the Restructuring in August 2002.

(b) Includes short-term debt, long-term debt and current maturities of long-term debt. Includes transition bonds of $749 million, $736 million and $729 million as of December 31, 2001 and 2002, and June 30, 2003, respectively.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth ratios of earnings to fixed charges for each of the periods indicated, calculated pursuant to SEC rules. Earnings from continuing operations in 2002 and the six months ended June 30, 2002 and 2003 include $697 million, $311 million and $233 million, respectively, of non-cash ECOM true-up.

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1998	1999	2000	2001	2002	2002	2003
Ratio of earnings from continuing operations to fixed charges(a)	2.73	3.01	4.06	3.79	3.86	4.10	2.48

- ---------------

(a) We do not believe that the ratios for the six-month periods are necessarily indicative of the ratios for the twelve-month periods because of the seasonal nature of our business.

RISK FACTORS

There are many risks that may affect your investment in the exchange bonds. Some of these risks, but not all of them, are listed below. You should carefully consider these risks as well as the other information included or incorporated by reference in this prospectus before exchanging your outstanding bonds.

RISK FACTORS RELATING TO THE EXCHANGE OFFER

IF YOU FAIL TO EXCHANGE YOUR OUTSTANDING BONDS, THE EXISTING TRANSFER RESTRICTIONS WILL REMAIN IN EFFECT AND THE MARKET VALUE OF YOUR OUTSTANDING BONDS MAY BE ADVERSELY AFFECTED BECAUSE THEY MAY BE MORE DIFFICULT TO SELL.

If you do not exchange your outstanding bonds for exchange bonds under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the outstanding bonds. In general, the outstanding bonds may not be offered or sold unless they are registered or exempt from registration under the Securities Act of 1933 and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreements, we do not intend to register resales of the outstanding bonds under the Securities Act of 1933.

Tenders of outstanding bonds under the exchange offer will reduce the aggregate principal amount of the unregistered bonds outstanding. This may have an adverse effect upon, and increase the volatility of, the market price of any outstanding bonds that you continue to hold following completion of the exchange offer due to a reduction in liquidity.

PRINCIPAL RISK FACTORS ASSOCIATED WITH OUR BUSINESS

WE MAY NOT BE SUCCESSFUL IN RECOVERING THE FULL VALUE OF OUR STRANDED COSTS AND REGULATORY ASSETS RELATED TO GENERATION.

We are entitled to recover our stranded costs (the excess of regulatory net book value of generation assets, as defined by the Texas electric restructuring law, over the market value of those assets) and our regulatory assets related to generation. We expect to make a filing on March 31, 2004 in a true-up proceeding provided for by the Texas electric restructuring law. The purpose of this proceeding will be to quantify and reconcile:

- the amount of stranded costs;
- regulatory assets that were not previously recovered through the issuance of securitization bonds by a subsidiary;
- differences in the prices achieved in the state-mandated auctions of Texas Genco's generation capacity and Texas Utility Commission estimates;
- fuel over- or under-recovery; and
- the "price to beat" clawback.

We will be required to establish and support the amounts of these costs in order to recover them. We expect these costs to be substantial. We cannot assure you that we will be able to successfully establish and support our estimates of the amount of these costs. Our $1.3 billion collateralized term loan that matures in November 2005 is expected to be repaid or refinanced with the proceeds from the issuance of securitization bonds to recover our stranded costs and the balance of our regulatory assets. If we do not receive the proceeds on or before the maturity date, our ability to repay or refinance this term loan will be adversely affected.

The Texas Utility Commission's ruling that the true-up proceeding filing will be made on March 31, 2004 means that the calculation of the market value of the Texas Genco common stock for purposes of the Texas Utility Commission's stranded cost determination might be more or less than the purchase price calculated under the option held by Reliant Resources to purchase our 81% ownership interest in Texas

Genco. The purchase price under the option will be based on market prices during the 120 trading days ending on January 9, 2004, but under the filing schedule prescribed by the Texas Utility Commission, the value of that ownership interest for the stranded cost determination will be based on market prices during the 120 trading days ending on March 30, 2004. If Reliant Resources exercises its option at a lower price than the market value used by the Texas Utility Commission, we would be unable to recover the difference.

It is not clear whether Reliant Resources will exercise its option to purchase the common stock of Texas Genco that CenterPoint Energy owns. If Reliant Resources does not exercise its option, CenterPoint Energy will have to pursue an alternative strategy to monetize Texas Genco. CenterPoint Energy may not be able to monetize its interest in Texas Genco under any alternative strategy on terms as favorable as those provided by the Reliant Resources option or as quickly as under the option. In addition, delays in monetization may increase the risk that the value of the ownership interest used in the stranded cost determination, which is to be based on market prices for Texas Genco common stock during the 120 trading days ending on March 30, 2004, will be higher than the proceeds received in the monetization process.

OUR RECEIVABLES ARE CONCENTRATED IN A SMALL NUMBER OF RETAIL ELECTRIC PROVIDERS.

Our receivables from the distribution of electricity are collected from retail electric providers that supply the electricity we distribute to their customers. Currently, we do business with approximately 31 retail electric providers. Adverse economic conditions, structural problems in the new ERCOT market or financial difficulties of one or more retail electric providers could impair the ability of these retail providers to pay for our services or could cause them to delay such payments. We depend on these retail electric providers to remit payments timely to us. Any delay or default in payment could adversely affect our cash flows, financial condition and results of operations. Approximately 78% of our $119 million in receivables from retail electric providers at June 30, 2003 was owed by subsidiaries of Reliant Resources. Our financial condition may be adversely affected if Reliant Resources is unable to meet these obligations. Reliant Resources, through its subsidiaries, is our largest customer. Pursuant to the Texas electric restructuring law, Reliant Resources may be obligated to make a large "price to beat" clawback payment to us in 2004. We expect the clawback, if any, to be applied against any stranded cost recovery to which we are entitled or, if no stranded costs are recoverable, to be refunded to retail electric providers.

RATE REGULATION OF OUR BUSINESS MAY DELAY OR DENY OUR FULL RECOVERY OF OUR COSTS.

Our rates are regulated by certain municipalities and the Texas Utility Commission based on an analysis of our invested capital and expenses incurred in a test year. Thus, the rates we are allowed to charge may not match our expenses at any given time. While rate regulation in Texas is premised on providing a reasonable opportunity to recover reasonable and necessary operating expenses and to earn a reasonable return on our invested capital, there can be no assurance that the Texas Utility Commission will judge all of our costs to be reasonable or necessary or that the regulatory process in which rates are determined will always result in rates that will produce full recovery of our costs.

DISRUPTIONS AT POWER GENERATION FACILITIES OWNED BY THIRD PARTIES COULD INTERRUPT OUR SALES OF TRANSMISSION AND DISTRIBUTION SERVICES.

We depend on power generation facilities owned by third parties to provide retail electric providers with electric power which we transmit and distribute to our customers. We do not own or operate any power generation facilities. If power generation is disrupted or if power generation capacity is inadequate, our services may be interrupted, and our results of operations, financial condition and cash flows may be adversely affected.

OUR REVENUES AND RESULTS OF OPERATIONS ARE SEASONAL.

A portion of our revenues is derived from rates that we collect from each retail electric provider based on the amount of electricity we distribute on behalf of each retail electric provider. Thus, our revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity usage, with revenues being higher during the warmer months.

RISK FACTORS ASSOCIATED WITH OUR FINANCIAL CONDITION

IF WE ARE UNABLE TO ARRANGE FUTURE FINANCINGS ON ACCEPTABLE TERMS, OUR ABILITY TO FUND FUTURE CAPITAL EXPENDITURES AND REFINANCE EXISTING INDEBTEDNESS COULD BE LIMITED.

As of June 30, 2003, we had $3.7 billion of outstanding indebtedness, including approximately $17 million of debt that must be refinanced in 2003. In addition, the capital constraints and other factors currently impacting our business may require our future indebtedness to include terms that are more restrictive or burdensome than those of our current indebtedness. These terms may negatively impact our ability to operate our business or adversely affect our financial condition and results of operations. The success of our future financing efforts may depend, at least in part, on:

- general economic and capital market conditions;

- credit availability from financial institutions and other lenders;

- investor confidence in us and the market in which we operate;

- maintenance of acceptable credit ratings by us and by CenterPoint Energy;

- market expectations regarding our future earnings and probable cash flows;

- market perceptions of our ability to access capital markets on reasonable terms;

- our exposure to Reliant Resources as our customer and in connection with Reliant Resources' indemnification obligations arising in connection with its separation from CenterPoint Energy;

- provisions of relevant tax and securities laws; and

- our ability to obtain approval of financing transactions under the 1935 Act.

As of the date of this prospectus, we have $3.1 billion principal amount of general mortgage bonds outstanding. We may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. Although approximately $380 million (after taking into account the issuance of $300 million aggregate principal amount of general mortgage bonds on September 9, 2003) of additional general mortgage bonds could be issued on the basis of retired bonds and property additions existing as of June 30, 2003, we have agreed under the $1.3 billion collateralized term loan maturing in 2005, as amended, to not issue, subject to certain exceptions including prior approval, any incremental secured debt in excess of $200 million. In addition, we are contractually prohibited, subject to certain exceptions, from issuing additional first mortgage bonds, whether or not incremental.

Our current credit ratings are discussed in "Management's Narrative Analysis of Results of Operations of CenterPoint Energy Houston Electric, LLC and Subsidiaries -- Liquidity -- Impact on Liquidity of a Downgrade in Credit Ratings" in Item 2 of Part I of our Second Quarter 2003 Form 10-Q. We cannot assure you that these credit ratings will remain in effect for any given period of time or that one or more of these ratings will not be lowered or withdrawn entirely by a rating agency. We note that these credit ratings are not recommendations to buy, sell or hold our securities. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of our credit ratings could have a material adverse impact on our ability to access capital on acceptable terms.

AN INCREASE IN SHORT-TERM INTEREST RATES COULD ADVERSELY AFFECT OUR CASH FLOWS.

As of June 30, 2003, we had $1.5 billion of outstanding floating-rate debt owed to third parties. Because of capital constraints impacting our business at the time $1.3 billion of this floating-rate debt was entered into, the interest rates are substantially above our historical borrowing rates. In addition, any floating-rate debt issued by us in the future could be at interest rates substantially above our historical borrowing rates. While we may seek to use interest rate swaps in order to hedge portions of our floating-rate debt, we may not be successful in obtaining hedges on acceptable terms. Any increase in short-term interest rates would result in higher interest costs and could adversely affect our results of operations, financial condition and cash flows.

THE FINANCIAL CONDITION AND LIQUIDITY OF OUR PARENT COMPANY COULD AFFECT OUR ACCESS TO CAPITAL, OUR CREDIT STANDING AND OUR FINANCIAL CONDITION.

Our ratings and credit may be impacted by CenterPoint Energy's credit standing. CenterPoint Energy and its subsidiaries other than us have approximately $157 million of debt required to be paid in 2003. This amount excludes amounts related to capital leases, securitization debt and indexed debt securities obligations. We cannot assure you that CenterPoint Energy and its other subsidiaries will be able to pay or refinance these amounts. If CenterPoint Energy were to experience a deterioration in its credit standing or liquidity difficulties, our access to credit and our ratings could be adversely affected and the repayment of a note receivable from CenterPoint Energy in the amount of $815 million as of June 30, 2003 could be adversely affected.

WE ARE A WHOLLY OWNED SUBSIDIARY OF CENTERPOINT ENERGY. CENTERPOINT ENERGY CAN EXERCISE SUBSTANTIAL CONTROL OVER OUR BUSINESS AND OPERATIONS AND COULD DO SO IN A MANNER THAT IS ADVERSE TO OUR INTERESTS.

We are managed by officers and employees of CenterPoint Energy. Our management will make determinations with respect to the following:

- decisions on our financings and our capital raising activities;
- mergers or other business combinations; and
- our acquisition or disposition of assets.

There are no contractual restrictions on our ability to pay dividends to CenterPoint Energy. Our management could decide to increase our dividends to CenterPoint Energy to support its cash needs. This could adversely affect our liquidity. Under the 1935 Act, our ability to pay dividends is restricted by the SEC's requirement that common equity as a percentage of total capitalization must be at least 30% after the payment of any dividend.

OTHER RISKS

WE COULD INCUR LIABILITIES ASSOCIATED WITH BUSINESSES AND ASSETS WE HAVE TRANSFERRED TO OTHERS.

Under some circumstances, we could incur liabilities associated with assets and businesses we no longer own. These assets and businesses were previously owned by Reliant Energy directly or through subsidiaries and include:

- those transferred to Reliant Resources or its subsidiaries in connection with the organization and capitalization of Reliant Resources prior to its initial public offering in 2001;
- those transferred to Texas Genco in connection with its organization and capitalization; and
- those transferred to CenterPoint Energy in connection with the Restructuring.

In connection with the organization and capitalization of Reliant Resources, Reliant Resources and its subsidiaries assumed liabilities associated with various assets and businesses Reliant Energy transferred to them. Reliant Resources also agreed to indemnify, and cause the applicable transferee subsidiaries to

indemnify, CenterPoint Energy and its subsidiaries, including us, with respect to liabilities associated with the transferred assets and businesses. The indemnity provisions were intended to place sole financial responsibility on Reliant Resources and its subsidiaries for all liabilities associated with the current and historical businesses and operations of Reliant Resources, regardless of the time those liabilities arose. If Reliant Resources is unable to satisfy a liability that has been so assumed in circumstances in which Reliant Energy has not been released from the liability in connection with the transfer, we could be responsible for satisfying the liability.

Reliant Resources reported in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 that as of June 30, 2003 it had $7.7 billion of total debt and its unsecured debt ratings are currently below investment grade. If Reliant Resources is unable to meet its obligations, it would need to consider, among various options, restructuring under the bankruptcy laws, in which event Reliant Resources might not honor its indemnification obligations and claims by Reliant Resources' creditors might be made against us as its former owner.

Reliant Energy and Reliant Resources are named as defendants in a number of lawsuits arising out of power sales in California and other West Coast markets and financial reporting matters. Although these matters relate to the business and operations of Reliant Resources, claims against Reliant Energy have been made on grounds that include the effect of Reliant Resources' financial results on Reliant Energy's historical financial statements and liability of Reliant Energy as a controlling shareholder of Reliant Resources. We could incur liability if claims in one or more of these lawsuits were successfully asserted against us and indemnification from Reliant Resources were determined to be unavailable or if Reliant Resources were unable to satisfy indemnification obligations owed to us with respect to those claims.

In connection with the organization and capitalization of Texas Genco, Texas Genco assumed liabilities associated with the electric generation assets Reliant Energy transferred to it. Texas Genco also agreed to indemnify, and cause the applicable transferee subsidiaries to indemnify, CenterPoint Energy and its subsidiaries, including us, with respect to liabilities associated with the transferred assets and businesses. In many cases the liabilities assumed were held by us and we were not released by third parties from these liabilities. The indemnity provisions were intended generally to place sole financial responsibility on Texas Genco and its subsidiaries for all liabilities associated with the current and historical businesses and operations of Texas Genco, regardless of the time those liabilities arose. If Texas Genco were unable to satisfy a liability that had been so assumed or indemnified against, and provided Reliant Energy had not been released from the liability in connection with the transfer, we could be responsible for satisfying the liability.

IF THE ERCOT MARKET DOES NOT FUNCTION IN THE MANNER CONTEMPLATED BY THE TEXAS ELECTRIC RESTRUCTURING LAW, OUR BUSINESS, PROSPECTS, RESULTS OF OPERATIONS, FINANCIAL CONDITION AND CASH FLOWS COULD BE ADVERSELY IMPACTED.

The competitive electric market in Texas became fully operational in January 2002, and none of the Texas Utility Commission, ERCOT, other market participants or us has any significant operating history under the market framework created by the Texas electric restructuring law. The initiatives under the Texas electric restructuring law have had a significant impact on the nature of the electric power industry in Texas and the manner in which participants in the ERCOT market conduct their business. These changes are ongoing, and we cannot predict the future development of the ERCOT market or the ultimate effect that this changing regulatory environment will have on our business.

Some restructured markets in other states have experienced supply problems and extreme price volatility. If the ERCOT market does not function as intended by the Texas electric restructuring law, our results of operations, financial condition and cash flows could be adversely affected. In addition, any market failures could lead to revisions or reinterpretations of the Texas electric restructuring law, the adoption of new laws and regulations applicable to us or our facilities and other future changes in laws and regulations that may have a detrimental effect on our business.

WE, AS A SUBSIDIARY OF CENTERPOINT ENERGY, A PUBLIC UTILITY HOLDING COMPANY, ARE SUBJECT TO REGULATION UNDER THE 1935 ACT. THE 1935 ACT AND RELATED RULES AND REGULATIONS IMPOSE A NUMBER OF RESTRICTIONS ON OUR ACTIVITIES.

CenterPoint Energy and its subsidiaries, including us, are subject to regulation by the SEC under the 1935 Act. The 1935 Act, among other things, limits the ability of a holding company and its subsidiaries to issue debt and equity securities without prior authorization, restricts the source of dividend payments to funds from current and retained earnings without prior authorization, regulates sales and acquisitions of certain assets and businesses and governs affiliate transactions.

The Orders relating to financing activities are effective until June 30, 2005. Although authorized levels of financing, together with current levels of liquidity, are believed to be adequate during the period the order is effective, unforeseen events could result in capital needs in excess of authorized amounts, necessitating further authorization from the SEC. Approval of filings under the 1935 Act can take extended periods.

The United States Congress is currently considering legislation which has a provision that would repeal the 1935 Act. We cannot predict at this time whether this legislation or any variation thereof will be adopted or, if adopted, the effect of any such law on our business.

WE DO NOT MAINTAIN INSURANCE COVERAGE ON OUR TRANSMISSION AND DISTRIBUTION SYSTEM. INSUFFICIENT INSURANCE COVERAGE AND INCREASED INSURANCE COSTS COULD ADVERSELY IMPACT OUR RESULTS OF OPERATIONS, FINANCIAL CONDITION AND CASH FLOWS.

In common with other companies in our line of business that serve coastal regions, we do not have insurance covering our transmission and distribution system because we believe it to be cost prohibitive. If we were to sustain any loss of or damage to our transmission and distribution properties, we would be entitled to seek to recover such loss or damage through a change in our regulated rates, although there is no assurance that we would ultimately obtain any such rate recovery or that any such rate recovery would be timely granted. Therefore, we cannot assure you that we will be able to restore any loss of or damage to any of our transmission and distribution properties without negative impact on our results of operations, financial condition and cash flows.

TECHNOLOGICAL CHANGE MAY MAKE ALTERNATIVE ENERGY SOURCES MORE ATTRACTIVE AND MAY ADVERSELY AFFECT OUR REVENUES AND RESULTS OF OPERATIONS.

The continuous process of technological development may result in the introduction to retail customers of economically attractive alternatives to purchasing electricity through our distribution facilities. Manufacturers of self-generation facilities continue to develop smaller-scale, more-fuel-efficient generating units that can be cost-effective options for some retail customers with smaller electric energy requirements. Any reduction in the amount of electric energy we distribute as a result of these technologies may have an adverse impact on our results of operations, financial condition and cash flows in the future.

OUR REVENUES AND RESULTS OF OPERATIONS ARE SUBJECT TO RISKS THAT ARE BEYOND OUR CONTROL, INCLUDING BUT NOT LIMITED TO FUTURE TERRORIST ATTACKS OR RELATED ACTS OF WAR.

The cost of repairing damage to our facilities due to storms, natural disasters, wars, terrorist acts and other catastrophic events, in excess of reserves established for such repairs, may adversely impact our results of operations, financial condition and cash flows. The occurrence or risk of occurrence of future terrorist activity may impact our results of operations, financial condition and cash flows in unpredictable ways. These actions could also result in adverse changes in the insurance markets and disruptions of power and fuel markets. In addition, our transmission and distribution facilities could be directly or indirectly harmed by future terrorist activity. The occurrence or risk of occurrence of future terrorist attacks or related acts of war could also adversely affect the United States economy. A lower level of economic activity could result in a decline in energy consumption, which could adversely affect our revenues and

margins and limit our future growth prospects. Also, these risks could cause instability in the financial markets and adversely affect our ability to access capital.

RISKS RELATED TO THE EXCHANGE BONDS

WE CANNOT ASSURE YOU THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE EXCHANGE BONDS.

The exchange bonds will be new securities for which currently there is no established trading market. The Series K exchange bonds have been accepted for listing on the New York Stock Exchange. We cannot assure you that a trading market will develop for each series of exchange bonds not listed. Even if a market for each series of exchange bonds does develop, and with respect to the Series K exchange bonds, we cannot assure you that there will be liquidity in that market or that each series of exchange bonds might not trade for less than their original value or face amount. If a liquid market for each series of exchange bonds does not develop, you may be unable to resell such exchange bonds for a long period of time, if at all. This means you may not be able to readily convert your exchange bonds into cash, and the exchange bonds may not be accepted as collateral for a loan.

Even if a market for each series of exchange bonds develops, trading prices could be higher or lower than the initial offering prices. The prices of each series of exchange bonds will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. Declines in the market prices for debt securities generally may also materially and adversely affect the liquidity of each series of exchange bonds, independent of our financial performance.

THE INDENTURE LIMITS THE ABILITY OF SECURITY HOLDERS TO BRING SUIT, WAIVE DEFAULTS AND AMEND THE INDENTURE.

The indenture under which the exchange bonds will be issued provides that the consent of holders of certain minimum percentages of the aggregate principal amount of exchange bonds and additional general mortgage bonds outstanding under the indenture is required to waive certain defaults, bring suit and, with exceptions, amend the indenture. Your consent to such actions will not be effective unless consents are received from the holders of the required minimum amount of such exchange bonds and other general mortgage bonds. Further, even if you do not consent to such actions, those actions may still be taken if consented to by the holders of the required minimum amount of such exchange bonds and other general mortgage bonds.

The indenture provides that the trustee or the holders of 33% or more in aggregate principal amount of exchange bonds and additional general mortgage bonds outstanding under the indenture may declare the principal amount of the exchange bonds and additional general mortgage bonds to be due and payable immediately, if an event of default shall occur and be continuing.

PRIVATE PLACEMENT

We issued $450,000,000 principal amount of the Series J outstanding bonds and $312,275,000 principal amount of Series K outstanding bonds on March 18, 2003, $200,000,000 principal amount of the Series L outstanding bonds on May 23, 2003 and $300,000,000 principal amount of the Series M outstanding bonds on September 9, 2003 to the initial purchasers of those respective series of outstanding bonds and received proceeds, after deducting the discount to the initial purchasers, equal to 98.982%, 98.552%, 98.960% and 99.104% of the respective principal amounts. We issued each series of outstanding bonds to the initial purchasers in transactions exempt from or not subject to registration under the Securities Act of 1933. The initial purchasers then offered and resold the outstanding bonds to qualified institutional buyers or non-U.S. persons in compliance with Regulation S under the Securities Act of 1933 initially at the following prices:

- 99.632% of the principal amount of the Series J outstanding bonds;

- 99.427% of the principal amount of the Series K outstanding bonds;

- 99.835% of the principal amount of the Series L outstanding bonds; and

- 99.754% of the principal amount of the Series M outstanding bonds.

We received net proceeds, after deducting discounts, commissions, and other expenses of the offering of the outstanding bonds payable by us, of $753,172,258 from the offering and sale of the Series J outstanding bonds and Series K outstanding bonds, $197,920,000 from the offering and sale of the Series L outstanding bonds and $297,312,000 from the offering and sale of the Series M outstanding bonds.

The net proceeds from the offering of the Series J outstanding bonds and the Series K outstanding bonds were used to:

- deposit $150 million with the trustee of CenterPoint Energy's medium-term notes to repay at maturity all outstanding medium-term notes. Upon such deposit, the trustee released to us for cancellation $150 million of our first mortgage bonds that were being held as security for the medium-term notes. The use of such deposited cash to repay the medium-term notes at maturity were deemed to repay in full all amounts outstanding under a $150 million intercompany note to CenterPoint Energy that matured in April 2003 and bore interest at a rate of 6.5% per annum;

- optionally redeem all of our $62.3 million principal amount of 8.75% first mortgage bonds due March 1, 2022, plus pay a $2.2 million redemption premium;

- optionally redeem all of our $250 million principal amount of 7.75% first mortgage bonds due March 15, 2023, plus pay a $9.4 million redemption premium; and

- repay to CenterPoint Energy $278.6 million of outstanding principal under a long term note bearing interest at a rate of 5.9% and maturing on January 1, 2028.

The net proceeds from the offering of the Series L outstanding bonds were used, together with other funds, to optionally redeem all of our $200 million principal amount of 7.50% first mortgage bonds due July 1, 2023, plus pay a $7.0 million redemption premium.

The net proceeds from the offering of the Series M outstanding bonds were used to:

- repay to CenterPoint Energy $257.5 million of outstanding principal under a long term note bearing interest at a rate of 5.9% and maturing on January 1, 2028; and

- repay to certain of our affiliates $39.8 million of money pool borrowings bearing interest at a rate of approximately 6.2%.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange bonds. In consideration for issuing the exchange bonds, we will receive in exchange a like principal amount of outstanding bonds. The outstanding bonds surrendered in exchange for the exchange bonds will be retired and canceled and cannot be reissued. Accordingly, issuance of the exchange bonds will not result in any change in our capitalization.

CAPITALIZATION

The following table sets forth our short-term debt and capitalization as of June 30, 2003: (1) on an actual basis; and (2) on an as adjusted basis, after giving effect to the issuance on September 9, 2003 of $300,000,000 principal amount of 5.75% General Mortgage Bonds, Series M, due 2014 and the use of the net proceeds therefrom as if these transactions had occurred as of June 30, 2003. This table should be read in conjunction with our consolidated financial statements and related notes thereto and "Management's Narrative Analysis of Results of Operations" included in Exhibits 99.2 and 99.1, respectively, of our May 16, 2003 Form 8-K that is incorporated by reference in this prospectus, and the unaudited financial statements and related notes thereto and "Management's Narrative Analysis of Results of Operations of CenterPoint Energy Houston Electric, LLC and Subsidiaries" included in our Second Quarter 2003 Form 10-Q that is incorporated by reference in this prospectus.

	JUNE 30, 2003		
	ACTUAL	AS ADJUSTED	%
	(IN MILLIONS)		
Short-Term Debt:			
Short-Term Borrowings from Money Pool	$ 190	$ 150	2.3%
Current Portion of Notes Payable -- Affiliated Companies, net	17	17	0.3
Current Portion of Transition Bonds	26	26	0.4
Total Short-Term Debt	233	193	3.0
Long-Term Debt:			
Term Loan	1,310	1,310	20.3
First Mortgage Bonds	102	102	1.6
General Mortgage Bonds	961	1,260	19.5
Transition Bonds	703	703	10.9
Notes Payable -- Affiliated Companies, net	637	380	5.9
Total Long-Term Debt	3,713	3,755	58.2
Total Debt	3,946	3,948	61.2
Member's Equity	2,504	2,504	38.8
Total Capitalization and Short-Term Debt	$6,450	$6,452	100%

THE EXCHANGE OFFER

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

In connection with the sale of each series of outstanding bonds, we entered into a registration rights agreement with the initial purchasers of such series of outstanding bonds. In each such agreement, we agreed to file a registration statement relating to an offer to exchange each series of outstanding bonds for the exchange bonds of that series. We also agreed to use our reasonable commercial efforts to complete the exchange offer within 315 days after the date of issuance of each series of outstanding bonds. We are offering the exchange bonds under this prospectus in an exchange offer for the outstanding bonds to satisfy our obligations under the registration rights agreements. We refer to our offer to exchange the exchange bonds for the outstanding bonds as the "exchange offer."

The exchange offer consists of separate, independent offers for each series of outstanding bonds. The exchange bonds of a series will have terms substantially identical to the outstanding bonds of that series, except that the exchange bonds will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations under the relevant registration rights agreement. The exchange bonds of a series will vote together with the outstanding bonds of that series not exchanged on all matters on which holders of the outstanding bonds and exchange bonds of such series are entitled to vote. The Series K and Series J outstanding bonds were issued on March 18, 2003, the Series L outstanding bonds were issued on May 23, 2003 and the Series M outstanding bonds were issued on September 9, 2003.

RESALE OF EXCHANGE BONDS

Based on interpretations of the SEC staff in "no-action letters" to third parties, we believe that each exchange bond issued in the exchange offer may be offered for resale, resold and transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933 if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act of 1933;

- you acquire such exchange bonds in the ordinary course of your business; and

- you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of exchange bonds.

The SEC has not, however, considered the legality of our exchange offer in the context of a "no-action letter," and there can be no assurance that the staff of the SEC would make a similar determination with respect to our exchange bonds as it has in other interpretations to other parties.

If you tender your outstanding bonds with the intention of participating in any manner in a distribution of the exchange bonds, you:

- cannot rely on the interpretations of the SEC staff; and

- must comply with the registration and prospectus delivery requirements of the Securities Act of 1933 in connection with a secondary resale transaction of the outstanding bonds.

Unless an exemption from registration is otherwise available, the resale by any bondholder intending to distribute exchange bonds should be covered by an effective registration statement under the Securities Act of 1933 containing the selling bondholder's information required by Item 507 or Item 508, as applicable, of Regulation S-K under the Securities Act of 1933. This prospectus may be used for an offer to resell, resale or other retransfer of exchange bonds only as specifically described in this prospectus. Failure to comply with the registration and prospectus delivery requirements by a holder subject to these

requirements should result in that holder incurring liability for which it is not indemnified by us. With respect to broker-dealers, only those that acquired the outstanding bonds for their own account as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange bonds for its own account in exchange for outstanding bonds, where such outstanding bonds were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange bonds. Please read "Plan of Distribution."

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any outstanding bonds of a series properly tendered and not withdrawn prior to the expiration date of the exchange offer for exchange bonds of that series. We will issue $1,000 principal amount of exchange bonds of the relevant series in exchange for each $1,000 principal amount of similar outstanding bonds surrendered under the exchange offer. Outstanding bonds may be tendered only in integral multiples of $1,000.

The exchange offer for outstanding bonds of each series is not conditioned upon any minimum aggregate principal amount of outstanding bonds being tendered for exchange or upon the consummation of the exchange offer for outstanding bonds of any other series.

As of the date of this prospectus, there is approximately $1.3 billion principal amount of outstanding bonds. This prospectus and the letter of transmittal are being sent to all registered holders of outstanding bonds. There will be no fixed record date for determining registered holders of outstanding bonds entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreements, the applicable requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Outstanding bonds that are not tendered for exchange in the exchange offer:

- will remain outstanding;
- will continue to accrue interest; and
- will be entitled to the rights and benefits that holders have under the indenture and, if applicable, the relevant registration rights agreement.

However, these outstanding bonds will not be freely tradable. Except as specified in the registration rights agreements, we are not obligated to, nor do we currently anticipate that we will register the outstanding bonds under the Securities Act of 1933. Please read "-- Consequences of Failure to Exchange" below.

We will be deemed to have accepted for exchange properly tendered outstanding bonds when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the relevant registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange bonds from us.

If you tender outstanding bonds in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding bonds. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read "-- Fees and Expenses" for more details about fees and expenses incurred in the exchange offer.

We will return any outstanding bonds that we do not accept for exchange for any reason without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

EXPIRATION DATE

The Exchange Offer for outstanding bonds of each series will expire at 5:00 p.m., New York City time, on , 2003, unless in our sole discretion we extend it.

EXTENSIONS, DELAY IN ACCEPTANCE, TERMINATION OR AMENDMENT

We expressly reserve the right, at any time or from time to time, at our discretion, to extend the period of time during which the exchange offer for any series of outstanding bonds is open. We may extend that period for each series independently. We may delay acceptance for exchange of any outstanding bonds of a series by giving oral or written notice of the extension to their holders. During any such extensions, all outstanding bonds of that series you have previously tendered will remain subject to the exchange offer for that series, and we may accept them for exchange.

To extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We also will make a public announcement of the extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

If any of the conditions described below under "-- Conditions to the Exchange Offer" has not been satisfied with respect to the exchange offer for any series of outstanding bonds, we reserve the right, in our sole discretion:

- to delay accepting for exchange any outstanding bonds of that series;

- to extend the exchange offer for that series; or

- to terminate the exchange offer for that series.

We will give oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreements, we also reserve the right to amend the terms of the exchange offer for any series in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of outstanding bonds of the series affected. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose that amendment by means of a prospectus supplement. We will distribute the supplement to the registered holders of the outstanding bonds of the series affected. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we will extend the exchange offer if the exchange offer would otherwise expire during such period.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

CONDITIONS TO THE EXCHANGE OFFER

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any exchange bonds of a series for, any outstanding bonds of that series, and we may terminate the exchange offer for that series as provided in this prospectus before accepting any outstanding bonds of that series for exchange, if in our reasonable judgment:

- the exchange offer for that series, or the making of any exchange by a holder of outstanding bonds of that series, would violate any applicable law or any applicable interpretation of the staff of the SEC; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer for that series that, in our judgment, would reasonably be expected to impair our ability to proceed with that exchange offer.

In addition, we will not be obligated to accept for exchange the outstanding bonds of any holder that has not made to us:

- the representations described under "-- Procedures for Tendering" and "Plan of Distribution" and in the letter of transmittal; and

- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registering the exchange bonds under the Securities Act of 1933.

We expressly reserve the right to amend or terminate the exchange offer for any series of outstanding bonds, and to reject for exchange any outstanding bonds not previously accepted for exchange in that exchange offer, upon the occurrence of any of the conditions to that exchange offer specified above. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the outstanding bonds of the series affected as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. Our failure at any time to exercise any of these rights will not mean that we have waived our rights. Each right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any outstanding bonds tendered, and will not issue exchange bonds in exchange for any such outstanding bonds, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus forms a part or the qualification of the indenture relating to the exchange bonds under the Trust Indenture Act of 1939.

PROCEDURES FOR TENDERING

HOW TO TENDER GENERALLY

Only a holder of outstanding bonds may tender such outstanding bonds in the exchange offer. To tender in the exchange offer, a holder must either (1) comply with the procedures for physical tender or (2) comply with the automated tender offer program procedures of The Depository Trust Company, or DTC, described below.

To complete a physical tender, a holder must:

- complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal;

- have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires;

- mail or deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date; and

- deliver the outstanding bonds to the exchange agent prior to the expiration date or comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at its address provided above under "Prospectus Summary -- The Exchange Agent" prior to the expiration date.

To complete a tender through DTC's automated tender offer program, the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such outstanding bonds into the exchange agent's account at DTC according to the procedure for book-entry transfer described below or a properly transmitted agent's message.

The tender by a holder that is not withdrawn prior to the expiration date and our acceptance of that tender will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

THE METHOD OF DELIVERY OF OUTSTANDING BONDS, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT YOUR ELECTION AND RISK. RATHER THAN MAIL THESE ITEMS, WE RECOMMEND THAT YOU USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ASSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. YOU SHOULD NOT SEND THE LETTER OF TRANSMITTAL OR OUTSTANDING BONDS TO US. YOU MAY REQUEST YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE TO EFFECT THE ABOVE TRANSACTIONS FOR YOU.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the outstanding bonds at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution participating in DTC's system may make book-entry delivery of outstanding bonds by causing DTC to transfer such outstanding bonds into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. If you are unable to deliver confirmation of the book-entry tender of your outstanding bonds into the exchange agent's account at DTC or all other documents required by the letter of transmittal to the exchange agent on or prior to the expiration date, you must tender your outstanding bonds according to the guaranteed delivery procedures described below.

TENDERING THROUGH DTC'S AUTOMATED TENDER OFFER PROGRAM

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's automated tender offer program to tender its outstanding bonds. Accordingly, participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the outstanding bonds to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent's message to the exchange agent.

An "agent's message" is a message transmitted by DTC to and received by the exchange agent and forming part of the book-entry confirmation, stating that:

- DTC has received an express acknowledgment from a participant in DTC's automated tender offer program that is tendering outstanding bonds that are the subject of such book-entry confirmation;

- the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent's message relating to guaranteed delivery, the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and

- we may enforce the agreement against such participant.

HOW TO TENDER IF YOU ARE A BENEFICIAL OWNER

If you beneficially own outstanding bonds that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those outstanding bonds, you should contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf. If you are a beneficial owner and wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding bonds, either:

- make appropriate arrangements to register ownership of the outstanding bonds in your name; or

- obtain a properly completed bond power from the registered holder of your outstanding bonds.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

SIGNATURES AND SIGNATURE GUARANTEES

You must have signatures on a letter of transmittal or a notice of withdrawal described below under "-- Withdrawal of Tenders" guaranteed by an eligible institution unless the outstanding bonds are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal and the exchange bonds are being issued directly to the registered holder of the outstanding bonds tendered in the exchange offer for those exchange bonds; or

- for the account of an eligible institution.

An "eligible institution" is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, in each case, that is a member of one of the recognized signature guarantee programs identified in the letter of transmittal.

WHEN ENDORSEMENTS OR BOND POWERS ARE NEEDED

If a person other than the registered holder of any outstanding bonds signs the letter of transmittal, the outstanding bonds must be endorsed or accompanied by a properly completed bond power. The registered holder must sign the bond power as the registered holder's name appears on the outstanding bonds. An eligible institution must guarantee that signature.

If the letter of transmittal or any outstanding bonds or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, or officers or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, they also must submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

DETERMINATIONS UNDER THE EXCHANGE OFFER

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered outstanding bonds and withdrawal of tendered outstanding bonds. Our determination will be final and binding. We reserve the absolute right to reject any outstanding bonds not properly tendered or any outstanding bonds our acceptance of which, in the opinion of our counsel, might be unlawful. We also reserve the right to waive any defects, irregularities or conditions of the exchange offer as to particular outstanding bonds. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of outstanding bonds must be cured within such time as we determine. Neither we, the exchange agent nor any other person will be under any duty to give notification of defects or irregularities with respect to tenders of outstanding bonds, nor will we or those persons incur any liability for failure to give such notification. Tenders of outstanding bonds will not be deemed made until such defects or irregularities have been cured or waived. Any outstanding bonds received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

WHEN WE WILL ISSUE EXCHANGE BONDS

In all cases, we will issue exchange bonds of the relevant series for similar outstanding bonds that we have accepted for exchange in the exchange offer only after the exchange agent timely receives:

- such outstanding bonds or a timely book-entry confirmation of transfer of such outstanding bonds into the exchange agent's account at DTC; and

- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

RETURN OF OUTSTANDING BONDS NOT ACCEPTED OR EXCHANGED

If we do not accept any tendered outstanding bonds of a series for exchange for any reason described in the terms and conditions of the exchange offer or if outstanding bonds are submitted for a greater principal amount than the holder desires to exchange, we will return the unaccepted or non-exchanged outstanding bonds without expense to their tendering holder. In the case of outstanding bonds tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described below, such non-exchanged outstanding bonds will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

YOUR REPRESENTATIONS TO US

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange bonds received are being acquired in the ordinary course of your business;

- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act of 1933) of the outstanding bonds or the exchange bonds;

- you are not our "affiliate," as defined in Rule 405 of the Securities Act of 1933, or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act of 1933 to the extent applicable;

- if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, a distribution of the exchange bonds;

- if you are a broker-dealer, you are not tendering outstanding bonds acquired directly from us or one of our affiliates;

- if you are a broker-dealer, you will receive the exchange bonds for your own account in exchange for outstanding bonds that you acquired as a result of market-making activities or other trading activities, and you will deliver a prospectus in connection with any resale of such exchange bonds; and

- you are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

GUARANTEED DELIVERY PROCEDURES

If you wish to tender your outstanding bonds but they are not immediately available or if you cannot deliver your outstanding bonds, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's automated tender offer program prior to the expiration date, you may tender if:

- the tender is made through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution (any of such entities referred to herein as an "eligible institution");

- prior to the expiration date, the exchange agent receives from such eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent's message and notice of guaranteed delivery:

  - stating your name and address, the registered number(s) of your outstanding bonds and the principal amount of outstanding bonds tendered;

- stating that the tender is being made thereby; and

- guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof or agent's message in lieu thereof, together with the outstanding bonds or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by such eligible institution with the exchange agent; and

- the exchange agent receives such properly completed and executed letter of transmittal or facsimile or agent's message, as well as all tendered outstanding bonds in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

If you wish to tender outstanding bonds pursuant to the guaranteed delivery procedures described in the letter of transmittal, you must ensure that the exchange agent receives the notice of guaranteed delivery prior to 5:00 p.m., New York City time, on the applicable expiration date. Upon request to the exchange agent, the exchange agent will send a notice of guaranteed delivery to you if you wish to tender your outstanding bonds according to the guaranteed delivery procedures described above.

WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal at one of the addresses listed above under "Prospectus Summary -- The Exchange Agent;" or

- the withdrawing holder must comply with the appropriate procedures of DTC's automated tender offer program.

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding bonds to be withdrawn;

- identify the outstanding bonds to be withdrawn, including the registration number or numbers and the principal amount of such outstanding bonds;

- be signed by the person who tendered the outstanding bonds in the same manner as the original signature on the letter of transmittal used to deposit those outstanding bonds or be accompanied by documents of transfer sufficient to permit the trustee to register the transfer in the name of the person withdrawing the tender; and

- specify the name in which such outstanding bonds are to be registered, if different from that of the person who tendered the outstanding bonds.

If outstanding bonds have been tendered under the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn outstanding bonds and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal, and our determination shall be final and binding on all parties. We will deem any outstanding bonds so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any outstanding bonds that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of outstanding bonds tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described above, such outstanding bonds will be credited to an account maintained with DTC for the outstanding bonds. This return or crediting will take place as soon as practicable after withdrawal. You may retender properly withdrawn outstanding bonds by following one of the procedures described under "-- Procedures for Tendering" above at any time on or prior to 5:00 p.m., New York City time, on the expiration date.

FEES AND EXPENSES

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by facsimile, email, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the outstanding bonds and in handling or forwarding tenders for exchange.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

- SEC registration fees for the exchange bonds;

- fees and expenses of the exchange agent and trustee;

- accounting and legal fees;

- printing costs; and

- related fees and expenses.

TRANSFER TAXES

If you tender your outstanding bonds for exchange, you will not be required to pay any transfer taxes. We will pay or cause to be paid all transfer taxes, if any, applicable to the exchange of outstanding bonds in the exchange offer. The tendering holder will, however, be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing exchange bonds or outstanding bonds for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of outstanding bonds tendered;

- tendered outstanding bonds are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of outstanding bonds for exchange bonds in the exchange offer.

If satisfactory evidence of payment of any transfer taxes payable by a tendering holder is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to that tendering holder. The exchange agent will retain possession of exchange bonds with a face amount equal to the amount of the transfer taxes due until it receives payment of the taxes.

CONSEQUENCES OF FAILURE TO EXCHANGE

If you do not exchange your outstanding bonds for exchange bonds in the exchange offer, or if you tender your outstanding bonds but subsequently withdraw them, you will remain subject to the existing restrictions on transfer of the outstanding bonds. In general, you may not offer or sell the outstanding bonds unless either the offer and sale is registered under the Securities Act of 1933 or the offer or sale is exempt from or not subject to registration under the Securities Act of 1933 and applicable state securities laws. Except as required by the registration rights agreements, we do not intend to register resales of the outstanding bonds under the Securities Act of 1933.

The tender of outstanding bonds of a series in the exchange offer will reduce the outstanding principal amount of the outstanding bonds of that series. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any outstanding bonds of that series that you continue to hold.

ACCOUNTING TREATMENT

We will amortize our expenses of the exchange offer relating to each series of outstanding bonds over the term of the exchange bonds of that series under generally accepted accounting principles.

OTHER

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your decision on what action to take. In the future, we may seek to acquire untendered outstanding bonds in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plan to acquire any outstanding bonds that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered outstanding bonds, except as required by the registration rights agreements.

DESCRIPTION OF THE EXCHANGE BONDS

GENERAL

The exchange bonds will be issued under the General Mortgage Indenture (the "indenture"), dated as of October 10, 2002, between us and JPMorgan Chase Bank, as trustee (the "trustee"), as amended and supplemented. The descriptions under this heading and the heading "The Indenture" are summaries of the material provisions of the exchange bonds and the indenture. Such summaries do not purport to be complete and are qualified in their entirety by reference to the indenture and the exchange bonds. Copies of the indenture are available from us. We urge you to read the indenture because it, not this description, defines your rights as a holder of the exchange bonds. References to article and section numbers in this prospectus, unless otherwise indicated, are references to article and section numbers of the indenture

As of the date of this prospectus, general mortgage bonds have been issued in an aggregate principal amount equal to $3.1 billion and additional general mortgage bonds may be issued under the indenture, without limitation as to aggregate principal amount, on the basis of property additions, retired bonds or cash deposited with the trustee. Please read "The Indenture -- Issuance of Indenture Bonds." The exchange bonds and these additional general mortgage bonds issued under the indenture are collectively referred to as the "indenture bonds."

The Series J exchange bonds will bear interest at the rate of 5.70% per annum, the Series K exchange bonds will bear interest at the rate of 6.95% per annum, the Series L exchange bonds will bear interest at the rate of 5.60% per annum and the Series M exchange bonds will bear interest at the rate of 5.75% per annum. Interest on the exchange bonds is payable semi-annually in arrears on each March 15 and September 15, commencing March 15, 2004, for the Series J exchange bonds and the Series K exchange bonds, each January 1 and July 1, commencing January 1, 2004 for the Series L exchange bonds, and each January 15 and July 15, commencing January 15, 2004 for the Series M exchange bonds (each such date with respect to that series an "interest payment date"), to the persons in whose names they are registered at the close of business on the fifteenth calendar day preceding each interest payment date; provided, however, that interest payable at maturity (whether at stated maturity, upon redemption or otherwise) will be payable to the registered bondholder to whom principal is payable.

The Series J exchange bonds mature on March 15, 2013, the Series K exchange bonds mature on March 15, 2033, the Series L exchange bonds mature on July 1, 2023 and the Series M exchange bonds mature on January 15, 2014. The exchange bonds are subject to optional redemption before their maturity as described below. The exchange bonds are not entitled to the benefit of any sinking fund.

The exchange bonds are initially issuable in book-entry form. Initially, Cede & Co., as nominee for The Depository Trust Company, or DTC, will be the registered owner of the exchange bonds and references herein to the bondholders, holders, owners or registered owners of the exchange bonds shall mean Cede & Co. and not the beneficial owners of the exchange bonds. Beneficial owners of the exchange bonds will not receive or have the right to receive bond certificates except as hereinafter provided. Please read "Book-Entry Delivery and Settlement."

INTEREST

Interest on each exchange bond will be payable on each interest payment date for each such exchange bond for the period commencing on the next preceding interest payment date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such interest payment date.

If any interest payment date or the date of maturity falls on a day that is not a business day, all payments to be made on such day shall be made on the next succeeding business day with the same force and effect as if made on the due date, and no additional interest shall be payable as a result of such delay in payment. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Any interest payable on any interest payment date other than maturity and not so punctually paid or duly provided for will cease to be payable to the person in whose name the exchange bond is registered at the close of business on the applicable regular record date and will instead be payable to the person in whose name the exchange bond (or one or more predecessor exchange bonds) is registered at the close of business on a special record date for the payment of such interest to be fixed by us, notice of which will be given to the registered holder of the exchange bond (or one or more predecessor exchange bonds) not less than 10 days prior to such special record date. (See Section 307)

PAYMENT OF EXCHANGE BONDS; TRANSFERS; EXCHANGES

Interest, if any, on each exchange bond payable on each interest payment date will be paid to the person in whose name such exchange bond is registered (the registered holder of any indenture bond being hereinafter called a "holder") as of the close of business on the regular record date relating to such interest payment date; provided, however, that interest payable at maturity will be paid to the person to whom principal is paid. However, if there has been a default in the payment of interest on any exchange bond, such defaulted interest may be payable to the holder of such exchange bond as of the close of business on a date selected by the trustee which is not more than 15 days or less than 10 days prior to the date proposed by us for payment of such defaulted interest and not less than 10 days after the receipt by the trustee of the notice of the proposed payment or in any other lawful manner not inconsistent with the requirements of any securities exchange on which such exchange bond may be listed, if the trustee deems such manner of payment practicable. (See Section 307)

The principal of and premium, if any, and interest on the exchange bonds at maturity will be payable upon presentation of the exchange bonds at the corporate trust office of JPMorgan Chase Bank in Houston, Texas as paying agent for us. We may change the place of payment on the exchange bonds, may appoint one or more additional paying agents (including us) and may remove any paying agent, all at our discretion. (See Section 602)

The transfer of exchange bonds may be registered, and exchange bonds may be exchanged for other exchange bonds of the same series, of authorized denominations and of like tenor and aggregate principal amount, at the corporate trust office of JPMorgan Chase Bank in Houston, Texas, as bond registrar for the exchange bonds. We may change the place for registration of transfer and exchange of the exchange bonds, and may designate one or more additional places for such registration and exchange, all at our discretion. (See Sections 602 and 305) No service charge will be made for any registration of transfer or exchange of the exchange bonds; however, we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of exchange bonds. We will not be required to execute or to provide for the registration of transfer of or the exchange of:

- any exchange bond during a period of 15 days prior to giving any notice of redemption; or

- any exchange bond selected for redemption, in whole or in part, except the unredeemed portion of any exchange bond being redeemed in part. (See Section 305)

All moneys paid by us to a paying agent or the trustee (or held by us in trust) for the payment of the principal of or any premium or interest on a exchange bond which remain unclaimed at the end of two years after such principal, premium or interest has become due and payable will be repaid to us at our request, and the holder of such exchange bond thereafter may, as an unsecured general creditor, look only to us for payment thereof, and all liability of the paying agent, the trustee and us (as trustee) with respect thereto shall thereupon cease. (See Section 603)

OPTIONAL REDEMPTION

The exchange bonds may be redeemed in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the exchange bonds then outstanding to be redeemed; or

- the sum of the present values of the remaining scheduled payments of principal and interest on the exchange bonds to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) (a) in the case of the Series J exchange bonds, at the applicable treasury rate plus 30 basis points; (b) in the case of the Series K exchange bonds, at the applicable treasury rate plus 35 basis points; (c) in the case of the Series L exchange bonds, at the applicable treasury rate plus 20 basis points; and (d) in the case of the Series M exchange bonds, (i) at the applicable treasury rate plus 20 basis points, or (ii) in the case of a special redemption (as defined below), at the applicable treasury rate plus 50 basis points;

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

"treasury rate" means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated on the third business day preceding the date fixed for redemption.

"comparable treasury issue" means the U.S. Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term ("remaining life") of the exchange bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such exchange bonds.

"comparable treasury price" means (1) the average of five reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury dealer quotations, or (2) if the independent investment banker obtains fewer than four such reference treasury dealer quotations, the average of all such quotations.

"independent investment banker" means (a) for the Series J exchange bonds and Series K exchange bonds, Credit Suisse First Boston LLC, Deutsche Bank Securities Inc. or Citigroup Global Markets Inc.; (b) for the Series L exchange bonds, Citigroup Global Markets Inc., Deutsche Bank Securities Inc. or J.P. Morgan Securities Inc.; and (c) for the Series M exchange bonds, Banc of America Securities LLC, Deutsche Bank Securities Inc. or Wachovia Capital Markets, LLC, in each case as specified by us, or, if these firms are unwilling or unable to select the comparable treasury issue, an independent investment banking institution of national standing appointed by us.

"reference treasury dealer" means (a) for the Series J exchange bonds and the Series K exchange bonds, (1) Credit Suisse First Boston LLC, Deutsche Bank Securities Inc. and Citigroup Global Markets Inc. and their respective successors, provided, however, that if any of the foregoing in (a) shall cease to be a primary U.S. government securities dealer in New York City (a "primary treasury dealer"), we will substitute therefor another primary treasury dealer and (2) any other primary treasury dealer selected by

us after consultation with the independent investment banker; (b) for the Series L exchange bonds, (1) Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities Inc. and their respective successors, provided, however, that if any of the foregoing in (b) shall cease to be a primary treasury dealer, we will substitute therefor another primary treasury dealer and (2) any other primary treasury dealer selected by us after consultation with the independent investment banker; and (c) for the Series M exchange bonds, (1) Banc of America Securities LLC and Deutsche Bank Securities Inc. and their respective successors and (2) any other three primary treasury dealers selected by us after consultation with the independent investment banker, provided, however, that if any of the foregoing in (c) shall cease to be a primary treasury dealer, we will substitute therefor another primary treasury dealer.

"reference treasury dealer quotations" means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the independent investment banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the independent investment banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"special redemption" means a redemption of the Series M exchange bonds by us during the period beginning on March 1, 2005 and ending on February 28, 2007 if and to the extent we utilize amounts derived from proceeds from the issuance of transition or other securitization bonds issued, pursuant to required authorization under the Texas electric restructuring law, by a special purpose entity to monetize the value of the right to recover through non-bypassable transition charges to customers taking delivery service from us, our generation related regulatory assets and stranded costs as described in "Prospectus Summary -- Regulation -- Stranded Costs, Regulatory Assets Recovery and Securitization -- Securitization."

The trustee will mail a notice of redemption to each holder of exchange bonds to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. Unless we default on payment of the redemption price, interest will cease to accrue on the exchange bonds or portions thereof called for redemption. If fewer than all of the exchange bonds are to be redeemed, the trustee will select, not more than 60 days prior to the redemption date, the particular exchange bonds or portions thereof for redemption from the outstanding exchange bonds not previously called by such method as the trustee deems fair and appropriate.

THE INDENTURE

SECURITY

Except as otherwise contemplated below under this heading and subject to the exceptions specifically discussed under "-- Release of Property" and "-- Defeasance," all outstanding indenture bonds, will be secured, equally and ratably, by the lien of the indenture on substantially all properties owned by us (and not excepted or released from the lien thereof), and improvements, extensions and additions to, and renewals and replacements of, such properties (the "mortgaged property"). The lien of the indenture will be junior, subject and subordinate to the lien of our existing first mortgage indenture.

The term "first mortgage indenture" means the Mortgage and Deed of Trust, dated as of November 1, 1944, from our predecessor in interest, Houston Lighting & Power Company, to JPMorgan Chase Bank (successor to South Texas Commercial National Bank of Houston), as trustee, as heretofore and hereafter amended and supplemented and "first mortgage bonds" means the first mortgage bonds issued thereunder.

The indenture provides that, after the issuance of the initial series of bonds under the indenture and until the first mortgage collateralization date (as defined at the end of this section), we will not issue any additional first mortgage bonds under the first mortgage indenture, except:

- first mortgage bonds in place of, and in substitution for, or to refund, other first mortgage bonds, if (A) the aggregate principal amount of such new first mortgage bonds shall not exceed the

aggregate principal amount of such other first mortgage bonds, and (B) the final stated maturity date of such new first mortgage bonds shall be a date not later than the final stated maturity date of such other first mortgage bonds;

- as necessary to replace any mutilated, lost or destroyed first mortgage bonds or to effect exchanges and transfers of first mortgage bonds; and

- if at any time first mortgage bonds are issued pursuant to the first bullet point above, additional first mortgage bonds in an aggregate principal amount of up to $118 million for the purpose of satisfying the requirement under the indentures pursuant to which certain pollution control bonds were issued by various governmental authorities (which indentures provide that, if we issue first mortgage bonds in certain circumstances, we also are required to issue first mortgage bonds to secure such pollution control bonds on an equal and ratable basis). (See Section 611)

At any time, in our discretion, we may issue and deliver to the trustee as security under the indenture first mortgage bonds in an aggregate principal amount equal to the aggregate principal amount of indenture bonds then outstanding; provided that such first mortgage bonds (the "first mortgage collateral bonds") shall:

- have terms of payment equivalent to those of such indenture bonds;

- provide that payments by us in respect of principal, premium, if any, or interest due under the indenture bonds will offset our equivalent payment obligations under the first mortgage collateral bonds; and

- provide for the mandatory redemption of the first mortgage collateral bonds upon acceleration of the maturity of such indenture bonds. (See Section 701)

The date on which such first mortgage collateral bonds are delivered to the trustee is referred to herein as the "first mortgage collateralization date."

LIEN OF THE INDENTURE

General. The indenture constitutes a lien on substantially all our real property and tangible personal property, other than property excepted from such lien and such property as may be released from such lien in accordance with the terms of the indenture, subject to no liens prior to the lien of the indenture other than the lien of the first mortgage indenture (so long as the first mortgage indenture remains in effect) and other liens permitted to exist.

Permitted liens and certain other liens permitted to exist. The indenture provides that after-acquired property (other than excepted property) will be subject to the lien of the indenture; provided, however, that in the case of our consolidation or merger into another entity or transfer of the mortgaged property as or substantially as an entirety, the indenture will not be required to be a lien upon any of the properties then owned or thereafter acquired by the successor entity except properties acquired from us in or as a result of such transaction, and improvements, extensions and additions to such properties and renewals, replacements and substitutions of or for any part or parts thereof and that in the case of a consolidation or merger with respect to which we are the surviving entity, the indenture will not be required to be a lien on any properties acquired by us in or as a result of such transaction or any improvements, extensions or additions to such properties or any renewals, replacements or substitutions of or for any part or parts thereof. (See Article Thirteen) Please read "-- Consolidation, Merger, Etc." below. In addition, after-acquired property may be subject to liens existing or placed thereon at the time of acquisition thereof, including, but not limited to, purchase money liens.

Without the consent of the holders, we and the trustee may enter into supplemental indentures in order to subject to the lien of the indenture additional property (including property which would otherwise be excepted from such lien). (See Section 1401) Such property would thereupon constitute property additions (so long as it would otherwise qualify as property additions as described below) and be available as a basis for the issuance of indenture bonds. Please read "-- Issuance of Indenture Bonds."

Excepted Property. There are excepted from the lien of the indenture, among other things:

- cash, deposit accounts, shares of stock, interests in general or limited partnerships, securities not deposited with or held by the trustee;

- contracts, leases and other agreements of all kinds;

- contract rights, bills, notes and other instruments and chattel paper;

- revenues, income and earnings, accounts, accounts receivable and unbilled revenues, rents, tolls, issues, product and profits, claims, credits, demands and judgments;

- governmental and other licenses, permits, franchises, consents and allowances (except to the extent that any of the same constitute rights or interests relating to the occupancy or use of real property);

- certain intellectual property rights, domain names and other general intangibles;

- vehicles, movable equipment, vessels and aircraft and supplies used in connection with the foregoing;

- all goods, stock in trade, wares, merchandise and inventory held for sale or lease in the ordinary course of business;

- materials, supplies, inventory and other personal property consumable in the operation of the mortgaged property; fuel; portable tools and equipment; furniture and furnishings;

- computers and data processing, data storage, data transmission, telecommunications and certain other facilities and equipment used primarily for administrative or clerical purposes or not otherwise necessary for the operation or maintenance of facilities and equipment for the generation, transmission and distribution of electric energy and our other buildings and improvements;

- coal, ore, gas, oil and other minerals and timber, and all rights and interests in any of the foregoing;

- electric energy, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by us;

- real property, gas wells, pipelines, and other facilities or property used or to be used for the production, gathering, transmission, storage or distribution of natural gas, crude oil or other hydrocarbons or minerals;

- leasehold interests held by us as lessee;

- facilities and equipment for the storage, transmission and distribution of water; and

- other property excepted from or released from the lien of the first mortgage indenture prior to the date of the indenture. (See "Excepted Property" under "Granting Clauses" in the indenture and "Granting Clauses" in the first mortgage indenture.)

Permitted liens. The lien of the indenture is subject to permitted liens and certain other liens permitted to exist. Under the indenture, permitted liens include the following, among other, liens:

- liens for taxes which are not delinquent or are being contested in good faith or which secure charges that do not exceed $5 million;

- mechanics', workmen's and similar liens and certain other liens arising in the ordinary course of business;

- liens in respect of judgments:

  - in an amount not exceeding the greater of $10 million and 3% of the sum of the then outstanding aggregate principal amount of indenture bonds and first mortgage bonds other than first mortgage collateral bonds then outstanding; or

- with respect to which we shall in good faith be prosecuting an appeal or shall have the right to do so;

- easements, leases or other rights of others in, and defects in title to, the mortgaged property which do not in the aggregate materially impair the use by us of the mortgaged property considered as a whole;

- defects, irregularities and limitations in title to real property subject to rights-of-way in our favor or used primarily for right-of-way purposes;

- liens securing indebtedness and other obligations of others upon real property existing at the date of the indenture or at the time of our acquisition of such property;

- leases existing at the date of the indenture and subsequent leases for not more than 15 years or which do not materially impair our use of the property subject thereto;

- liens of lessors or licensors for amounts due which are not delinquent or are being contested in good faith;

- controls, restrictions or obligations imposed by governmental authorities upon the mortgaged property or the operation thereof;

- rights of governmental authorities to purchase or designate a purchaser of the mortgaged property;

- liens required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable us to maintain self-insurance or to participate in any funds established to cover insurance risks or in connection with workmen's compensation, unemployment insurance, social security or any pension or welfare benefit plan or program;

- liens to secure the performance of duties or public or statutory, bid or performance obligations or to secure, or serve in lieu of, surety, stay or appeal bonds;

- rights of others to take minerals, timber, electric energy, gas, water, steam or other products produced by us or by others on our property;

- rights and interests of persons other than us arising out of agreements to which we are a party relating to the common ownership or joint use of property, and liens on the interests of such persons in such property;

- restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service company;

- liens which have been bonded for the full amount in dispute or for the payment of which other security arrangements have been made;

- easements, ground leases or rights-of-way on or across our property for the purpose of roads, pipelines, transmission or distribution lines, communication lines, railways and other similar purposes, provided that the same do not materially impair the use by us of such property or rights-of-way;

- liens on our air or water pollution control, sewage or solid waste disposal or other similar facilities in connection with the issuance of pollution control revenue bonds, in connection with financing the cost of, or construction, acquisition, improvement, repair or maintenance of, such facilities;

- the trustee's lien specified below;

- prepaid liens; and

- the lien of the first mortgage indenture. (See Granting Clauses and Section 101)

"Prepaid lien" means generally any lien securing indebtedness for the payment or redemption of which there shall have been irrevocably deposited in trust with the trustee or other holder of such lien

moneys and/or investment securities which (together with the interest reasonably expected to be earned from the investment and reinvestment in investment securities of the moneys and/or the principal of and interest on the investment securities so deposited) shall be sufficient for such purpose; provided, however, that the first mortgage indenture shall not be deemed to be a prepaid lien unless it shall have been satisfied and discharged and all first mortgage bonds issued thereunder shall be deemed to have been paid, all in accordance with the provisions thereof. (See Section 101)

Trustee's Lien. The indenture provides that the trustee will have a lien, prior to the lien on behalf of the holders of indenture bonds, upon the mortgaged property for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities. (See Section 1107)

ISSUANCE OF INDENTURE BONDS

The aggregate principal amount of indenture bonds that may be authenticated and delivered under the indenture is unlimited. (See Section 301). Indenture bonds of any series may be issued from time to time, provided that the first mortgage collateralization date has not occurred, on the basis of property additions, retired bonds (as such terms are defined below) and cash deposited with the trustee, and in an aggregate principal amount not exceeding:

- 70% of the cost (as defined below) or fair value (as defined below) (whichever is less) of property additions (as described below) that do not constitute funded property (as defined below) after certain deductions and additions, primarily including adjustments to offset property retirements;

- the aggregate principal amount of retired bonds; and

- an amount of cash deposited with the trustee. (See Article Four)

In addition, any issuance of indenture bonds after March 31, 2003, other than any issuance on the basis of retired bonds having an applicable interest rate not less than the interest rate applicable to the indenture bonds to be issued, requires that we provide a net earnings certificate demonstrating that the adjusted net earnings (as defined below) for the specified 12 month period are not less than 200% of the annual interest requirements (as defined below) for the specified one year period.

"Adjusted net earnings" means the amount for a period of 12 consecutive calendar months within the 18 calendar months immediately preceding the first day of the month in which we intend to issue additional indenture bonds (or, in the case of any such certificate to be delivered on or prior to June 30, 2003, for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the first day of such month) of:

- our operating revenues for such period; minus

- our operating expenses, excluding:

  - expenses for taxes on income or profits;

  - provisions for reserves for depreciation, amortization, depletion or retirement of property;

  - interest expense, including the amortization of debt discount, premium, expense or loss on reacquired debt, for any replacement, sinking fund or other device for the retirement or amortization of any indebtedness;

  - non-recurring charge or expenses; and

  - provisions for any refund of our revenues previously collected or accrued; plus

- our other income, net of related expenses (excluding expenses or provisions for any non-recurring charges).

"Annual interest requirements" means the interest requirements for one year, at the respective stated interest rates, if any, borne before maturity, upon:

- all outstanding indenture bonds, except any for the payment or redemption of which indenture bonds applied for are to be issued;

- all indenture bonds then applied for in pending applications for the original issuance of indenture bonds, including the application in connection with which the net earnings certificate is made;

- all outstanding first mortgage bonds, except any for the payment or redemption of which the indenture bonds applied for are to be issued; and

- the principal amount of all other indebtedness, except:

  - first mortgage collateral bonds;

  - our indebtedness, the repayment of which supports or is supported by other indebtedness included in annual interest requirements pursuant to one of the other clauses of this definition;

  - indebtedness for the payment of which the indenture bonds applied for are to be issued; and

  - indebtedness secured by a prepaid lien prior to the lien of the indenture upon property subject to the lien of the indenture,

outstanding on the date of such computation and secured by a lien on a parity with or prior to the lien of the indenture upon property subject to the lien of the indenture, if such indebtedness has been issued, assumed or guaranteed by us or if we customarily pay the interest upon the principal thereof or collections from our customers are applied to, or pledged as security for the payment of such interest;

provided, however, that if any such indebtedness bears interest at a variable rate, then the interest requirement on such indebtedness shall be determined by reference to the rate in effect on the day immediately preceding the date of such computation; and provided, further, that any amounts collected by others to be applied to debt service on our indebtedness, and not otherwise treated on our books as revenue, shall be added to our operating revenues when determining adjusted net earnings.

"Cost" with respect to property additions generally means the sum of:

- any cash paid in the acquisition of such property;

- an amount equivalent to the fair market value in cash of any securities or other property paid in the acquisition of such property;

- the principal amount of any obligations secured by prior lien (other than the lien of the first mortgage indenture) upon such property additions outstanding at the time of the acquisition thereof;

- the principal amount of any other obligations incurred or assumed in connection with the payment for such property additions or for the acquisition thereof; and

- any other amounts which, in accordance with generally accepted accounting principles, are properly charged or chargeable to our plant or other property accounts with respect to such property additions as part of the cost of construction or acquisition thereof, including, but not limited to any allowance for funds used during construction or any similar or analogous amount;

- provided, however, that:

  - with respect to property additions owned by our successor immediately prior to the time it shall have become such successor in or as a result of an acquisition, consolidation or merger, cost shall mean the amount or amounts at which such property additions are recorded in the plant or other property accounts of such successor, or the predecessor from which such property additions are acquired, as the case may be, immediately prior to such consolidation or merger;

- with respect to property additions which shall have been acquired (otherwise than by construction) by us without any consideration consisting of cash, securities or other property or the incurring or assumption of indebtedness or other obligation, no determination of cost shall be required and, wherever provision is made for cost or fair value, cost with respect to such property additions shall mean an amount equal to the fair value to us thereof or, if greater, the aggregate amount reflected in our books of account with respect thereto upon the acquisition thereof; and

- in no event shall the cost of property additions be required to reflect any depreciation or amortization in respect of such property additions, or any adjustment to the amount or amounts at which such property additions are recorded in plant or other property accounts due to the non-recoverability of investment or otherwise.

If any property additions include property which has been used or operated by third parties in a business similar to that in which it has been or is to be used or operated by us, the cost thereof need not be reduced by any amount in respect of any goodwill, going concern value rights and/or intangible property simultaneously acquired and in such case the term property additions as defined herein may include such goodwill, going concern value rights and intangible property.

"Fair value," with respect to property, generally means the fair value of such property as may reasonably be determined by reference to:

- the amount which would be likely to be obtained in an arm's-length transaction with respect to such property between an informed and willing buyer and an informed and willing seller, under no compulsion, respectively, to buy or sell;

- the amount of investment with respect to such property which, together with a reasonable return thereon, would be likely to be recovered through ordinary business operations or otherwise;

- the cost, accumulated depreciation and replacement cost with respect to such property; and/or

- any other relevant factors; provided, however, that:

- the fair value of property shall be determined without deduction for any liens on such property prior to the lien of the indenture; and

- the fair value of property additions shall not reflect any reduction relating to the fact that such property additions may be of less value to a person which is not the owner or operator of the mortgaged property or any portion thereof than to the owner or operator. Fair value may be determined, in the discretion of the expert certifying the same, without physical inspection, by the use of accounting and/or engineering records and/or other data maintained by us or otherwise available to such expert.

"Funded property" generally includes property additions which have been designated funded property in an expert's certificate, which have been made the basis of the authentication and delivery of indenture bonds, which have been made the basis for the release of mortgaged property, which have been made the basis for the withdrawal of cash, which have been substituted for retired funded property or which have been used for other specified purposes. (See Section 102)

"Property additions" generally include any property which is owned by us and is subject to the lien of the indenture except (with certain exceptions) goodwill, going concern value rights or intangible property, or any property the cost of acquisition or construction of which is properly chargeable to one of our operating expense accounts. (See Section 103)

"Retired bonds" means, generally:

- indenture bonds which are no longer outstanding under the indenture, which have not been retired by the application of funded cash and which have not been used as the basis for the authentication and delivery of indenture bonds, the release of property or the withdrawal of cash; and

- certain first mortgage bonds issued under the first mortgage indenture which could be used as a basis for the authentication and delivery of additional first mortgage bonds under the first mortgage indenture and have been retired after the initial issuance of indenture bonds under the indenture;

provided, however, that no first mortgage bond may be used as the basis for the authentication and delivery of both additional indenture bonds and additional first mortgage bonds. (See Section 101).

OUTSTANDING INDENTURE BONDS AND BASIS FOR THE ISSUANCE OF THE BONDS

We have outstanding approximately $527.2 million aggregate principal amount of indenture bonds issued to trustees under the indentures pursuant to which certain pollution control bonds (the "PCB bonds") were issued by various governmental authorities. These indenture bonds secure the obligation of CenterPoint Energy, Inc. under various installment payment and bond amortization agreements to pay installments of principal and interest that support the related PCB bonds. We also have outstanding approximately $1.3 billion aggregate principal amount of indenture bonds issued to secure a $1.3 billion term loan and approximately $1.3 billion aggregate principal amount of indenture bonds issued directly to the public.

The Series J exchange bonds and the Series K exchange bonds were established in the Tenth Supplemental Indenture between us and the trustee and were issued on the basis of property additions. The Series L exchange bonds were established in the Eleventh Supplemental Indenture between us and the trustee and were issued on the basis of retired bonds. The Series M exchange bonds were established in the Twelfth Supplemental Indenture between us and the trustee and were issued on the basis of property additions and retired bonds.

RELEASE OF PROPERTY

Unless an event of default (as defined below) has occurred and is continuing, we may obtain the release from the lien of the indenture of any funded property upon delivery to the trustee of certain certificates and an amount in cash equal to the amount, if any, by which 70% of the cost of the property to be released (or, if less, the fair value of such property at the time it became funded property) exceeds the aggregate of:

- an amount equal to 70% of the aggregate principal amount of obligations secured by purchase money liens delivered to the trustee, subject to certain limitations described below;

- an amount equal to 70% of the cost or fair value (whichever is less) of certified property additions not constituting funded property after certain deductions and additions, primarily including adjustments to offset property retirements (except that such adjustments need not be made if such property additions were acquired or made within the 90-day period preceding the release);

- the aggregate principal amount of indenture bonds we would be entitled to issue on the basis of retired bonds (with such entitlement being waived by operation of such release);

- any amount of cash and/or an amount equal to 70% of the aggregate principal amount of obligations secured by purchase money liens upon the property released delivered to the trustee or other holder of a lien prior to the lien of the indenture, subject to certain limitations described below;

- on or after the first mortgage collateralization date, the aggregate principal amount of first mortgage bonds delivered to the trustee to be held as first mortgage collateral bonds;

- the aggregate principal amount of outstanding indenture bonds delivered to the trustee (with such indenture bonds to be canceled by the trustee); and

- any taxes and expenses incidental to any sale, exchange, dedication or other disposition of the property to be released. (See Section 803)

As used in the indenture, the term "purchase money lien" means, generally, a lien on the property being acquired, disposed of by us or being released from the lien of the indenture, which is taken or retained by the transferor of such property to secure all or part of the purchase price thereof or granted to one or more other persons (other than the transferor) who by making advances or incurring an obligation, give value to enable the grantor of the lien to acquire rights in such property, or granted to another person in connection with the release of property from the lien of the indenture on the basis of a deposit with the trustee or other holder of a lien prior to the lien of the indenture of obligations secured by such lien on such property, or held by a trustee or agent for the benefit of any such persons, and may include liens which cover property in addition to the property being released and/or which secure indebtedness in addition to indebtedness to the transferor of such property. (See Section 101) Generally, the principal amount of obligations secured by purchase money liens used as the basis for the release of property may not exceed 75% of the fair value of such property unless no additional obligations are outstanding, or are permitted to be issued, under such purchase money lien. (See Section 803)

Property which is not funded property may generally be released from the lien of the indenture without depositing any cash or property with the trustee as long as:

- the aggregate amount of cost or fair value (whichever is less) of all property additions which do not constitute funded property (excluding the property to be released) after certain deductions and additions, primarily including adjustments to offset property retirements, is not less than zero; or

- the cost or fair value (whichever is less) of property to be released does not exceed the aggregate amount of the cost or fair value (whichever is less) of property additions acquired or made within the 90-day period preceding the release. (See Section 804)

The indenture provides simplified procedures for the release of minor properties and property taken by eminent domain, and provides for dispositions of certain obsolete property and grants or surrender of certain rights without any release or consent by the trustee. (See Sections 802, 805, 807 and 808)

If we retain any interest in any property released from the lien of the indenture, the indenture will not become a lien on such property or such interest therein or any improvements, extensions or additions to such property or renewals, replacements or substitutions of or for such property or any part or parts thereof. (See Section 809)

WITHDRAWAL OF CASH

Unless an event of default has occurred and is continuing and subject to certain limitations, cash held by the trustee may, generally:

- be withdrawn by us:

  - to the extent of an amount equal to 70% of the cost or fair value to us (whichever is less) of property additions not constituting funded property, after certain deductions and additions, primarily including adjustments to offset retirements (except that such adjustments need not be made if such property additions were acquired or made within the 90-day period preceding the withdrawal); or

  - in an amount equal to the aggregate principal amount of indenture bonds that we would be entitled to issue on the basis of retired bonds (with the entitlement to such issuance being waived by operation of such withdrawal); or

  - on or after the first mortgage collateralization date, in an amount equal to the aggregate principal amount of first mortgage bonds delivered to the trustee to be held as first mortgage collateral bonds; or

  - in an amount equal to the aggregate principal amount of outstanding indenture bonds delivered to the trustee; or

- upon our request, be applied to the purchase of indenture bonds or the payment (or provision therefor) at stated maturity of any indenture bonds or the redemption (or provision therefor) of any indenture bonds which are redeemable. (See Section 806)

CONSOLIDATION, MERGER, ETC.

We may not consolidate with or merge into any other entity or convey, transfer or lease, subject to the lien of this indenture, the mortgaged property as or substantially as an entirety to any entity unless:

- the entity formed by such consolidation or into which we are merged or the entity which acquires by conveyance or transfer, or which leases, the mortgaged property as or substantially as an entirety is an entity organized and existing under the laws of the United States, or any State or Territory thereof or the District of Columbia; and

- such entity executes and delivers to the trustee a supplemental indenture that:

  - in the case of a consolidation, merger, conveyance or other transfer, or in the case of a lease if the term thereof extends beyond the last stated maturity of the indenture bonds then outstanding, contains an express assumption by such entity of the due and punctual payment of the principal of and premium, if any, and interest, if any, on the indenture bonds and the performance of all of our covenants and conditions under the indenture; and

  - in the case of a consolidation, merger, conveyance or other transfer, contains a grant, conveyance, transfer and mortgage by such entity:

    - confirming the lien of the indenture on the mortgaged property; and

    - subjecting to such lien all property thereafter acquired by such entity that shall constitute an improvement, extension or addition to the mortgaged property or renewal, replacement or substitution of or for any part thereof and, at the election of such entity, subjecting to the lien of the indenture such other property then owned or thereafter acquired by such entity as such entity shall specify; and

- in the case of a lease, such lease is made expressly subject to termination by us or by the trustee at any time during the continuance of an event of default; and

- immediately after giving effect to such transaction, no event of default and no event which, with notice or lapse of time or both, would become an event of default shall have occurred and be continuing. (See Section 1301)

In the case of the conveyance or other transfer of the mortgaged property as or substantially as an entirety to any other entity, upon the satisfaction of all the conditions described above, we would be released and discharged from all obligations under the indenture and on the indenture bonds then outstanding unless we elect to waive such release and discharge. (See Section 1304). For purposes of this section, "entity" means a corporation, limited liability company, company, association, joint-stock company, partnership, limited liability partnership, joint venture, trust, unincorporated organization or governmental authority.

MODIFICATION OF INDENTURE

Modifications without Consent. Without the consent of any holders, we and the trustee may enter into one or more supplemental indentures for any of the following purposes, among others:

- to evidence the succession of another entity to us and the assumption by any such successor of our covenants and agreements in the indenture and in the indenture bonds; or

- to add one or more covenants or other provisions for the benefit of all holders or for the benefit of the holders of, or to remain in effect only so long as there shall be outstanding, indenture bonds of one or more specified series (for the purposes of this subsection, "series" includes tranches thereof), or to surrender any right or power conferred upon us by the indenture; or

- to correct or amplify the description of any property at any time subject to the lien of the indenture; or better to assure, convey and confirm to the trustee any property subject or required to be subjected to the lien of the indenture; or to subject to the lien of the indenture additional property (including property of others); to specify any additional permitted liens with respect to such additional property and to modify the provisions in the indenture for dispositions of certain types of property without release in order to specify any additional items with respect to such additional property; or

- to establish the form or terms of the indenture bonds of any series as permitted by the indenture; or

- to provide for the authentication and delivery of bearer bonds and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any and all other matters incidental thereto; or

- to evidence and provide for the acceptance of appointment by a successor trustee or by a co-trustee; or

- to provide for the procedures required to permit the utilization of a non-certificated system of registration for all, or any series of, the indenture bonds; or

- to change any place or places where:

  - the principal of and premium, if any, and interest, if any, on all or any series of indenture bonds will be payable;

  - all or any series of indenture bonds may be surrendered for registration of transfer;

  - all or any series of indenture bonds may be surrendered for exchange; and

  - notices and demands to or upon us in respect of all or any series of indenture bonds and the indenture may be served; or

- to comply with the rules of any securities exchange on which any series of indenture bonds may be listed; or

- to modify the indenture to comply with the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or

- to cure any ambiguity, to correct or supplement any provision therein which may be defective or inconsistent with any other provision therein, or to make any other additions to, deletions from or other changes to the provisions thereof; provided that such additions, deletions and/or other changes do not adversely affect the interests of the holders of indenture bonds of any series in any material respect. (See Section 1401)

Without limiting the generality of the foregoing, if the Trust Indenture Act is amended after the date of the indenture in such a way as to require changes to the indenture or the incorporation therein of additional provisions or so as to permit changes to, or the elimination of, provisions which, at the date of the indenture or at any time thereafter, were required by the Trust Indenture Act to be contained in the indenture, the indenture will be deemed to have been amended so as to conform to such amendment or to effect such changes or elimination, and we and the trustee may, without the consent of any holders, enter into one or more supplemental indentures to evidence or effect such amendment. (See Section 1401)

Modifications Requiring Consent. Except as provided above, the consent of the holders of not less than a majority in aggregate principal amount of the indenture bonds of all series then outstanding, considered as one class, is required for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the indenture pursuant to one or more supplemental indentures; provided, however, that if less than all of the series of indenture bonds outstanding are directly affected by a proposed supplemental indenture, then the consent only of the holders of a majority in aggregate principal amount of outstanding indenture bonds of all series so directly affected, considered as one class,

will be required; and provided, further, that if the indenture bonds of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the holders of one or more, but less than all such tranches, then the consent only of the holders of a majority in aggregate principal amount of the outstanding indenture bonds of all such tranches so directly affected, considered as one class, will be required; and provided, further, that no such amendment or modification may:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any indenture bond, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or any premium payable upon the redemption thereof, or reduce the amount of the principal of any discount bond or other indenture bond that would be due and payable upon a declaration of acceleration of maturity or change the coin or currency in which any indenture bond or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity of any indenture bond (or, in the case of redemption, on or after the redemption date) without, in any such case, the consent of the holder of such indenture bond;

- permit the creation of any lien (not otherwise permitted by the indenture) ranking prior to the lien of the indenture with respect to all or substantially all of the mortgaged property or terminate the lien of the indenture on all or substantially all of the mortgaged property or deprive the holders of the benefit of the lien of the indenture, without, in any such case, the consent of the holders of all indenture bonds then outstanding;

- reduce the percentage in principal amount of the outstanding indenture bonds of any series, or tranche thereof, the consent of the holders of which is required for any such supplemental indenture, or the consent of the holders of which is required for any waiver of compliance with any provision of the indenture or of any default thereunder and its consequences, or reduce the requirements for quorum or voting, without, in any such case, the consent of the holder of each outstanding indenture bond of such series; or

- modify any of the provisions (with certain exceptions) of the indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the indenture bonds without the consent of the holder of each outstanding indenture bond affected thereby.

A supplemental indenture that changes or eliminates any covenant or other provision of the indenture that has expressly been included solely for the benefit of the holders of, or that is to remain in effect only so long as there shall be outstanding, indenture bonds of one or more specified series or modifies the rights of the holders of indenture bonds of such series with respect to such covenant or other provision, will be deemed not to affect the rights under the indenture of the holders of the indenture bonds of any other series. (See Section 1402)

WAIVER

The holders of at least a majority in aggregate principal amount of all indenture bonds may waive our obligations to comply with certain covenants, including the covenants to maintain our corporate or other legal existence and properties, pay taxes and discharge liens and maintain certain insurance and our covenant with respect to merger, consolidation or the transfer or lease of the mortgaged property as or substantially as an entirety, described above, provided that such waiver occurs before the time such compliance is required. The holders of at least a majority of the aggregate principal amount of outstanding indenture bonds of all affected series or tranches, considered as one class, may waive, before the time for such compliance, compliance with any covenant specified with respect to indenture bonds of such series or tranches thereof. (See Section 609) The holders of at least a majority in aggregate principal amount of all indenture bonds outstanding may waive past defaults, not including defaults in the payment of principal,

premium or interest or defaults with respect to provisions that cannot be modified without the consent of each holder affected thereby, under the indenture. (See Section 1017)

EVENTS OF DEFAULT

Each of the following events constitutes an event of default under the indenture:

- failure to pay interest on any indenture bond within 30 days after the same becomes due and payable;

- failure to pay principal of or premium, if any, on any indenture bond when it becomes due and payable;

- failure to perform or breach of any of our covenants or warranties in the indenture (other than a covenant or warranty a default in the performance of which or breach of which is dealt with elsewhere under this paragraph) for a period of 90 days after there has been given to us by the trustee, or to us and the trustee by the holders of at least 33% in principal amount of outstanding indenture bonds, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default," unless the trustee, or the trustee and the holders of a principal amount of indenture bonds not less than the principal amount of indenture bonds the holders of which gave such notice, as the case may be, agree in writing to an extension of such period prior to its expiration; provided, however, that the trustee, or the trustee and such holders, as the case may be, will be deemed to have agreed to an extension of such period if corrective action has been initiated by us within such period and is being diligently pursued;

- certain events relating to reorganization, bankruptcy and insolvency of us or appointment of a receiver, trustee or other similar official for our property; and

- the occurrence of any default or any other event under the first mortgage indenture, and the expiration of the applicable grace period, if any, specified in the first mortgage indenture, if the effect of such default or other event is to accelerate, or to permit the acceleration of, the maturity of any amount due under the first mortgage indenture. (See Section 1001)

REMEDIES

Acceleration of Maturity. If an event of default occurs and is continuing, then the trustee or the holders of not less than 33% in principal amount of indenture bonds then outstanding may declare the principal amount (or if the indenture bonds are discount bonds, such portion of the principal amount as may be provided for such discount bonds pursuant to the terms of the indenture) of all of the indenture bonds then outstanding, together with premium, if any, and accrued interest, if any, thereon to be immediately due and payable. At any time after such declaration of acceleration of the indenture bonds then outstanding, but before the sale of any of the mortgaged property and before a judgment or decree for payment of money shall have been obtained by the trustee as provided in the indenture, the event or events of default giving rise to such declaration of acceleration will, without further act, be deemed to have been waived, and such declaration and its consequences will, without further act, be deemed to have been rescinded and annulled, if:

- we have paid or deposited with the trustee a sum sufficient to pay:

  - all overdue interest, if any, on all indenture bonds then outstanding;

  - the principal of and premium, if any, on any indenture bonds then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in such indenture bonds; and

  - all amounts due to the trustee as compensation and reimbursement as provided in the indenture; and

- any other event or events of default, other than the non-payment of the principal of indenture bonds that shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in the indenture. (See Section 1002)

POSSESSION OF MORTGAGED PROPERTY

Under certain circumstances and to the extent permitted by law, if an event of default occurs and is continuing, the trustee has the power to take possession of, and to hold, operate and manage, the mortgaged property, or with or without entry, sell the mortgaged property. If the mortgaged property is sold, whether by the trustee or pursuant to judicial proceedings, the principal of the outstanding indenture bonds, if not previously due, will become immediately due and payable, together with premium, if any, and any accrued interest. (See Sections 1003, 1004 and 1005)

RIGHT TO DIRECT PROCEEDINGS

If an event of default occurs and is continuing, the holders of a majority in principal amount of the indenture bonds then outstanding will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee or exercising any trust or power conferred on the trustee, provided that such direction does not conflict with any rule of law or with the indenture, and could not involve the trustee in personal liability in circumstances where indemnity would not, in the trustee's sole discretion, be adequate and the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction. (See Section 1016)

LIMITATION ON RIGHT TO INSTITUTE PROCEEDINGS

No holder of any indenture bond will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or for any other remedy thereunder unless

- such holder has previously given to the trustee written notice of a continuing event of default;

- the holders of not less than a majority in aggregate principal amount of the indenture bonds then outstanding have made written request to the trustee to institute proceedings in respect of such event of default and have offered the trustee reasonable indemnity against costs and liabilities to be incurred in complying with such request; and

- for sixty days after receipt of such notice, the trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the trustee during such sixty-day period by the holders of a majority in aggregate principal amount of indenture bonds then outstanding.

Furthermore, no holder will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other holders. (See Section 1011)

NO IMPAIRMENT OF RIGHT TO RECEIVE PAYMENT

Notwithstanding that the right of a holder to institute a proceeding with respect to the indenture is subject to certain conditions precedent, each holder of an indenture bond has the absolute and unconditional right to receive payment of the principal of and premium, if any, and interest, if any, on such indenture bond when due and to institute suit for the enforcement of any such payment, and such rights may not be impaired without the consent of such holder. (See Section 1012)

NOTICE OF DEFAULT

The trustee is required to give the holders notice of any default under the indenture to the extent required by the Trust Indenture Act, unless such default shall have been cured or waived, except that no such notice to holders of a default of the character described in the third bullet point under "Events of

Default" may be given until at least 75 days after the occurrence thereof. (See Section 1102) The Trust Indenture Act currently permits the trustee to withhold notices of default (except for certain payment defaults) if the trustee in good faith determines the withholding of such notice to be in the interests of the holders.

INDEMNIFICATION OF TRUSTEE

As a condition precedent to certain actions by the trustee in the enforcement of the lien of the indenture and institution of action on the indenture bonds, the trustee may require adequate indemnity against costs, expenses and liabilities to be incurred in connection therewith. (See Sections 1011 and 1101)

REMEDIES LIMITED BY STATE LAW

The laws of any jurisdiction where the mortgaged property is located may limit or deny the ability of the trustee or bondholders to enforce certain rights and remedies provided in the indenture in accordance with their terms.

DEFEASANCE

Any indenture bonds, or any portion of the principal amount thereof, will be deemed to have been paid for all purposes of the indenture, and the entirety of our indebtedness in respect thereof will be deemed to have been satisfied and discharged, if there has been irrevocably deposited with the trustee or any paying agent (other than us), in trust:

- money (including funded cash not otherwise applied pursuant to the indenture) in an amount which will be sufficient; or

- in the case of a deposit made prior to the date on which principal is due, eligible obligations (as described below), which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide monies which, together with the money, if any, deposited with or held by the trustee or such paying agent, will be sufficient; or

- a combination of options in the preceding bullet points which will be sufficient, to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such indenture bonds or portions thereof. (See Section 901) For this purpose, eligible obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States of America, entitled to the benefit of the full faith and credit thereof, and certificates, depository receipts or other instruments that evidence a direct ownership interest in such obligations or in any specific interest or principal payments due in respect thereof.

Notwithstanding the foregoing, no indenture bond shall be deemed to have been paid as aforesaid unless we shall have delivered to the trustee either:

- an opinion of counsel in the United States reasonably acceptable to the trustee confirming that (i) we have received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding indenture bonds will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred; or

- an instrument wherein we, notwithstanding the satisfaction and discharge of our indebtedness in respect of indenture bonds, shall assume the obligation (which shall be absolute and unconditional) to irrevocably deposit with the trustee such additional sums of money, if any, or additional

government obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or government obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such indenture bonds or portions thereof; provided, however, that such instrument may state that our obligation to make additional deposits as aforesaid shall be subject to the delivery to us by the trustee of a notice asserting the deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing showing the calculation thereof; and

- an opinion of tax counsel in the United States reasonably acceptable to the trustee to the effect that the holders of the outstanding indenture bonds will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

DUTIES OF THE TRUSTEE; RESIGNATION; REMOVAL

The trustee will have, and will be subject to, all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to such provisions, the trustee will be under no obligation to exercise any of the powers vested in it by the indenture at the request of any holder of indenture bonds, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The trustee will not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties if the trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it.

The trustee may resign at any time by giving written notice thereof to us or may be removed at any time by the holders of a majority in principal amount of indenture bonds then outstanding delivered to the trustee and us. No resignation or removal of the trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the indenture. So long as no event of default or event which, after notice or lapse of time, or both, would become an event of default has occurred and is continuing, if we have delivered to the trustee a resolution of our board of directors appointing a successor trustee and such successor has accepted such appointment in accordance with the terms of the indenture, the trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the indenture. (See Section 1110)

EVIDENCE TO BE FURNISHED TO THE TRUSTEE

Compliance with indenture provisions is evidenced by written statements of our officers or persons selected or paid by us. In certain cases, opinions of counsel and certification of an engineer, accountant, appraiser or other expert (who in some cases must be independent) must be furnished. In addition, the indenture requires that we give the trustee, not less often than annually, a brief statement as to our compliance with the conditions and covenants under the indenture.

GOVERNING LAW

New York law governs the indenture and the exchange bonds, except to the extent that the law of any jurisdiction where any portion of the mortgaged property is located will govern the creation, perfection, priority or enforcement of the lien of the indenture, or the exercise of remedies with respect to such portions of the mortgaged property. (See Section 115)

THE TRUSTEE

JPMorgan Chase Bank is the trustee, security registrar and paying agent under the indenture. We maintain banking relationships in the ordinary course of business with the trustee and its affiliates. As of June 30, 2003, the trustee serves as trustee for our first mortgage bonds aggregating $498.9 million. In addition, the trustee serves as trustee for debt securities of our parent company, CenterPoint Energy, and

some of its subsidiaries. The trustee and its affiliates are also parties to credit agreements under which we and our affiliates have bank lines of credit. We and our affiliates also maintain depository and other banking, investment banking and investment management relationships with the trustee and its affiliates.

THE FIRST MORTGAGE INDENTURE

GENERAL

The descriptions under this heading are summaries of certain provisions of the first mortgage indenture. Such summaries do not purport to be complete and are qualified in their entirety by reference to the first mortgage indenture. Copies of the first mortgage indenture are available from us. We urge you to read the first mortgage indenture because it, not this description, defines the rights of the holders of first mortgage bonds.

SECURITY

The first mortgage indenture constitutes a first mortgage lien on all of our present properties (except as stated below), subject to excepted encumbrances. There are excepted from the lien of the first mortgage indenture all cash and securities; equipment, materials or supplies acquired for consumption in the operation of our properties or for resale in the ordinary course of our business; timber, minerals, mineral rights and royalties; and accounts receivable, contracts, leases and operating agreements.

The first mortgage indenture contains provisions for subjecting certain after-acquired property to the lien thereof, subject to any preexisting liens and to certain limitations in the case of our consolidation or merger or the sale of substantially all of our assets.

The first mortgage indenture provides that the trustee thereunder will have a lien upon the mortgaged property, prior to the first mortgage bonds, for the payment of its reasonable compensation and expenses for indemnity against certain liabilities.

As of June 30, 2003, the aggregate principal amount of first mortgage bonds outstanding under the first mortgage indenture was $498.9 million.

EVENTS OF DEFAULT

Each of the following events constitutes an event of default under the first mortgage indenture:

- failure to pay principal when due;

- failure to pay any interest installment, continued for 60 days;

- failure to pay any installment of any fund established under the first mortgage indenture for the purchase or redemption of any first mortgage bonds, continued for 60 days;

- failure to perform any covenant of the company, continued for 90 days after written notice; and

- certain events in bankruptcy, reorganization or insolvency.

REGISTRATION RIGHTS

In connection with the sale of each series of outstanding bonds, we entered into a registration rights agreement with the initial purchasers of each series of outstanding bonds pursuant to which we agreed, for the benefit of the holders of such series of outstanding bonds at our cost, to use our reasonable commercial efforts:

- to file with the SEC a registration statement under the Securities Act of 1933 relating to an exchange offer for each series of outstanding bonds within 180 days after the date of issuance of the relevant series of the outstanding bonds;

- to cause the exchange offer registration statement to be declared effective under the Securities Act of 1933 within 270 days of the date of issuance of the relevant series of outstanding bonds and to keep the exchange offer registration statement effective until the expiration of the exchange offer; and

- unless the exchange offer would not be permitted by applicable law or SEC policy, to cause the exchange offer to be consummated within 315 days after the date of issuance of the relevant series of outstanding bonds.

We agreed that upon the registration statement of which this prospectus forms a part being declared effective, we would offer the exchange bonds of a series in exchange for surrender of the then outstanding bonds of that series. We agreed to keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date on which notice of the exchange offer is mailed to the registered holders of the outstanding bonds. For each outstanding bond of a series validly tendered to us pursuant to the exchange offer for that series and not withdrawn by the holder thereof, the holder of such outstanding bond will receive an exchange bond of that series having a principal amount equal to that of the surrendered outstanding bond. Interest on each exchange bond will accrue from the last interest payment date on which interest was paid on the outstanding bond surrendered in exchange therefor or, if no interest has been paid on an outstanding bond, from the date of the original issuance of the outstanding bonds. The exchange bonds of a series will vote together with the outstanding bonds of that series which are not exchanged on all matters on which holders of such series of outstanding bonds and exchange bonds of such series are entitled to vote.

Each holder, other than certain specified holders, who wishes to exchange its outstanding bonds of a series for exchange bonds of that series pursuant to the exchange offer for that series will be required to make to us the representations described under "The Exchange Offer -- Your Representations to Us" to participate in that exchange offer.

In addition, in connection with any resales of exchange bonds, any broker-dealer who acquired bonds for its own account as a result of market-making activities or other trading activities must deliver a prospectus meeting the requirements of the Securities Act of 1933. Please read "The Exchange Offer -- Resale of Exchange Bonds."

In the event that:

- we reasonably determine that changes in law or the applicable interpretations of the Staff do not permit us to effect the exchange offer;

- the exchange offer for any series of bonds is not consummated on or prior to the 315th day following the issuance of the outstanding bonds of that series; or

- any initial purchaser notifies us within 20 business days following consummation of the exchange offer (i) that it is not permitted by applicable law or SEC policy to participate in the exchange offer, (ii) that it may not resell exchange bonds with this prospectus, or (iii) that it is a broker-dealer and owns outstanding bonds acquired directly from us or one of our affiliates,

then we will at our cost in lieu of effecting (or, in the case of such a request by an initial purchaser, in addition to effecting) the registration of the exchange bonds of the affected series pursuant to the registration statement of which this prospectus forms a part:

- as promptly as practicable, file with the SEC a "shelf" registration statement to cover resales of the outstanding bonds of the affected series;

- use our reasonable commercial efforts to cause the shelf registration statement to be declared effective under the Securities Act of 1933 no later than 345 days after the date of issuance of the affected series of outstanding bonds; and

- use our reasonable commercial efforts to keep effective the shelf registration statement until two years after the date of the issuance of the affected series of outstanding bonds or until all of the outstanding bonds covered by the shelf registration statement have been sold.

We will have the ability to suspend the availability of the shelf registration statement during certain "black out" periods.

In the event of the filing of the shelf registration statement, we will provide to each relevant holder of outstanding bonds copies of the prospectus which forms a part of the shelf registration statement and notify each such holder when the shelf registration statement has become effective. A holder of outstanding bonds that sells outstanding bonds pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act of 1933 in connection with such sales and will be bound by the provisions of the respective registration rights agreement that is applicable to such a holder (including certain indemnification obligations). In addition, each holder of outstanding bonds will be required to deliver to us information to be used in connection with the shelf registration statement and to provide comments to us on the shelf registration statement in order to have such holder's outstanding bonds included in the shelf registration statement and to benefit from the provisions regarding the increase in the interest rate borne by the outstanding bonds described in the following paragraph.

In the event that:

- the registration statement of which this prospectus forms a part is not declared effective by the SEC on or prior to the 270th day following the date of issuance of the relevant series of outstanding bonds;

- the exchange offer is not consummated or the shelf registration statement with respect to the outstanding bonds is not declared effective on or prior to the 315th day following the date of issuance of the relevant series of outstanding bonds; or

- any required exchange offer registration statement or shelf registration statement relating to the outstanding bonds is filed and declared effective but shall thereafter either be withdrawn by us or becomes subject to an effective stop order suspending the effectiveness of such registration statement (except as specifically permitted in the registration rights agreements) without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective, each such event listed in the three bullet points above, referred to as a "registration default";

then the interest rate borne by the affected series of outstanding bonds will be increased by .25% per annum upon the occurrence of each registration default, which rate will increase by an additional .25% per annum if such registration default has not been cured within 90 days after the occurrence thereof and continuing until all registration defaults for such series of outstanding bonds have been cured, provided that the aggregate amount of any such increase in the interest rate on such series of outstanding bonds shall in no event exceed .50% per annum; and provided, further, that if the registration statement of which this prospectus forms a part is not declared effective on or prior to the 270th day following the date of issuance of any series of outstanding bonds, and we shall request holders of outstanding bonds of the affected series to provide the information called for by the relevant registration rights agreement for inclusion in the shelf registration statement, then outstanding bonds of the affected series owned by holders who do not deliver such information to us or who do not provide comments to us on the shelf registration statement when required pursuant to the relevant registration rights agreement will not be entitled to any such increase in the interest rate for any day after the 315th day following the date of issuance of such series of outstanding bonds. All accrued additional interest will be paid to holders of outstanding bonds in the same manner and at the same time as regular payments of interest on the outstanding bonds. Following the cure of all registration defaults for the affected series of outstanding bonds, the accrual of

additional interest on such series will cease and the interest rate of such series will revert to the original rate.

New York law governs each of the registration rights agreements. The foregoing is a summary description of material provisions of each of the registration rights agreements. Because it is a summary, it does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreements, a copy of which is filed as an exhibit to the registration statement of which this prospectus forms a part. You should read the relevant registration rights agreement carefully and in its entirety because it, and not this description, defines your rights as a holder of the relevant series of outstanding bonds.

The information set forth above concerning certain interpretations of and positions taken by the SEC staff is not intended to constitute legal advice, and prospective investors should consult their own legal advisors with respect to these matters.

BOOK-ENTRY DELIVERY AND SETTLEMENT

We will issue the exchange bonds in the form of one or more permanent global securities in definitive, fully registered, book-entry form. The global securities will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee in accordance with the FAST Balance Certificate Agreement between DTC and the trustee. The global securities will be deposited on behalf of the acquirors of the exchange bonds for credit to the respective accounts of the acquirors or to such other accounts as they may direct at DTC. Please read "The Exchange Offer -- Book-Entry Transfer."

CERTIFICATED BONDS

Certificated Bonds will be issued to each person that DTC identifies as the beneficial owner of the outstanding bonds represented by the global securities, upon surrender by DTC of the global securities, if (i) we notify the trustee in writing that DTC or any successor depository (the "depository") is no longer willing or able to act as a depository for the global securities or DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depository is not appointed within 90 days of such notice or cessation, (ii) we, at our option, notify the trustee in writing that we elect to cause the issuance of exchange bonds in definitive form under the indenture or (iii) upon the occurrence of certain other events as provided pursuant to the indenture.

BOOK-ENTRY PROCEDURES FOR THE GLOBAL BONDS

The descriptions of the operations and procedures of DTC, Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, societe anonyme ("Clearstream Banking"), set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we nor the initial purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

Regarding DTC. According to DTC, the following information with respect to DTC has been provided to the industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind. We have obtained the information in this section concerning DTC and the DTC's book-entry system from sources that we believe are reliable. However, we take no responsibility for the accuracy of this information.

DTC is:

- a limited-purpose trust company organized under the New York Banking Law;

- a "banking organization" within the meaning of the New York Banking Law;

- a member of the Federal Reserve System;

- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and

- a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934.

DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("direct participants") deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include:

- both U.S. and non-U.S. securities brokers and dealers;

- banks;

- trust companies;

- clearing corporations; and

- certain other organizations.

DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, which is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly ("indirect participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable its participants are on file with the SEC. More information about DTC can be found at http://www.dtcc.com.

Purchases of exchange bonds under the DTC system must be made by or through direct participants, which will receive a credit for the exchange bonds on DTC's records. The ownership interest of each actual purchaser of each exchange bond, referred to as a beneficial owner, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the exchange bonds are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in exchange bonds, except in the event that use of the book-entry system for the exchange bonds is discontinued. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global security.

Neither we nor the trustee shall be liable for any delay by the depository, its nominee or any direct or indirect participant in identifying the beneficial owners of the related exchange bonds, and each such person may conclusively rely on, and shall be protected in relying on, instructions from the depository or nominee for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the exchange bonds to be issued).

So long as the depository for the global security, or its nominee, is the registered owner of the global security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of

the exchange bonds represented by the global security for all purposes under the indenture. Except as described above, beneficial owners will not:

- be entitled to have exchange bonds represented by the global security registered in their names;

- receive or be entitled to receive physical delivery of exchange bonds in definitive form; and

- be considered the owners or holders thereof under the indenture.

To facilitate subsequent transfers, all exchange bonds deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of exchange bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the exchange bonds. DTC's records reflect only the identity of the direct participants to whose accounts the exchange bonds are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to exchange bonds unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the exchange bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions, and dividend payments on the exchange bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, its nominee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is our responsibility, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as depository with respect to the exchange bonds at any time by giving us reasonable notice. Under such circumstances, in the event that we do not obtain a successor securities depository, exchange bond certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, exchange bond certificates will be printed and delivered.

We cannot assure you that DTC will distribute payments on the exchange bonds made to DTC or its nominee as the registered owner or any redemption or other notices to the participants, or that the participants or others will distribute the payments or notices to the beneficial owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this prospectus. Beneficial owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the exchange bonds that may be transmitted by or through DTC.

Procedures for DTC and Cross Market Transfer. Transfers between participants in DTC will be effected in accordance with DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream Banking participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream Banking, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream Banking, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream Banking, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear participants and Clearstream Banking participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream Banking.

Because of time zone differences, the exchange bonds account of a Euroclear or Clearstream Banking participant purchasing an interest in a global securities from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Banking participant, during the exchange bonds settlement processing day (which must be a business day for Euroclear and Clearstream Banking) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream Banking as a result of sales of interests in a global securities by or through a Euroclear or Clearstream Banking participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day for Euroclear or Clearstream Banking following DTC's settlement date.

Although DTC, Euroclear and Clearstream Banking have agreed to the foregoing procedures to facilitate transfers of interests in the global securities among participants in DTC, Euroclear and Clearstream Banking, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of certain United States federal income tax consequences associated with the exchange of outstanding bonds for exchange bonds and the beneficial ownership and disposition of the exchange bonds.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. This discussion only addresses tax considerations for beneficial owners of the bonds that hold the bonds as "capital assets," within the meaning of the Code. Moreover, this discussion is for general information only and does not address all of the tax consequences that may be relevant to specific beneficial owners of the bonds in light of their particular circumstances or to beneficial owners of the bonds subject to special treatment under U.S. federal income tax laws (such as banks, insurance companies, tax-exempt entities, retirement plans, dealers in securities, brokers, expatriates, partnerships or other pass-through entities, persons who hold their bonds as part of a straddle, hedge, conversion transaction or other integrated investment, persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax or persons deemed to sell the bonds under the constructive

sale provisions of the Code). This discussion does not address any U.S. state and local or non-U.S. tax considerations relating to the purchase, ownership and disposition of the bonds.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a bond that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;

- a corporation created or organized in or under the laws of the U.S. or of any State or political subdivision thereof or therein, including the District of Columbia;

- an estate the income of which is subject to U.S. federal income tax regardless of the source thereof; or

- a trust with respect to which a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

The term "Non-U.S. Holder" means a beneficial owner of a bond that is, for U.S. federal income tax purposes, a nonresident alien or a corporation, trust or estate that is not a U.S. Holder. Purchasers of bonds that are partnerships or that would hold the bonds through a partnership or similar pass-through entity should consult their tax advisors regarding the U.S. federal income tax consequences to them of holding the bonds.

EXCHANGE OF BONDS

The exchange of exchange bonds of a series for outstanding bonds of that series pursuant to the exchange offer for that series will not constitute a taxable event for U.S. federal income tax purposes. Consequently, no gain or loss will be recognized by a holder of an outstanding bond of a series upon receipt of an exchange bond of that series. A holder's adjusted tax basis in the exchange bond will be the same as the adjusted tax basis in the outstanding bond exchanged therefor. A holder's holding period of the exchange bond will include the holding period of the outstanding bond exchanged therefor.

U.S. HOLDERS

PAYMENT OF INTEREST

In general, interest payable on a bond will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

MARKET DISCOUNT

Under the market discount rules of the Code, a U.S. Holder who purchases a bond at a market discount will generally be required to treat any gain recognized on the sale, exchange, retirement or other taxable disposition of the bond as ordinary income to the extent of the accrued market discount that has not been previously included in income. Market discount is generally defined as the amount by which a U.S. Holder's purchase price for a bond is less than the bond's stated redemption price at maturity (generally, the bond's principal amount) on the date of purchase, subject to a statutory de minimis exception. In general, market discount accrues on a ratable basis over the remaining term of the bond unless a U.S. Holder makes an irrevocable election to accrue market discount on a constant yield to maturity basis.

A U.S. Holder who acquires a bond at a market discount may be required to defer a portion of any interest expense that otherwise may be deductible on any indebtedness incurred or continued to purchase or carry such bond until the U.S. Holder disposes of the bond in a taxable transaction. A U.S. Holder who has elected under the applicable Code provision to include market discount in income annually as such

discount accrues will not, however, be required to treat any gain recognized as ordinary income or to defer any deductions for interest expense under these rules. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first day of the taxable year to which the election applies and may not be revoked without the consent of the IRS.

Holders should consult their tax advisors as to the portion of any gain that would be taxable as ordinary income under the market discount rules and any other consequences of the market discount rules that may apply to them in particular.

AMORTIZABLE BOND PREMIUM

A U.S. Holder who purchases a bond for an amount in excess of its principal amount will be considered to have purchased the bond at a premium. A U.S. Holder may elect to amortize the premium over the remaining term of the bond on a constant yield method. The amount amortized in any year will be treated as a reduction of the U.S. Holder's interest income from the bond. A U.S. Holder who elects to amortize the premium on a bond must reduce its tax basis in the bond by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS. Bond premium on a bond held by a U.S. Holder who does not make such an election will decrease the capital gain or increase the capital loss otherwise recognized on the disposition of the bond.

SALE, EXCHANGE, RETIREMENT OR OTHER DISPOSITION OF THE BONDS

Upon the sale, exchange, retirement or other disposition of a bond, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the sum of cash plus the fair market value of all other property received on such disposition (except to the extent such cash or property is attributable to accrued and unpaid interest, which will be taxable as interest income (as described above)) and such U.S. Holder's adjusted tax basis in the bond. Subject to the market discount rules summarized above, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the U.S. Holder's holding period for the bond is more than one year. Long-term capital gains recognized by an individual or non-corporate U.S. Holder are generally subject to a reduced U.S. federal income tax rate. Capital losses are subject to limits on deductibility.

INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, payments made on the bonds and proceeds from the sale or other disposition of the bonds may be subject to backup withholding, currently at a rate of 28% (increased to 31% beginning in 2011). In general, backup withholding will apply to a non-corporate U.S. Holder if such U.S. Holder:

- fails to furnish, under penalties of perjury, its Taxpayer Identification Number, or TIN (which for an individual is the holder's Social Security number);

- furnishes an incorrect TIN;

- is notified by the IRS that it has failed to properly report payments of interest and dividends; or

- under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and is a U.S. person and has not been notified by the IRS that it is subject to backup withholding due to underreporting of interest or dividends, or otherwise fails to comply with applicable requirements of the backup withholding rules.

Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally will be allowed as a refund or a credit against such U.S. Holder's U.S. federal income tax liability, provided that the required procedures are followed.

A U.S. Holder will also be subject to information reporting with respect to payments on the bonds and proceeds from the sale or other disposition of the bonds, unless such U.S. Holder is a corporation or other exempt recipient and appropriately establishes an exemption.

NON-U.S. HOLDERS

For purposes of the following discussion, interest on the bonds, and gain on the sale, exchange, retirement or other disposition of the bonds, will be considered "U.S. trade or business income" of a Non-U.S. Holder if such income or gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder.

PAYMENT OF INTEREST

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax in respect of interest paid on the bonds if the interest qualifies for the "portfolio interest exemption." This will be the case if each of the following requirements is satisfied:

- the interest is not U.S. trade or business income;

- the Non-U.S. Holder does not actually or constructively own 10% or more of the voting stock of the issuer;

- the Non-U.S. Holder is not a controlled foreign corporation, within the meaning of the Code, that is actually or constructively related to the issuer; and

- the Non-U.S. Holder provides the withholding agent with the appropriate certification.

The certification requirement generally will be satisfied if the Non-U.S. Holder provides the withholding agent with a statement on IRS Form W-8BEN (or suitable substitute or successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating, among other things, that the Non-U.S. Holder is not a U.S. person. Non-U.S. Holders should consult their tax advisors regarding alternative methods for satisfying the certification requirement.

If the portfolio interest exemption is not satisfied with respect to a Non-U.S. Holder, a 30% withholding tax will apply to interest paid on the bonds to such Non-U.S. Holder, unless another exemption is applicable. For example, an applicable income tax treaty may reduce or eliminate such tax, in which event a Non-U.S. Holder claiming the benefit of such treaty must provide the withholding agent with a properly executed IRS Form W-8BEN (or suitable substitute or successor form). Alternatively, an exemption applies if the interest is U.S. trade or business income and the Non-U.S. Holder provides an appropriate statement to that effect on IRS Form W-8ECI (or suitable substitute or successor form). In the latter case, such Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to all income from the bonds in the same manner as U.S. Holders, as described above, unless an applicable income tax treaty provides otherwise. Additionally, Non-U.S. Holders that are corporations could be subject to a branch profits tax with respect to any such U.S. trade or business income at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

SALE, EXCHANGE, RETIREMENT OR OTHER DISPOSITION OF THE BONDS

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized upon the sale, exchange, retirement or other disposition of a bond, unless (i) such Non-U.S. Holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met or (ii) the gain is U.S. trade or business income. If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains allocable to U.S. sources (including gains from the sale, exchange, retirement or other disposition of the bond) exceed capital losses allocable to U.S. sources. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. Holders, as described above, unless an applicable income tax treaty provides otherwise. Additionally, Non-U.S. Holders that are corporations could be subject to a

branch profits tax with respect to gain that is U.S. trade or business income at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

INFORMATION REPORTING AND BACKUP WITHHOLDING

Certain Non-U.S. Holders may be subject to information reporting and backup withholding with respect to interest payments on the bonds. Treasury regulations provide that such information reporting and backup withholding generally will not apply to interest payments on the bonds to a Non-U.S. Holder if such Non-U.S. Holder certifies that it is not a U.S. person under penalties of perjury or otherwise establishes an exemption.

Additional information reporting and backup withholding requirements with respect to the payment of the proceeds from the disposition of a bond (including a redemption) by a Non-U.S. Holder are as follows:

If the proceeds are paid to or through the U.S. office of a broker, they generally will be subject to information reporting and backup withholding unless the Non-U.S. Holder certifies that it is not a U.S. person under penalties of perjury or otherwise establishes an exemption.

If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and is not a foreign person with certain specified U.S. connections (a "U.S. related person"), they will not be subject to information reporting or backup withholding.

If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. related person, they generally will be subject to information reporting (but not backup withholding) unless the Non-U.S. Holder certifies that it is not a U.S. person under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder generally will be allowed as a refund or a credit against such Non-U.S. Holder's U.S. federal income tax liability, provided that the required procedures are followed.

In addition to the foregoing, the amount of interest paid on or with respect to the bonds held by each Non-U.S. Holder during each calendar year and the amount of tax, if any, withheld from such payments must be reported to such Non-U.S. Holder and the IRS. Copies of the information returns reporting such interest and withholding also may be made available by the IRS to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty.

THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES AND TAX SITUATION. A HOLDER SHOULD CONSULT SUCH HOLDER'S TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER OF THE OWNERSHIP AND DISPOSITION OF THE BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange bonds for its own account pursuant to the exchange bonds must acknowledge that it will deliver a prospectus in connection with any resale of such exchange bonds. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange bonds received in exchange for outstanding bonds where such outstanding bonds were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 200 , all dealers effecting transactions in the exchange bonds may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange bonds by broker-dealers. Exchange bonds received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange bonds or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange bonds. Any broker-dealer that resells exchange bonds that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933 and any profit on any such resale of exchange bonds and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act of 1933. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933.

For a period of 180 days after the expiration date of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of outstanding bonds) other than commissions or concessions of any brokers or dealers and will indemnify the holders of outstanding bonds (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act of 1933.

If you wish to exchange your outstanding bonds for exchange bonds in the exchange offer, you will be required to make representations to us as described in "The Exchange Offer -- Your Representations to Us" of this prospectus and in the letter of transmittal.

TRANSFER RESTRICTIONS

The offer and sale of outstanding bonds of each series were not registered under the Securities Act of 1933. Accordingly, we offered and sold the outstanding bonds only in private sales exempt from or not subject to the registration requirements of the Securities Act of 1933:

- to qualified institutional buyers under Rule 144A under the Securities Act of 1933; or

- to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act of 1933.

You may not offer or sell those outstanding bonds in the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from or not subject to the registration requirements of the Securities Act of 1933.

LEGAL MATTERS

The validity of the exchange bonds of each series will be passed upon for us by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements of CenterPoint Houston and its subsidiaries as of December 31, 2001 and 2002, and for each of the three years in the period ended December 31, 2002, incorporated by reference in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph referring to CenterPoint Houston's distribution of its ownership interest in certain subsidiaries on

August 31, 2002), which is included in the CenterPoint Houston's Form 8-K filed May 16, 2003 that is incorporated herein by reference, and has been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Prior to our conversion into a Texas limited liability company in connection with the corporate restructuring of Reliant Energy, Incorporated, a Texas corporation, on August 31, 2002, we filed reports and other information with the SEC as Reliant Energy, Incorporated. We continue to be subject to the periodic reporting and informational requirements of the Securities Exchange Act of 1934. You may read and copy any document we file with the SEC at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain further information regarding the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC's Internet site located at http://www.sec.gov.

We are "incorporating by reference" into this prospectus information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information filed with or furnished to the SEC and not deemed incorporated) will automatically update and supersede information previously included.

We are incorporating by reference into this prospectus the documents listed below and any subsequent filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (excluding information deemed to be furnished and not filed with the SEC) until the offering made in this prospectus terminates. The documents we incorporate by reference are:

- our Annual Report on Form 10-K for the year ended December 31, 2002 (referred to in this prospectus as our "2002 Form 10-K");

- our Current Report on Form 8-K filed on March 27, 2003;

- our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003;

- our Current Report on Form 8-K filed on May 16, 2003 (referred to in this prospectus as our "May 16, 2003 Form 8-K");

- our Current Report on Form 8-K filed on June 20, 2003;

- our Current Report on Form 8-K filed on June 20, 2003;

- our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 (referred to in this prospectus as our "Second Quarter 2003 Form 10-Q");

- our Current Report on Form 8-K filed on September 3, 2003; and

- our Current Report on Form 8-K filed on September 10, 2003.

Our May 16, 2003 Form 8-K contains "Management's Narrative Analysis of Results of Operations" and "Financial Statements and Supplementary Data of the Company" from our 2002 Form 10-K with revisions for certain reclassifications and other items as described in our May 16, 2003 Form 8-K.

You may also obtain a copy of our filings with the SEC at no cost, by writing to or telephoning us at the following:

CenterPoint Energy Houston Electric, LLC
c/o CenterPoint Energy, Inc.
Attn: Investor Services
P.O. Box 4567
Houston, Texas 77210-4567
(713) 207-1111

This prospectus is part of a registration statement that we have filed with the SEC relating to the exchange bonds. As permitted by SEC rules, this prospectus does not contain all of the information included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You should read the registration statement and the exhibits and schedules for more information about us and the exchange bonds.

$1,262,275,000

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

OFFER TO EXCHANGE

5.70% General Mortgage Bonds,
Series J2, due 2013
for all outstanding
5.70% General Mortgage Bonds,
Series J, due 2013

6.95% General Mortgage Bonds,
Series K2, due 2033
for all outstanding
6.95% General Mortgage Bonds,
Series K, due 2033

5.60% General Mortgage Bonds,
Series L2, due July 1, 2023
for all outstanding
5.60% General Mortgage Bonds,
Series L, due July 1, 2023

5.75% General Mortgage Bonds,
Series M2, due 2014
for all outstanding
5.75% General Mortgage Bonds,
Series M, due 2014

PROSPECTUS

September   , 2003

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article 2.20 of the Texas Limited Liability Company Act and Article VIII of the Registrant's Limited Liability Company Regulations provide the Registrant with broad powers and authority to indemnify its member, managers and officers and to purchase and maintain insurance for such purposes. Pursuant to such statutory and Limited Liability Company Regulation provisions, the Registrant has purchased insurance against certain costs of indemnification that may be incurred by it and by its member, manager and officers.

Additionally, Section 7.12 of the Registrant's Limited Liability Company Regulations provides that a manager of the Registrant is not liable to the Registrant or its member for monetary damages for breach of fiduciary duty as a manager, except that Section 7.12 does not eliminate or limit the liability of a manager for any acts or omissions that involve intentional misconduct, fraud or a knowing violation of law or for a distribution in violation of Texas law as a result of the wilful or grossly negligent act or omission of the manager.

Section 7.12 also provides that any subsequent amendments to Texas statutes that further limit the liability of managers will inure to the benefit of the managers. Any repeal or modification of Section 7.12 shall not adversely affect any right of protection of a manager of the Registrant existing at the time of the repeal or modification.

See "Item 22. Undertakings" for a description of Securities and Exchange Commission's, or the SEC's, position regarding such indemnification provisions.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

SEC FILE OR EXHIBIT REGISTRATION EXHIBIT NUMBER DOCUMENT DESCRIPTION REPORT OR REGISTRATION STATEMENT STATEMENT REFERENCE - ------- --- ----------- ------ ---- ----------- ----------- ------ ---- -------- -- ------- 3.1 Articles of Conversion of CenterPoint Houston's Form 8-K 1- 3187 3(a) Reliant Energy, Incorporated dated August 31, 2002 filed with the SEC on September 3, 2002 3.2 Articles of Organization of CenterPoint Houston's Form 8-K 1- 3187 3(b) CenterPoint Energy Houston dated August 31, 2002 filed with Electric, LLC the SEC on September 3, 2002 3.3 Limited

Liability
Company
CenterPoint
Houston's
Form 8-K 1-
3187 3(c)
Regulations
of
CenterPoint
dated
August 31,
2002 filed
with Energy
Houston
Electric,
LLC the SEC
on
September
3, 2002
4.1.1
General
Mortgage
Indenture,
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(1) dated
as of
October 10,
2002, for
the quarter
ended
September
between
CenterPoint
Houston 30,
2002 and
JPMorgan
Chase Bank,
as Trustee
4.1.2 First
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(2) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.3
Second
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(3) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002

SEC FILE OR
EXHIBIT
REGISTRATION
EXHIBIT NUMBER
DOCUMENT
DESCRIPTION
REPORT OR
REGISTRATION
STATEMENT
STATEMENT
REFERENCE - ---
---- ----------
---------- ----

------------- -
----------- ---
------ 4.1.4
Third
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(4) to
Exhibit 4.1.1,
dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.5 Fourth
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(5) to
Exhibit 4.1.1,
dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.6 Fifth
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(6) to
Exhibit 4.1.1,
dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.7 Sixth
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(7) to
Exhibit 4.1.1,
dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.8 Seventh
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(8) to
Exhibit 4.1.1,
dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.9 Eighth
Supplemental
Indenture
CenterPoint
Houston's Form
10-Q 1-3187
4(j)(9) to
Exhibit 4.1.1,

dated as of for
the quarter
ended September
October 10,
2002 30, 2002
4.1.10 Ninth
Supplemental
Indenture
CenterPoint
Energy's Form
10-K 1-31447
4(e)(10) to
Exhibit 4.1.1,
dated as of for
the fiscal year
ended Decem-
November 12,
2002 ber 31,
2002 4.1.11
Tenth
Supplemental
Indenture
CenterPoint
Houston's Form
8-K 1-3187 4.1
to Exhibit
4.1.1, dated as
of dated March
13, 2003 and
filed March 18,
2003 on March
27, 2003 4.1.12
Eleventh
Supplemental
CenterPoint
Houston's Form
8-K 1-3187 4.1
Indenture to
Exhibit 4.1.1,
dated May 16,
2003 and filed
on dated as of
May 23, 2003
June 20, 2003
4.1.13 Twelfth
Supplemental
Indenture
CenterPoint
Houston's Form
8-K 1-3187 4.2
to Exhibit
4.1.1, dated as
of dated
September 9,
2003 and
September 9,
2003 filed on
September 10,
2003 4.2.1
Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.2
March 18, 2003
setting forth
dated March 13,
2003 and filed
the form, terms
and provisions
on March 27,
2003 of the
Tenth Series
and Eleventh
Series of
general
mortgage bonds
4.2.2
Registration
Rights
Agreement,
CenterPoint
Energy Form 10-
Q for 1-31447
4.3.14 dated as
of March 18,
2003, the
quarter ended
June 30, 2003
among
CenterPoint
Houston and the
representatives

of the initial
purchasers
named therein
relating to the
Tenth Series
and the
Eleventh Series
of general
mortgage bonds
4.2.3 Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.2
May 23, 2003
setting forth
the dated May
16, 2003 and
filed on form,
terms and
provisions of
June 20, 2003
the Twelfth
Series of
general
mortgage bonds

SEC FILE OR
EXHIBIT
REGISTRATION
EXHIBIT NUMBER
DOCUMENT
DESCRIPTION
REPORT OR
REGISTRATION
STATEMENT
STATEMENT
REFERENCE - ---
---- ----------
---------- ----

------------- -
----------- ---
------ 4.2.4
Registration
Rights
Agreement,
CenterPoint
Energy Form 10-
Q for 1-31447
4.3.16 dated as
of May 23,
2003, the
quarter ended
June 30, 2003
among
CenterPoint
Houston and the
representatives
of the initial
purchasers
named therein
relating to the
Twelfth Series
of general
mortgage bonds
4.2.5 Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.3
September 9,
2003 setting
dated September
9, 2003 and
forth the form,
terms and filed
on September
10, 2003
provisions of
the Thirteenth
Series of
general
mortgage bonds
4.2.6
Registration
Rights
Agreement,
dated as of
September 9,
2003, among
CenterPoint
Houston and the
representatives
of the initial
purchasers
named therein
relating to the
Thirteenth
Series of
general
mortgage bonds
5.1 Opinion of
Baker Botts
L.L.P. 12.1
Computation of
Ratios of
Earnings to
Fixed Charges
23.1 Consent of
Deloitte &
Touche LLP 23.2
Consent of
Baker Botts
L.L.P.
(contained in

Exhibit 5.1)
24.1* Power of Attorney 25.1 Statement of Eligibility and Qualifications under the Trust Indenture Act of 1939, as amended, of JPMorgan Chase Bank, as trustee under the Indenture 99.1 Form of Letter of Transmittal 99.2 Form of Notice of Guaranteed Delivery 99.3 Form of Letter to Depository Trust Company Participants 99.4 Form of Letter to Clients

- ---------------

* Previously filed.

(b) Financial Statement Schedules

Not applicable.

ITEM 22. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act of 1933 if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended, that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to managers, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a manager, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such manager, officer or controlling person in connection with the securities being registered, the Registrant will, unless, in the opinion of its counsel, the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against

public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

(e) The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on September 30, 2003.

CENTERPOINT ENERGY HOUSTON ELECTRIC,
LLC

By: /s/ RUFUS S. SCOTT

Rufus S. Scott

Vice President, Deputy General
Counsel and Assistant Secretary

Pursuant to the requirements of the Securities Act of 1933, this amendment to the registration statement has been signed by the following persons in the capacities and on September 30, 2003.

SIGNATURE
TITLE ----
----- ----
- *
Manager --

David M.
McClanahan
*
President
and Chief
Operating
Officer --

Thomas R.
Standish *
Executive
Vice
President
and Chief
Financial

Officer
Gary L.
Whitlock *
Senior
Vice
President
and Chief
Accounting
Officer --

James S.
Brian *By:
/s/ RUFUS
S. SCOTT -

- Rufus S.
Scott as
Attorney-
in-fact

INDEX TO EXHIBITS

SEC FILE OR
EXHIBIT
REGISTRATION
EXHIBIT
NUMBER
DOCUMENT
DESCRIPTION
REPORT OR
REGISTRATION
STATEMENT
STATEMENT
REFERENCE -
------- ---

------ ----

------ ----
-------- --
------- 3.1
Articles of
Conversion
of
CenterPoint
Houston's
Form 8-K 1-
3187 3(a)
Reliant
Energy,
Incorporated
dated
August 31,
2002 filed
with the
SEC on
September
3, 2002 3.2
Articles of
Organization
of
CenterPoint
Houston's
Form 8-K 1-
3187 3(b)
CenterPoint
Energy
Houston
dated
August 31,
2002 filed
with
Electric,
LLC the SEC
on
September
3, 2002 3.3
Limited
Liability
Company
CenterPoint
Houston's
Form 8-K 1-
3187 3(c)
Regulations
of
CenterPoint
dated
August 31,
2002 filed
with Energy
Houston
Electric,
LLC the SEC
on
September
3, 2002
4.1.1
General
Mortgage
Indenture,
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(1) dated
as of
October 10,
2002, for

the quarter
ended
September
between
CenterPoint
Houston 30,
2002 and
JPMorgan
Chase Bank,
as Trustee
4.1.2 First
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(2) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.3
Second
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(3) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.4
Third
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(4) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.5
Fourth
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(5) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.6
Fifth
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(6) to
Exhibit
4.1.1,
dated as of
for the

quarter
ended
September
October 10,
2002 30,
2002 4.1.7
Sixth
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(7) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.8
Seventh
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(8) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.9
Eighth
Supplemental
Indenture
CenterPoint
Houston's
Form 10-Q
1-3187 4(j)
(9) to
Exhibit
4.1.1,
dated as of
for the
quarter
ended
September
October 10,
2002 30,
2002 4.1.10
Ninth
Supplemental
Indenture
CenterPoint
Energy's
Form 10-K
1-31447
4(e)(10) to
Exhibit
4.1.1,
dated as of
for the
fiscal year
ended
Decem-
November
12, 2002
ber 31,
2002 4.1.11
Tenth
Supplemental
Indenture
CenterPoint
Houston's
Form 8-K 1-
3187 4.1 to
Exhibit
4.1.1,
dated as of
dated March
13, 2003
and filed
March 18,
2003 on

March 27, 2003 4.1.12 Eleventh Supplemental CenterPoint Houston's Form 8-K 1-3187 4.1 Indenture to Exhibit 4.1.1, dated May 16, 2003 and filed on dated as of May 23, 2003 June 20, 2003 4.1.13 Twelfth Supplemental Indenture CenterPoint Houston's Form 8-K 1-3187 4.2 to Exhibit 4.1.1, dated as of dated September 9, 2003 and September 9, 2003 filed on September 10, 2003

SEC FILE OR
EXHIBIT
REGISTRATION
EXHIBIT NUMBER
DOCUMENT
DESCRIPTION
REPORT OR
REGISTRATION
STATEMENT
STATEMENT
REFERENCE - ---
---- ----------
---------- ----

------------- -
----------- ---
------ 4.2.1
Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.2
March 18, 2003
setting forth
dated March 13,
2003 and filed
the form, terms
and provisions
on March 27,
2003 of the
Tenth Series
and Eleventh
Series of
general
mortgage bonds
4.2.2
Registration
Rights
Agreement,
CenterPoint
Energy Form 10-
Q for 1-31447
4.3.14 dated as
of March 18,
2003, the
quarter ended
June 30, 2003
among
CenterPoint
Houston and the
representatives
of the initial
purchasers
named therein
relating to the
Tenth Series
and the
Eleventh Series
of general
mortgage bonds
4.2.3 Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.2
May 23, 2003
setting forth
the dated May
16, 2003 and
filed on form,
terms and
provisions of
June 20, 2003
the Twelfth
Series of
general
mortgage bonds
4.2.4
Registration
Rights
Agreement,
CenterPoint
Energy Form 10-
Q for 1-31447
4.3.16 dated as
of May 23,
2003, the
quarter ended

June 30, 2003
among
CenterPoint
Houston and the
representatives
of the initial
purchasers
named therein
relating to the
Twelfth Series
of general
mortgage bonds
4.2.5 Officer's
Certificate
dated
CenterPoint
Houston's Form
8-K 1-3187 4.3
September 9,
2003 setting
dated September
9, 2003 and
forth the form,
terms and filed
on September
10, 2003
provisions of
the Thirteenth
Series of
general
mortgage bonds
4.2.6
Registration
Rights
Agreement,
dated as of
September 9,
2003, among
CenterPoint
Houston and the
representatives
of the initial
purchasers
named therein
relating to the
Thirteenth
Series of
general
mortgage bonds
5.1 Opinion of
Baker Botts
L.L.P. 12.1
Computation of
Ratios of
Earnings to
Fixed Charges
23.1 Consent of
Deloitte &
Touche LLP 23.2
Consent of
Baker Botts
L.L.P.
(contained in
Exhibit 5.1)
24.1* Power of
Attorney 25.1
Statement of
Eligibility and
Qualifications
under the Trust
Indenture Act
of 1939, as
amended, of
JPMorgan Chase
Bank, as
trustee under
the Indenture
99.1 Form of
Letter of
Transmittal

SEC FILE OR
EXHIBIT
REGISTRATION
EXHIBIT
NUMBER
DOCUMENT
DESCRIPTION
REPORT OR
REGISTRATION
STATEMENT
STATEMENT
REFERENCE -
------- ---

------ ----

------ ----
-------- --

99.2 Form
of Notice
of
Guaranteed
Delivery
99.3 Form
of Letter
to
Depository
Trust
Company
Participants
99.4 Form
of Letter
to Clients

- ---------------

* Previously filed.

EXHIBIT 4.2.6

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into this 9th day of September, 2003 among CenterPoint Energy Houston Electric, LLC, a Texas limited liability company (the "Company"), Banc of America Securities LLC, Deutsche Bank Securities Inc. and Wachovia Capital Markets, LLC, as representatives (the "Representatives") of the initial purchasers (the "Initial Purchasers") listed on Schedule I to the Purchase Agreement (defined below).

This Agreement is made pursuant to the Purchase Agreement dated September 3, 2003, among the Company and the Initial Purchasers (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchasers of an aggregate of $300,000,000 principal amount of the Company's 5.75% General Mortgage Bonds, Series M, due 2014 (the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close and which shall be a "business day" as defined under Rule 14d-1 of the General Rules and Regulations under the Securities Exchange Act of 1934.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Depositary" shall mean The Depository Trust Company, or any other depositary for the Securities appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all

amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" shall have the meaning set forth in Section 2.1 hereof.

"Exchange Securities" shall mean the general mortgage bonds issued by the Company under the Indenture containing terms identical to the Securities in all material respects (except for references to certain interest rate provisions, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

"Expiration Date" shall mean the date on which all the Participating Broker-Dealers have sold all Exchange Securities held by them.

"Holder" shall mean an Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become owners of Registrable Securities under the Indenture and each Participating Broker-Dealer that holds Exchange Securities for so long as such Participating Broker-Dealer is required to deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

"Indenture" shall mean the General Mortgage Indenture, dated as of October 10, 2002, between the Company and JPMorgan Chase Bank, as trustee, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof.

"Initial Purchaser" or "Initial Purchasers" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of Outstanding (as defined in the Indenture) Registrable Securities or such smaller amount of Registrable Securities for which action is to be taken; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company and other obligors on the Securities or any Affiliate (as defined in the Indenture) of the Company shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage amount.

"Participating Broker-Dealer" shall mean any Initial Purchaser, and any other broker-dealer who acquired the Registrable Securities for its own account as a result of market-making or other trading activities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

"Person" shall mean any individual, corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by

any prospectus supplement, including any such prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean the Securities; provided, however, that Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) such Securities have been sold to the public pursuant to Rule 144 under the 1933 Act or may be sold pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities shall have ceased to be outstanding or (iv) the Exchange Offer is consummated (except in the case of Securities purchased from the Company and continued to be held by the Initial Purchasers).

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including, without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, including, if applicable, the reasonable fees and expenses of any "qualified independent underwriter" (and its counsel) that is required to be retained by any holder of Registrable Securities in accordance with the rules and regulations of the NASD, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities and any filings with the NASD), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange or exchanges, (v) all rating agency fees, (vi) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (vii) the fees and expenses of the Trustee, and any escrow agent or custodian, (viii) the reasonable fees and disbursements of one firm, at any one time, of legal counsel selected by the Representatives or the Majority Holders to represent the Holders of Registrable Securities and (ix) any reasonable fees and disbursements of the underwriters customarily required to be paid by issuers or sellers of securities and the fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement,

including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the United States Securities and Exchange Commission or any successor agency or governmental body performing the functions currently performed by the United States Securities and Exchange Commission.

"Securities" shall have the meaning set forth in the preamble.

"Shelf Registration" shall mean a registration effected pursuant to Section 2.2 hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"TIA" shall mean the Trust Indenture Act of 1939, as amended.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act.

2.1 Exchange Offer. The Company shall, for the benefit of the Holders, at the Company's cost, use its reasonable commercial efforts (A) to file with the SEC the Exchange Offer Registration Statement not later than 180 days following the original issuance of the Securities with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities, of a like principal amount of Exchange Securities, (B) to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act within 270 days of the original issuance of the Securities, (C) to keep the Exchange Offer Registration Statement effective until the closing of the Exchange Offer and (D) unless the Exchange Offer would not be permitted by applicable law or SEC policy, to cause the Exchange Offer to be consummated within 315 days following the original issuance of the Securities. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder (A) is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act (an "Affiliate"), (B) is not a broker-dealer tendering Registrable Securities acquired directly from the Company or one of its Affiliates for its own account, (C) acquired the Exchange Securities in the ordinary course of such Holder's business and (D) at the time of the consummation of the Exchange Offer has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act and without material restrictions under the securities laws of a substantial portion of the several states of the United States.

In connection with the Exchange Offer, the Company will:

(A) as promptly as practicable after the Exchange Offer Registration Statement has been declared effective by the SEC, mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(B) keep the Exchange Offer open for acceptance for a period of not less than 20 Business Days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(C) utilize the services of the Depositary for the Exchange Offer;

(D) notify each Holder that any Holder electing to have a Registrable Security exchanged pursuant to the Exchange Offer will be required to surrender such Registrable Security, together with the appropriate letters of transmittal, to the institution and at the address and in the manner specified in the notice prior to 5:00 p.m. (Eastern Time) on the last Business Day of the Exchange Period;

(E) permit Holders to (i) withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Time) on the last Business Day of the Exchange Period, by sending to the institution specified in the notice a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing such Holder's election to have such Securities exchanged and (ii) tender Registrable Securities according to customary guaranteed delivery procedures if such Holder cannot deliver such Registrable Securities or complete the procedures relating thereto on a timely basis prior to 5:00 p.m. (Eastern Time) on the last Business Day of the Exchange Period;

(F) notify each Holder that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker Dealers as provided herein); and

(G) otherwise comply in all material respects with all applicable laws relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer the Company shall:

(A) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(B) deliver or cause to be delivered all Registrable Securities accepted for exchange to the Trustee for cancellation; and

(C) cause the Trustee promptly to authenticate and deliver Exchange Securities, to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of original issuance. The Exchange Offer shall not be subject to any conditions, other than (A) that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC, (B) the valid tendering of Registrable Securities in accordance with the Exchange Offer, (C) that each Holder of Registrable Securities exchanged in the Exchange Offer shall have represented that (i) it is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (ii) it is not a broker-dealer tendering Registrable Securities acquired directly from the Company or one of its Affiliates for its own account, (iii) all of the Exchange Securities to be received by it shall be acquired in the ordinary course of its business and (iv) at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any Person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities, and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available and (D) that no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer which, in the Company's judgment, would reasonably be expected to impair the ability of the Company to proceed with the Exchange Offer. The Company shall use its reasonable commercial efforts to inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right, subject to applicable securities laws, to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

The Company shall use its reasonable commercial efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein, in order to permit such Prospectus to be lawfully delivered by all persons subject to the prospectus delivery requirements of the 1933 Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Securities; provided, however, that (i) in the case where such prospectus and any amendment or supplement thereto must be delivered by a Participating Broker-Dealer, such period shall terminate at the earlier to occur of (i) the expiration of 180 days following the Exchange Offer and (ii) the Expiration Date.

The Company shall not be obligated to keep the Exchange Offer Registration Statement effective or to permit the use of any Prospectus forming a part of the Exchange Offer Registration Statement if (i) the Company determines, in its reasonable judgment, upon advice of counsel that the continued effectiveness and use of the Exchange Offer Registration Statement would (x) require the disclosure of material information which the Company has a bona fide business reason for preserving as confidential or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries; and provided, further, that the failure to keep the Exchange Offer Registration Statement effective and usable for offers and sales of Registrable Securities for such reasons

shall last no longer than 45 consecutive calendar days or no more than an aggregate of 90 calendar days during any consecutive twelve-month period (whereafter a Registration Default, as hereinafter defined, shall occur) and (ii) the Company promptly thereafter complies with the requirements of Section 3(L) hereof, if applicable; any such period during which the Company is excused from keeping the Exchange Offer Registration Statement effective and usable for offers and sales of Registrable Securities is referred to herein as a "Exchange Offer Suspension Period"; an Exchange Offer Suspension Period shall commence on and include the date that the Company gives notice to the Holders that the Exchange Offer Registration Statement is no longer effective or the Prospectus included therein is no longer usable for offers and sales of Registrable Securities as a result of the application of the proviso of the foregoing sentence, stating the reason therefor, and shall end on the earlier to occur of the date on which each seller of Registrable Securities covered by the Exchange Offer Registration Statement either receives the copies of the supplemented or amended Prospectus or is advised in writing by the Company that use of the Prospectus may be resumed.

The Company acknowledges that pursuant to current interpretations by the SEC's staff of Section 5 of the 1933 Act, in the absence of applicable exemption therefrom, (i) each Holder which is a broker-dealer electing to exchange Securities for Exchange Securities (an "Exchanging Dealer"), is required to deliver a prospectus containing information substantially in the form set forth in (a) Annex A hereto, (b) Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section, (c) Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer pursuant to the Exchange Offer and to include in the Letter of Transmittal delivered pursuant to the Exchange Offer, the information set forth in Annex D hereto and (ii) an Initial Purchaser that elects to sell Exchange Securities acquired in an exchange for Securities constituting any portion of an unsold allotment, is required to deliver a prospectus containing the information required by Item 507 or Item 508 of Regulation S-K under the 1933 Act, as applicable, in connection with such sale.

2.2 Shelf Registration. In the event that (A) the Company reasonably determines that changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC do not permit the Company to effect the Exchange Offer as contemplated by Section 2.1 hereof, (B) for any other reason, the Exchange Offer is not consummated within 315 days after the original issuance of the Securities or (C) an Initial Purchaser notifies the Company within 20 Business Days following the consummation of the Exchange Offer that (i) it is not permitted by applicable law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC to participate in the Exchange Offer, (ii) it may not resell Exchange Securities with the Prospectus included as part of the Exchange Offer Registration Statement or (iii) it is a broker-dealer and owns Registrable Securities acquired directly from the Company or one of the Company's Affiliates, then in case of each of clauses (A) through (C) the Company shall, at its cost, in lieu of effecting (or, in the case of clause (C), in addition to effecting) the registration of the Exchange Securities pursuant to the Exchange Offer Registration Statement:

(A) as promptly as practicable, file with the SEC, and thereafter shall use its reasonable commercial efforts to cause to be declared effective no later than 345 days after the original issuance of the Securities, a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in

accordance with the methods of distribution elected by the Majority Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement;

(B) use its reasonable commercial efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming a part thereof to be usable by Holders for a period of two years from the date of the original issuance of the Securities (plus the number of days in any Suspension Period), or until all of the Registrable Securities have been sold pursuant thereto; provided, however, that the Company shall not be obligated to keep the Shelf Registration Statement effective or to permit the use of any Prospectus forming a part of the Shelf Registration Statement if (i) the Company determines, in its reasonable judgment, upon advice of counsel that the continued effectiveness and use of the Shelf Registration Statement would (x) require the disclosure of material information which the Company has a bona fide business reason for preserving as confidential or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries; and provided, further, that the failure to keep the Shelf Registration Statement effective and usable for offers and sales of Registrable Securities for such reasons shall last no longer than 45 consecutive calendar days or no more than an aggregate of 90 calendar days during any consecutive twelve-month period (whereafter a Registration Default, as hereinafter defined, shall occur) and (ii) the Company promptly thereafter complies with the requirements of Section 3(L) hereof, if applicable; any such period during which the Company is excused from keeping the Shelf Registration Statement effective and usable for offers and sales of Registrable Securities is referred to herein as a "Suspension Period"; a Suspension Period shall commence on and include the date that the Company gives notice to the Holders that the Shelf Registration Statement is no longer effective or the Prospectus included therein is no longer usable for offers and sales of Registrable Securities as a result of the application of the proviso of the foregoing sentence, stating the reason therefor, and shall end on the earlier to occur of the date on which each seller of Registrable Securities covered by the Shelf Registration Statement either receives the copies of the supplemented or amended Prospectus or is advised in writing by the Company that use of the Prospectus may be resumed.

The Company shall not permit any securities other than Registrable Securities to be included in the Shelf Registration Statement. The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(B) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

2.3 Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2 hereof. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4 Effectiveness.

(A) The Company will be deemed not to have used its reasonable commercial efforts to cause the Exchange Offer Registration Statement or the Shelf Registration

Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company voluntarily takes any action that would, or omits to take any action (other than any action specifically permitted by the last paragraph of Section 2.1 or by Section 2.2(B) hereof) which omission would, result in any such Registration Statement not being declared effective or in the Holders of Registrable Securities covered thereby not being able to exchange or offer and sell such Registrable Securities during that period as and to the extent contemplated hereby, unless such action is required by applicable law.

(B) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to an Exchange Offer Registration Statement or a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

2.5 Interest. In the event that (A) the Exchange Offer Registration Statement is not filed with the SEC on or prior to the 180th day following the date of original issuance of the Securities, (B) the Exchange Offer Registration Statement is not declared effective on or prior to the 270th calendar day following the date of original issuance of the Securities, (C) the Exchange Offer is not consummated or a Shelf Registration Statement is not declared effective, in either case, on or prior to the 315th calendar day following the date of original issuance of the Securities or (D) the Exchange Offer Registration Statement or the Shelf Registration Statement is filed and declared effective but shall thereafter either be withdrawn by the Company or becomes subject to an effective stop order suspending the effectiveness of such registration statement, except as specifically permitted by the last paragraph of Section 2.1 or Section 2.2(B) hereof, in each case without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective (each such event referred to in clauses (A) through (D) above, a "Registration Default"), the interest rate borne by the Registrable Securities shall be increased ("Additional Interest") by one-fourth of one percent (0.25%) per annum upon the occurrence of each Registration Default, which rate will increase by an additional one-fourth of one percent (0.25%) per annum if such Registration Default has not been cured within 90 days after occurrence thereof and continuing until all Registration Defaults have been cured, provided that the aggregate amount of any such increase in the interest rate on the Registrable Securities shall in no event exceed one-half of one percent (0.50%) per annum; and provided, further, that if the Exchange Offer Registration Statement is not declared effective on or prior to the 270th calendar day following the original issuance of the Securities and the Company shall request Holders of Securities to provide information required by the applicable rules of the SEC for inclusion in the Shelf Registration Statement, then Registrable Securities owned by Holders who do not deliver such information to the Company or who do not provide comments on the Shelf Registration Statement when reasonably requested by the Company will not be entitled to any such increase in the interest rate for any day after the 315th day following the date of original issuance of the Securities. All accrued Additional Interest shall be paid to Holders of Registrable Securities in the same manner and at the same time as regular payments

of interest on the Registrable Securities. Following the cure of all Registration Defaults, the accrual of Additional Interest will cease and the interest rate on the Registrable Securities will revert to the original rate.

3. Registration Procedures. In connection with the obligations of the Company with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company shall:

(A) prepare and file with the SEC a Registration Statement, within the relevant time period specified in Section 2, on the appropriate form under the 1933 Act, which form shall (i) be selected by the Company, (ii) in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and (iii) comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein, and use its reasonable commercial efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(B) use reasonable commercial efforts to cause (i) any Registration Statement and any amendment thereto, when it becomes effective, not to contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) subject to the last paragraph of Section 2.1 and Section 2.2(B), any Prospectus forming part of any Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), not to include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(C) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the 1933 Act and comply with the provisions of the 1933 Act, the 1934 Act and the rules and regulations thereunder applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution reasonably requested by the selling Holders thereof (including sales by any Participating Broker-Dealer);

(D) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least fifteen (15) calendar days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the methods reasonably requested by the Majority Holders participating in the Shelf Registration, (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or

supplement thereto, and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits in order to facilitate the public sale or other disposition of the Registrable Securities and (iii) hereby consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto, save and except during any Suspension Period;

(E) use its reasonable commercial efforts to register or qualify the Registrable Securities under such state securities or blue sky laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder and underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(E) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(F) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company that it is utilizing the Prospectus contained in the Exchange Offer Registration Statement as provided in Section 3(G) hereof and, if requested by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of the Shelf Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any facts during the period the Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading, (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (vii) of any determination by the

Company that a post-effective amendment to a Registration Statement would be appropriate;

(G) (1) in the case of the Exchange Offer Registration Statement (a) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," which section shall be reasonably acceptable to the Representatives on behalf of the Participating Broker-Dealers, and which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Securities acquired for its own account as a result of market-making activities or other trading activities and that will be the beneficial owner (as defined in Rule 13d-3 under the 1934 Act) of Exchange Securities to be received by such broker-dealer in the Exchange Offer, including a statement that any such broker-dealer who receives Exchange Securities for Registrable Securities pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities, (b) furnish to each Participating Broker-Dealer who has delivered to the Company the notice referred to in Section 3(F), without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (c) hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any Person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the Prospectus or any amendment or supplement thereto for up to 180 days following the Exchange Offer except during any Exchange Offer Suspension Period, and (d) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (i) the following provision:

> "If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer,"

and (ii) a statement to the effect that a broker-dealer by making the acknowledgment described in clause (i) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and (2) in the case of any Exchange Offer Registration Statement, the Company agrees to deliver to any Participating Broker-Dealers upon the effectiveness of the Exchange Offer Registration Statement (a) an opinion of counsel or opinions of counsel substantially in the form attached hereto as Annex E, (b) officers' certificates substantially in the form customarily delivered by the Company in its public offerings of debt securities and (c) a comfort letter or comfort letters in customary form to the extent permitted by Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants (or if such a comfort letter is

not permitted, an agreed upon procedures letter in customary form) from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) at least as broad in scope and coverage as the comfort letter or comfort letters delivered to the Initial Purchasers in connection with the initial sale of the Securities to the Initial Purchasers;

(H) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities, copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(I) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement as soon as practicable and provide prompt notice to legal counsel for the Holders of the withdrawal of any such order;

(J) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference and all exhibits thereto, unless requested);

(K) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold to the extent not held with the Depositary through Cede & Co., to remove any restrictive legends, and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least three Business Days prior to the closing of any sale of Registrable Securities;

(L) upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(F)(ii), (iii), (v), (vi) and (vii) hereof and subject to the provisions of the second paragraph immediately following Section 3(U) hereof, as promptly as practicable after the occurrence of such an event, use its reasonable commercial efforts to prepare a supplement or post-effective amendment to the Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or will remain so qualified. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material

fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such number of copies of the Prospectus as amended or supplemented, as such Holder may reasonably request;

(M) obtain a CUSIP number for all Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with certificates for the Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(N) unless the Indenture, as its relates to the Exchange Securities or the Registrable Securities, as the case may be, has already been so qualified, use its reasonable commercial efforts to (i) cause the Indenture to be qualified under the TIA in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its reasonable commercial efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(O) in the case of a Shelf Registration, enter into agreements (including underwriting agreements) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to the Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as has been customarily made by the Company to underwriters in similar offerings of debt securities of the Company;

(ii) obtain opinions of counsel of the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the Holders of a majority in principal amount of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings of the Company;

(iii) obtain "cold comfort" letters and updates thereof from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, if any, and use reasonable efforts to have such letter addressed to the selling Holders of Registrable Securities (to the extent consistent with

Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accounts), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings of the Company;

(iv) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 4 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section; and

(v) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the Holders of a majority in principal amount of the Registrable Securities being sold and the managing underwriters, if any;

the above shall be done at (i) the effectiveness of such Registration Statement (and each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder;

(P) in the case of a Shelf Registration or if a Prospectus is required to be delivered by any Participating Broker-Dealer in the case of an Exchange Offer, make available for inspection by representatives of the Holders of the Registrable Securities, any underwriters participating in any disposition pursuant to a Shelf Registration Statement, any Participating Broker-Dealer and any counsel or accountant retained by any of the foregoing, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees and any other agents of the Company to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement, and make such representatives of the Company available for discussion of such documents as shall be reasonably requested by the Initial Purchasers in order to enable such persons to conduct a reasonable investigation within the meaning of Section 11 of the 1933 Act; provided, however, that such persons shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such persons, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of the Shelf Registration Statement or the use of any Prospectus), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard such information by such persons or (iv) such information becomes available to such persons from a source other than the Company and its subsidiaries and such source is not known by such persons to be bound by a confidentiality agreement; and provided, further, that the foregoing inspection and information gathering shall be coordinated by (x) the managing underwriter in connection with any underwritten offering pursuant to a Shelf

Registration, (y) the Holder or Holders designated by the participating Majority Holders in connection with any nonunderwritten offering pursuant to a Shelf Registration or (z) the Participating Broker-Dealer holding the largest amount of Registrable Securities in the case of use of a Prospectus included in the Exchange Offer Registration Statement, together with one counsel designated by and on behalf of such persons;

(Q) (i) in the case of an Exchange Offer Registration Statement, within a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Initial Purchasers and to counsel to the Holders of Registrable Securities and make such changes in any such document prior to the filing thereof as the Initial Purchasers or counsel to the Holders of Registrable Securities may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which the Initial Purchasers on behalf of the Holders of Registrable Securities and counsel to the Holders of Registrable Securities shall not have previously been advised and furnished a copy of or to which the Initial Purchasers on behalf of the Holders of Registrable Securities or counsel to the Holders of Registrable Securities shall reasonably object (which objection shall be made within a reasonable period of time), and make the representatives of the Company available for discussion of such documents as shall be reasonably requested by the Initial Purchasers; and (ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Securities, to the Initial Purchasers, to counsel for the Holders and to the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, make such changes in any such document prior to the filing thereof as the Initial Purchasers, the counsel to the Holders or the underwriter or underwriters reasonably request and not file any such document in a form to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel for the Holders of Registrable Securities or any underwriter shall not have previously been advised and furnished a copy of or to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel to the Holders of Registrable Securities or any underwriter shall reasonably object (which objection shall be made within a reasonable period of time), and make the representatives of the Company available for discussion of such document as shall be reasonably requested by the Holders of Registrable Securities, the Initial Purchasers on behalf of such Holders, counsel for the Holders of Registrable Securities or any underwriter;

(R) use its reasonable commercial efforts to (a) if the Securities have been rated prior to the initial sale of such Securities, confirm such ratings will apply to the Securities covered by a Registration Statement, or (b) if the Securities were not previously rated, cause the Securities covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by Holders of a majority in aggregate principal amount of Securities covered by such Registration Statement, or by the managing underwriters, if any.

(S) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder;

(T) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD); and

(U) upon consummation of an Exchange Offer, obtain a customary opinion of counsel to the Company addressed to the Trustee for the benefit of all Holders of Registrable Securities participating in the Exchange Offer, and which includes an opinion substantially to the effect that (i) the Company has duly authorized, executed and delivered the Exchange Securities and the related supplemental indenture and (ii) each of the Exchange Securities and related indenture constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms (with customary exceptions).

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Registrable Securities to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably require for inclusion in the Shelf Registration Statement and request in writing.

In the case of a Shelf Registration Statement, each Holder agrees, and in the case of the Exchange Offer Registration Statement, each Participating Broker-Dealer agrees, that, upon receipt of any notice from the Company of (a) the happening of any event or the discovery of any facts, each of the kind described in Sections 3(F)(ii), (iii) or (v) hereof or (b) the Company's determination, in its reasonable judgment, upon advice of counsel, that the continued effectiveness and use of the Shelf Registration Statement or the Prospectus included in the Shelf Registration Statement or the Exchange Offer Registration Statement would (x) require the disclosure of material information, which the Company has a bona fide business reason for preserving as confidential, or (y) interfere with any financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its subsidiaries, such Holder or Participating Broker-Dealer, as the case may be, will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement or Prospectus until the receipt by such Holder or Participating Broker-Dealer, as the case may be, of either copies of the supplemented or amended Prospectus contemplated by Section 3(L) hereof, and, if so directed by the Company, such Holder or Participating Broker-Dealers will deliver to the Company (at its expense) all copies in its possession of the Prospectus covering such Registrable Securities current at the time of receipt of such notice, or notice in writing from the Company that such Holder or Participating Broker-Dealers may resume disposition of Registrable Securities pursuant to such Registration Statement or Prospectus. If the Company shall give any such notice described in clause (a) above to suspend the disposition of Registrable Securities pursuant to a Registration Statement as a result of the happening of any event or the discovery of

any facts, each of the kind described in Section 3(F)(ii), (iii) and (v) hereof, the Company shall be deemed to have used its reasonable commercial efforts to keep such Registration Statement effective during such Suspension Period provided that the Company shall use its reasonable commercial efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or supplement to such Registration Statement. The Company shall extend the period during which such Registration Statement shall be maintained effective or the Prospectus used pursuant to this Agreement by the number of days during the period from and including the date of the giving of the notice described in clauses (a) and (b) above to and including the date when the Holders or Participating Broker-Dealers shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions or notification that they may resume such disposition under an existing Prospectus.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Majority Holders of such Registrable Securities included in such offering and shall be reasonably acceptable to the Company. No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

4. Indemnification; Contribution.

(A) In the event of a Shelf Registration Statement or in connection with any prospectus delivery pursuant to an Exchange Offer Registration Statement by an Initial Purchaser or Participating Broker-Dealer, the Company agrees to indemnify and hold harmless the Initial Purchasers, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Initial Purchaser, Holder, Participating Broker-Dealer or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (collectively, the "Section 4 Persons"), against any losses, claims, damages, liabilities or expenses (including the reasonable cost of investigating and defending against any claims therefore and counsel fees incurred in connection therewith as such expenses are incurred), joint or several, which may be based upon either the 1933 Act, or the 1934 Act, or any other statute or at common law, on the ground or alleged ground that any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act or any Prospectus included therein (or any amendment or supplement thereto) included or allegedly included an untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, unless such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Company by any such Section 4 Person specifically for use in the preparation thereof; provided that in no case is the Company to be liable with respect to any claims made against any Section 4 Person unless such Section 4 Person shall have notified the Company in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Section 4 Person, but

failure to notify the Company of any such claim shall not relieve it from any liability which it may have to such Section 4 Person otherwise than on account of the indemnity agreement contained in this paragraph; and provided, further, that the foregoing indemnity with respect to any Prospectus, including any preliminary prospectus or preliminary prospectus supplement, shall not inure to the benefit of any Section 4 Person if a copy of the Prospectus (as amended or supplemented, exclusive of the material incorporated by reference) had not been sent or given by or on behalf of such Section 4 Person to the Person asserting any such losses, claims, damages or liabilities concurrently with or prior to delivery of the written confirmation of the sale of Exchange Securities or Registrable Securities, as the case may be, to such Person and the untrue statement or omission of a material fact contained in any such Prospectus was corrected in the Prospectus (as amended or supplemented) if the Company had previously furnished copies thereof to such Section 4 Persons.

The Company will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if the Company elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event that the Company elects to assume the defense of any such suit and retains such counsel, each Section 4 Person may retain additional counsel but shall bear the fees and expenses of such counsel unless (i) the Company shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Section 4 Person or Section 4 Persons and such persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the Company, in which case the Company shall not be entitled to assume the defense of such suit on behalf of such Section 4 Person, notwithstanding its obligation to bear the reasonable fees and expenses of such counsel, it being understood, however, that the Company shall not, in connection with any one such suit or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such Section 4 Persons, which firm shall be designated in writing by the Initial Purchasers. The Company shall not be liable to indemnify any Person for any settlement of any such claim effected without the Company's prior written consent. This indemnity agreement will be in addition to any liability, which the Company might otherwise have.

(B) Each Section 4 Person agrees severally and not jointly to indemnify and hold harmless the Company, each of the Company's directors, each of the Company's officers who have signed the Registration Statement and each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act, against any losses, claims, damages, liabilities or expenses (including the reasonable cost of investigating and defending against any claims therefor and counsel fees incurred in connection therewith as such expenses are incurred), joint or several, which may be based upon the 1933 Act, or any other statute or at common law, on the ground or alleged ground that any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act or any Prospectus included therein (or any amendment or supplement thereto) included or allegedly included an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Company by such

Section 4 Person specifically for use in the preparation thereof; provided that in no case is such Section 4 Person to be liable with respect to any claims made against the Company or any such director, officer or controlling person unless the Company or any such director, officer or controlling person shall have notified such Section 4 Person in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Company or any such director, officer or controlling person, but failure to notify such Section 4 Person of any such claim shall not relieve it from any liability which it may have to the Company or any such director, officer or controlling person otherwise than on account of the indemnity agreement contained in this paragraph. Notwithstanding any other provision of this subsection (B), with respect to any amount due to an indemnified person under this subsection (B), such Section 4 Person shall not be liable for any amount in excess of the amount by which the net proceeds received by such Section 4 Person from the sale of Exchange Securities or Registrable Securities pursuant to a Registration Statement exceeds the amount of damages which such Section 4 Person has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

Such Section 4 Person will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if such Section 4 Person elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event that such Section 4 Person elects to assume the defense of any such suit and retain such counsel, the Company or such director, officer or controlling person, defendant or defendants in the suit, may retain additional counsel but shall bear the fees and expenses of such counsel unless (i) such Section 4 Person shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Company or any such director, officer, trustee or controlling person and such Section 4 Person and the Company or such director, officer, trustee or controlling person have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to such Section 4 Person, in which case such Section 4 Person shall not be entitled to assume the defense of such suit on behalf of the Company or such director, officer, trustee or controlling person, notwithstanding its obligation to bear the reasonable fees and expenses of such counsel, it being understood, however, that such Section 4 Person shall not, in connection with any one such suit or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one a separate firm of attorneys at any time for all of the Company and any such director, officer or controlling person, which firm shall be designated in writing by the Company. Such Section 4 Person shall not be liable to indemnify any person for any settlement of any such claim effected without such Section 4 Person's prior written consent. This indemnity agreement will be in addition to any liability which such Section 4 Person might otherwise have.

(C) If the indemnification provided for in this Section 4 is unavailable or insufficient to hold harmless an indemnified party under subsections (A) or (B) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (A) or (B) above in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or

liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (C) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (C). Notwithstanding any other provision of this subsection (C), the Holders of the Securities and the Exchange Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of such securities pursuant to a Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The obligations of the Holders of the Securities and Exchange Securities in this subsection (C) to contribute are several in proportion to the net proceeds received from the sale of such securities by such Holder and not joint. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this subsection (C), each person, if any, who controls such indemnified party within the meaning of the 1933 Act or the 1934 Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act shall have the same rights to contribution as the Company.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. For so long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports required to be filed by it under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to be so required to file such reports, the Company covenants that it will upon the request of any Holder of Registrable Securities (A) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (B) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and (C) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

5.2 No Inconsistent Agreements. The Company has not entered into and the Company will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise

conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure. Without the consent of the Holder of each Security however, no modification may change the provisions relating to the payment of Additional Interest.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers; and (b) if to the Company, initially at the Company's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; two Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Holders, on the

other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7 Specific Performance. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Sections 2.1 through 2.4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 2.1 through 2.4 hereof.

5.8 Restriction on Resales. Until the expiration of two years after the original issuance of the Securities, the Company will not, and will cause its "affiliates" (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, resell any Securities which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act) that have been reacquired by any of them and shall immediately upon any purchase of any such Securities submit such Securities to the Trustee for cancellation.

5.9 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed signature page of this Agreement by facsimile or any other rapid transmission device designed to produce a written record of the communication transmitted shall be as effective as delivery of a manually executed counterpart thereof.

5.10 Headings. The headings in this Agreement are for the convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

5.12 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

5.13 Entire Agreement. This Agreement and the Purchase Agreement represent the entire agreement among the parties hereto with respect to the subject matter hereof and supercedes and replaces any and all prior agreements and understandings, whether oral or written, with respect thereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

By: /s/ Marc Kilbride

Name: Marc Kilbride
Title: Vice President and Treasurer

CONFIRMED AND ACCEPTED
AS OF THE DATE FIRST ABOVE WRITTEN:

BANC OF AMERICA SECURITIES LLC, for itself and as representative of the Initial Purchasers

By: /s/ Robert D. Craig

Name: Robert D. Craig
Title: Managing Director

DEUTSCHE BANK SECURITIES INC., for itself and as representative of the Initial Purchasers

By: /s/ Matthew Siracuse

Name: Matthew Siracuse
Title: Director

By: /s/ Charles W. Chigas

Name: Charles W. Chigas
Title: Managing Director

WACHOVIA CAPITAL MARKETS, LLC, for itself and as representative of the Initial Purchasers

By: /s/ James T. Williams Jr.

Name: James T. Williams Jr.
Title: Director

ANNEX A

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the 1933 Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date (as defined herein), it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B

Each broker-dealer that receives Exchange Securities for its own account in exchange for Securities, where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See "Plan of Distribution."

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 200 , all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.(1)

The Company will not receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the 1933 Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the 1933 Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the 1933 Act.

For a period of 180 days after the Expiration Date the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any brokers or dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the 1933 Act.

- ----------

(1) In addition, the legend required by Item 502(b) of Regulation S-K will appear on the inside front cover page of the Exchange Offer prospectus below the Table of Contents.

ANNEX D

[ ]CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: ---------------------------------------

Address: ---------------------------------------

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the 1933 Act.

FORM OF OPINION OF COUNSEL

The Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended.

The Registration Statement has become effective under the 1933 Act, and, to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted and are pending or are threatened by the SEC under the 1933 Act.

The Exchange Offer Registration Statement and the Prospectus (except for (A) the financial statements, including the notes and schedules, if any thereto (except to the extent such notes describe legal and governmental proceedings to which the Company is a party and are incorporated by reference into one or more items of a report that is incorporated by reference or included in therein other than an item that requires financial statements to be provided) or the auditor's reports on the audited portions thereof, (B) the other accounting, financial and statistical data, and (C) the exhibits thereto, as to which we have not been asked to comment) comply as to form in all material respects with the applicable requirements of the 1933 Act and the applicable rules and regulations promulgated under the 1933 Act.

We have participated in conferences with certain officers and other representatives of the Company, representatives of the independent public accountants of the Company, representatives of the [Initial Purchasers] [Holders] and counsel for the [Initial Purchasers] [Holders], at which the contents of the Registration Statement and the Prospectus and related matters were discussed. Although we have not undertaken to determine independently, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in or incorporated by reference in the Registration Statement or the Prospectus, we advise you that, on the basis of the foregoing (relying as to materiality to a large extent upon statements and other representations of officers and other representatives of the Company), no facts have come to our attention that lead us to believe that the Registration Statement and any amendment made thereto prior to the date hereof (except for (A) the financial statements, including the notes and schedules, if any thereto or the auditor's reports on the audited portions thereof, (B) the other accounting, financial and statistical data, and (C) the exhibits thereto, as to which we have not been asked to comment), as of the time the Registration Statement became effective or such amendment was filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, and any amendment or supplement thereto made prior to the date hereof (except for (A) the financial statements, including the notes and schedules, if any thereto or the auditor's reports on the audited portions thereof, (B) the other accounting, financial and statistical data, and (C) the exhibits thereto, as to which we have not been asked to comment), as of the date of the Prospectus or such amendment or supplement contained any

untrue statement of a material fact or omitted to state a material fact
necessary in order to make the statements therein, in light of the circumstances
under which they were made, not misleading.

EXHIBIT 5.1

(BAKER BOTTS L.L.P. LOGO)

ONE SHELL PLAZA
910 LOUISIANA
HOUSTON, TEXAS
77002-4995
713.229.1234
FAX 713.229.1522

AUSTIN
BAKU
DALLAS
HOUSTON
LONDON
NEW YORK
RIYADH
WASHINGTON

September 30, 2003

CenterPoint Energy Houston Electric, LLC
1111 Louisiana Street
Houston, TX 77002

Ladies and Gentlemen:

As set forth in the Registration Statement on Form S-4 (Registration No. 333-108766) (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") by CenterPoint Energy Houston Electric, LLC, a Texas limited liability company (the "Company"), under the Securities Act of 1933, as amended (the "Act"), relating to the registration under the Act of the offer and sale of $450,000,000 aggregate principal amount of the Company's 5.70% General Mortgage Bonds, Series J2, due 2013, $312,275,000 aggregate principal amount of the Company's 6.95% General Mortgage Bonds, Series K2, due 2033, $200,000,000 aggregate principal amount of the Company's 5.60% General Mortgage Bonds, Series L2, due July 1, 2023, and $300,000,000 aggregate principal amount of the Company's 5.75% General Mortgage Bonds, Series M2, due 2014 (collectively, the "Exchange Bonds") to be offered by the Company in exchange (the "Exchange Offer") for a like principal amount of the Company's issued and outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023, and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds"), we are passing upon certain legal matters for the Company in connection with the issuance of the Exchange Bonds. The Exchange Bonds are to be issued under an Indenture dated as of October 10, 2002 between the Company and JPMorgan Chase Bank, as Trustee (the "Indenture"), as amended and supplemented, pursuant to the terms of each series of the Outstanding Bonds as established pursuant to, as applicable, the Tenth Supplemental Indenture dated as of March 18, 2003 between the Borrower and JPMorgan Chase Bank, as Trustee (the "Tenth Supplemental Indenture"), the Eleventh Supplemental Indenture dated as of May 23, 2003 between the Borrower and JPMorgan Chase Bank, as Trustee (the "Eleventh Supplemental Indenture"), and the Twelfth Supplemental Indenture, dated as of September 9, 2003 between the Borrower and JPMorgan Chase Bank, as Trustee (the "Twelfth Supplemental Indenture," and each of the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture and the Twelfth Supplemental Indenture, a "Supplemental Indenture"). At your request, this opinion is being furnished to you for filing as Exhibit 5.1 to the Registration Statement.

In our capacity as counsel to the Company in connection with the matters referred to above, we have examined the Articles of Conversion of Reliant Energy, Incorporated, the Articles of Organization of the Company and the Limited Liability Company Regulations of the Company, each as amended to date, and the originals, or copies certified or otherwise identified, of the Indenture, of each Supplemental Indenture, of corporate records of the Company, including minute books of the Company as furnished to us by the Company, certificates of public officials and of representatives of the Company, statutes and other instruments and documents, as a basis

for the opinions hereinafter expressed. We have assumed that the signatures on all documents examined by us are genuine, all documents submitted to us as originals are authentic and all documents submitted to us as certified or photostatic copies conform to the originals thereof. We have also assumed that prior to the commencement of the Exchange Offer, the Registration Statement will have become effective under the Act and the Indenture will have been qualified under the Trust Indenture Act of 1939, as amended.

Based upon and subject to the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that the Exchange Bonds, when duly executed, authenticated and delivered in accordance with the provisions of the Indenture and the applicable Supplemental Indenture and issued in exchange for the Outstanding Bonds tendered pursuant to, and in accordance with the terms of, the Exchange Offer as contemplated by the Registration Statement, will constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that enforcement is subject to (a) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or other laws relating to or affecting creditors' rights generally, (b) general principles of equity (regardless of whether that enforceability is considered in a proceeding in equity or at law) and (c) any implied covenants of good faith and fair dealing.

The opinions set forth above are limited in all respects to matters of the laws of the State of Texas, applicable federal law and the contract laws of the State of New York, each as in effect on the date hereof. We hereby consent to the filing of this opinion of counsel as Exhibit 5.1 to the Registration Statement. We also consent to the reference to our Firm under the heading "Legal Matters" in the prospectus forming a part of the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Baker Botts L.L.P.

TST/EKC

EXHIBIT 12.1

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
(AN INDIRECT WHOLLY OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)

STATEMENT SETTING FORTH DETAIL FOR
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(THOUSANDS OF DOLLARS)

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	2002	2001	2000	1999	1998	2003	2002
Income from continuing operations.....	$ 547,450	$ 445,955	$ 490,987	$ 277,240	$ 244,838	$ 179,558	$ 270,140
Income taxes for continuing operations..........................	285,882	227,811	233,367	142,786	159,126	95,159	138,140
Capitalized Interest..................	(3,672)	(4,581)	(4,011)	(7,632)	(2,775)	(1,332)	(2,271)
	829,660	669,185	720,343	412,394	401,189	273,385	406,009
Fixed charges, as defined:							
Interest expense...................	284,898	233,344	230,385	196,791	229,505	182,543	127,666
Capitalized Interest...............	3,672	4,581	4,011	7,632	2,775	1,332	2,271
Interest component of rentals charged to operating expense.....	1,654	1,686	1,060	590	203	817	856
Total fixed charges................	290,224	239,611	235,456	205,013	232,483	184,692	130,793
Earnings, as defined..................	$ 1,119,884	$ 908,796	$ 955,799	$ 617,407	$ 633,672	$ 458,077	$ 536,802
Ratio of earnings to fixed charges....	3.86	3.79	4.06	3.01	2.73	2.48	4.10

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of CenterPoint Energy Houston Electric, LLC (the "Company") on Form S-4 of our report dated February 28, 2003, May 15, 2003 as to the "Certain Reclassifications and Other Items" described in Note 1 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's distribution of its ownership interest in certain subsidiaries on August 31, 2002), appearing in the Company's Current Report on Form 8-K filed May 16, 2003, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

September 30, 2003

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2) ________

JPMORGAN CHASE BANK
(Exact name of trustee as specified in its charter)

NEW YORK (State of incorporation if not a national bank)	13-4994650 (I.R.S. employer identification No.)
270 PARK AVENUE NEW YORK, NEW YORK (Address of principal executive offices)	10017 (Zip Code)

WILLIAM H. MCDAVID
GENERAL COUNSEL
270 PARK AVENUE
NEW YORK, NEW YORK 10017
TELEPHONE: (212) 270-2611
(Name, address and telephone number of agent for service)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
(Exact name of obligor as specified in its charter)

TEXAS (State or other jurisdiction of incorporation or organization)	22-3865106 (I.R.S. employer identification No.)
1111 LOUISIANA HOUSTON, TEXAS (Address of principal executive offices)	77002 (Zip Code)

5.70% GENERAL MORTGAGE BONDS, SERIES J2, DUE 2013
6.95% GENERAL MORTGAGE BONDS, SERIES K2, DUE 2033
5.60% GENERAL MORTGAGE BONDS, SERIES L2, DUE JULY 1, 2023
5.75% GENERAL MORTGAGE BONDS, SERIES M2, DUE 2014
(Title of indenture securities)

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

New York State Banking Department, State House, Albany, New York 12110.

Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

Federal Reserve Bank of New York, District No. 2, 33 Liberty Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR AND GUARANTORS.

IF THE OBLIGOR OR ANY GUARANTOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

ITEMS 3 THROUGH 15, INCLUSIVE, ARE NOT APPLICABLE BY VIRTUE OF T-1 GENERAL INSTRUCTION B.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

ITEM 16. LIST OF EXHIBITS

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the Restated Organization Certificate of the Trustee dated March 25, 1997 and the Certificate of Amendment dated October 22, 2001 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-76894, which exhibit is incorporated by reference).

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which exhibit is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-76894, which exhibit is incorporated by reference.)

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which exhibit is incorporated by reference). On November 11, 2001, in connection with the merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York, the surviving corporation was renamed JPMorgan Chase Bank.

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, JPMorgan Chase Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston and State of Texas, on the 26th day of September, 2003.

JPMORGAN CHASE BANK

By: /s/ Carol Logan

Carol Logan
Vice President

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

JPMorgan Chase Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,

at the close of business June 30, 2003,
in accordance with a call made by the Federal
Reserve Bank of this District pursuant to the
provisions of the Federal Reserve Act.

	DOLLAR AMOUNTS in Millions
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 22,657
Interest-bearing balances	10,600
Securities:	
Held to maturity securities	268
Available for sale securities	76,771
Federal funds sold and securities purchased under agreements to resell	
Federal funds sold in domestic offices	3,844
Securities purchased under agreements to resell	86,290
Loans and lease financing receivables:	
Loans and leases held for sale	31,108
Loans and leases, net of unearned income $166,046	
Less: Allowance for loan and lease losses 3,735	
Loans and leases, net of unearned income and allowance	162,311
Trading Assets	186,546
Premises and fixed assets (including capitalized leases)	6,142
Other real estate owned	133
Investments in unconsolidated subsidiaries and associated companies	696
Customers' liability to this bank on acceptances outstanding	225
Intangible assets	
Goodwill	2,201
Other Intangible assets	3,058
Other assets	68,983
TOTAL ASSETS	$661,833
	========

LIABILITIES

Deposits		
In domestic offices		$189,571
Noninterest-bearing	$ 82,747	
Interest-bearing	106,824	
In foreign offices, Edge and Agreement subsidiaries and IBF's		125,990
Noninterest-bearing	$ 6,025	
Interest-bearing	119,965	
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased in domestic offices		4,978
Securities sold under agreements to repurchase		114,181
Trading liabilities		129,299
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)		10,186
Bank's liability on acceptances executed and outstanding		225
Subordinated notes and debentures		8,202
Other liabilities		41,452
TOTAL LIABILITIES		624,084
Minority Interest in consolidated subsidiaries		104

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	1,785
Surplus (exclude all surplus related to preferred stock)	16,304
Retained earnings	18,426
Accumulated other comprehensive income	1,130
Other equity capital components	0
TOTAL EQUITY CAPITAL	37,645
TOTAL LIABILITIES, MINORITY INTEREST, AND EQUITY CAPITAL	$661,833

I, Joseph L. Sclafani, E.V.P. &
Controller of the above-named bank, do
hereby declare that this Report of
Condition has been prepared in
conformance with the instructions issued
by the appropriate Federal regulatory
authority and is true to the best of my
knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to
the correctness of this Report of
Condition and declare that it has been
examined by us, and to the best of our
knowledge and belief has been prepared
in conformance with the instructions
issued by the appropriate Federal
regulatory authority and is true and
correct.

WILLIAM B. HARRISON, JR.)
HANS W. BECHERER)
FRANK A. BENNACK, JR.)

EXHIBIT 99.1

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

LETTER OF TRANSMITTAL
FOR
TENDER OF ALL OUTSTANDING

5.70% GENERAL MORTGAGE BONDS, SERIES J,
DUE 2013
IN EXCHANGE FOR REGISTERED
5.70% GENERAL MORTGAGE BONDS, SERIES J2,
DUE 2013

6.95% GENERAL MORTGAGE BONDS, SERIES K,
DUE 2033
IN EXCHANGE FOR REGISTERED
6.95% GENERAL MORTGAGE BONDS, SERIES K2,
DUE 2033

5.60% GENERAL MORTGAGE BONDS, SERIES L,
DUE JULY 1, 2023
IN EXCHANGE FOR REGISTERED
5.60% GENERAL MORTGAGE BONDS, SERIES L2,
DUE JULY 1, 2023

5.75% GENERAL MORTGAGE BONDS, SERIES M,
DUE 2014
IN EXCHANGE FOR REGISTERED
5.75% GENERAL MORTGAGE BONDS, SERIES M2,
DUE 2014

THE EXCHANGE OFFER FOR EACH SERIES OF OUTSTANDING BONDS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON   , 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING BONDS OF A SERIES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THAT SERIES.

PLEASE READ CAREFULLY THE ATTACHED INSTRUCTIONS

If you desire to accept the Exchange Offer, this Letter of Transmittal should be completed, signed and submitted to the Exchange Agent:

The Exchange Agent for the Exchange Offer is:

JPMORGAN CHASE BANK

For delivery by hand or overnight courier:

JPMorgan Chase Bank
2001 Bryan Street, 9th Floor
Registered Bond Processing Dept.
Dallas, TX 75201

For delivery by mail (registered or certified mail recommended):

JPMorgan Chase Bank
P.O. Box 2320
Attention: Registered Bond Processing Dept.
Dallas, TX 75221-2320

By Facsimile Transmission (eligible institutions only):

(214) 468-6494
Attention: Frank Ivins

Confirm By Telephone:

(800) 275-2048

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SHOWN ABOVE OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

The undersigned hereby acknowledges receipt and review of the prospectus dated September , 2003 (the "Prospectus") of CenterPoint Energy Houston Electric, LLC (the "Company") and this Letter of Transmittal. These two documents together constitute the Company's offer to exchange its 5.70% General Mortgage Bonds, Series J2, due 2013, 6.95% General Mortgage Bonds, Series K2, due 2033, 5.60% General Mortgage Bonds, Series L2, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M2, due 2014 (collectively, the "Exchange Bonds"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for like principal amounts of the Company's issued and outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds"), respectively, which offer consists of separate, independent offers to exchange the Exchange Bonds of each series for Outstanding Bonds of that series (each, an "Exchange Offer," and sometimes collectively, the "Exchange Offer"). Capitalized terms used but not defined herein have the respective meanings given to them in the Prospectus.

The Exchange Offer for Outstanding Bonds of each series is not conditioned upon any minimum aggregate principal amount of Outstanding Bonds of that series being tendered for exchange or upon the consummation of the Exchange Offer for Outstanding Bonds of any other series.

The Company reserves the right, at any time or from time to time, to extend the period of time during which the Exchange Offer for any series of Outstanding Bonds is open, at its discretion, in which event the term "Expiration Date" with respect to such series shall mean the latest date to which such Exchange Offer is extended. The Company reserves the right to extend such period for each series of Outstanding Bonds independently. The Company shall notify JPMorgan Chase Bank (the "Exchange Agent") of any extension by oral or written notice and shall make a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter of Transmittal is to be used by a holder of Outstanding Bonds of a series if:

- certificates of Outstanding Bonds of such series are to be forwarded herewith; or

- delivery of Outstanding Bonds of such series is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company ("DTC") pursuant to the procedures set forth in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering -- Book-Entry Transfer" and an "agent's message" is not delivered as described in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering -- Tendering Through DTC's Automated Tender Offer Program."

Tenders by book-entry transfer may also be made by delivering an agent's message pursuant to DTC's Automated Tender Offer Program ("ATOP") in lieu of this Letter of Transmittal. Holders of Outstanding Bonds of a series whose Outstanding Bonds are not immediately available, or who are unable to deliver their Outstanding Bonds, this Letter of Transmittal and all other documents required hereby to the Exchange Agent or to comply with the applicable procedures under DTC's ATOP on or prior to the Expiration Date for the Exchange Offer for that series, must tender their Outstanding Bonds according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures." See Instruction 2 of this Letter of Transmittal. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "holder" with respect to the Exchange Offer for Outstanding Bonds of a series means any person in whose name such Outstanding Bonds are registered on the books of the security registrar for such series of Outstanding Bonds, any person who holds such Outstanding Bonds and has obtained a properly completed bond power from the registered holder or any participant in the DTC system whose name appears on a security position listing as the holder of such Outstanding Bonds and who desires to deliver such Outstanding Bonds by book-entry transfer at DTC. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to such Exchange Offer. Holders who wish to tender their Outstanding Bonds must complete this Letter of Transmittal in its entirety (unless such Outstanding Bonds are to be tendered by book-entry transfer and an agent's message is delivered in lieu hereof pursuant to DTC's ATOP).

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW. THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

List below the Outstanding Bonds of each series tendered under this Letter of Transmittal. If the space below is inadequate, list the title of the series, the registered numbers and principal amounts on a separate signed schedule and affix the list to this Letter of Transmittal.

DESCRIPTION OF OUTSTANDING BONDS TENDERED

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) EXACTLY AS NAME(S) APPEAR(S) ON OUTSTANDING BONDS (Please fill in, if blank)

OUTSTANDING BOND(S) TENDERED

AGGREGATE
PRINCIPAL
AMOUNT
REGISTERED
REPRESENTED
BY
PRINCIPAL
AMOUNT
TITLE OF
SERIES
NUMBER(S)*
OUTSTANDING
BOND(S)
TENDERED**
- --------

5.70%
General
Mortgage -

- Bonds,
Series J,
due ------

2013 -----

------- --

- --------

6.95%
General
Mortgage -

- Bonds,
Series K,
due ------

2033 -----

------- --

- --------

5.60%
General
Mortgage -

- Bonds,
Series L,
due ------

July 1,
2023 -----

------- --

5.75% General Mortgage - - Bonds, Series M, due 2014

Total

* Need not be completed by book-entry holders.

** Unless otherwise indicated, any tendering holder of Outstanding Bonds will be deemed to have tendered the entire aggregate principal amount represented by such Outstanding Bonds. All tenders must be in integral multiples of $1,000.

[ ] CHECK HERE IF TENDERED OUTSTANDING BONDS ARE ENCLOSED HEREWITH.

[ ]CHECK HERE AND COMPLETE THE FOLLOWING IF TENDERED OUTSTANDING BONDS ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DTC (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name of Tendering Institution:
- ---

DTC Account Number(s):
- ---

Transaction Code Number(s):
- ---

[ ] CHECK HERE AND COMPLETE THE FOLLOWING IF TENDERED OUTSTANDING BONDS ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY EITHER ENCLOSED HEREWITH OR PREVIOUSLY DELIVERED TO THE EXCHANGE AGENT (COPY ATTACHED) (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name(s) of Registered Holder(s) of Outstanding Bonds:
- ---

Date of Execution of Notice of Guaranteed Delivery:
- ---

Window Ticket Number (if available):
- ---

Name of Eligible Institution that Guaranteed Delivery:
- ---

DTC Account Number(s) (if delivered by book-entry transfer):
- ---

Transaction Code Number (if delivered by book-entry transfer):
- ---

Name of Tendering Institution (if
delivered by book-entry transfer):
- ---

[ ] CHECK HERE AND COMPLETE THE FOLLOWING IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO:

Name:
- ---

Address:
- ---

SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

Subject to the terms and conditions of the Exchange Offer, the undersigned hereby tenders to the Company for exchange the principal amount of Outstanding Bonds indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Outstanding Bonds of any series tendered in accordance with this Letter of Transmittal, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Outstanding Bonds tendered for exchange hereby, including all rights to accrued and unpaid interest thereon as of the Expiration Date. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact for the undersigned (with full knowledge that said Exchange Agent also acts as the agent for the Company in connection with the Exchange Offer) with respect to the tendered Outstanding Bonds with full power of substitution to:

- deliver such Outstanding Bonds, or transfer ownership of such Outstanding Bonds on the account books maintained by DTC, to the Company and deliver all accompanying evidences of transfer and authenticity; and

- present such Outstanding Bonds for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Outstanding Bonds, all in accordance with the terms of the Exchange Offer.

The power of attorney granted in this paragraph shall be deemed to be irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Outstanding Bonds tendered hereby and to acquire the Exchange Bonds issuable upon the exchange of such tendered Outstanding Bonds, and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, when the same are accepted for exchange by the Company as contemplated herein.

The undersigned acknowledges that the Exchange Offer is being made in reliance upon interpretations set forth in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), Mary Kay Cosmetics, Inc. (available June 5, 1991), Shearman & Sterling (available July 2, 1993) and similar no-action letters (the "Prior No-Action Letters"), that the Exchange Bonds issued in exchange for Outstanding Bonds pursuant to the Exchange Offer may be offered for resale or resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act; provided that such Exchange Bonds are acquired in the ordinary course of such holders' business and that such holders are not engaged in, do not intend to engage or participate in, and have no arrangement or understanding with any person to engage or participate in, a distribution of such Exchange Bonds. The SEC has not, however, considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as it has in other interpretations to other entities.

The undersigned hereby further represents to the Company that:

- any Exchange Bonds to be received are being acquired in the ordinary course of business of the person receiving such Exchange Bonds, whether or not the undersigned;

- neither the undersigned nor any such other person has an arrangement or understanding with any person to participate in the distribution of the Outstanding Bonds or the Exchange Bonds within the meaning of the Securities Act; and

- neither the holder nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or, if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage or participate in, a distribution of Exchange Bonds. If the undersigned is a broker-dealer, the undersigned

represents that it will receive Exchange Bonds for its own account in exchange for Outstanding Bonds that were acquired as a result of market-making activities or other trading activities, and it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Bonds, however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. If the undersigned is a broker-dealer, the undersigned represents that it is not tendering Outstanding Bonds acquired directly from us or one of our affiliates. Additionally, the undersigned represents that it is not acting on behalf of any person who could not truthfully and completely make the foregoing representations and the representations in the immediately preceding paragraph.

The undersigned acknowledges that if the undersigned is tendering Outstanding Bonds in the Exchange Offer with the intention of participating in any manner in a distribution of the Exchange Bonds:

- the undersigned cannot rely on the position of the staff of the SEC set forth in the Prior No-Action Letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale transaction of the Exchange Bonds, in which case the registration statement must contain the selling security holder information required by Item 507 or Item 508, as applicable, of Regulation S-K; and

- failure to comply with such requirements in such instance could result in the undersigned incurring liability for which the undersigned is not indemnified by the Company.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, assignment and transfer of the Outstanding Bonds tendered hereby, including the transfer of such Outstanding Bonds on the account books maintained by DTC.

For purposes of an Exchange Offer for Outstanding Bonds of a series, the Company shall be deemed to have accepted for exchange validly tendered Outstanding Bonds of such series when, as and if the Company gives oral or written notice thereof to the Exchange Agent. Any tendered Outstanding Bonds that are not accepted for exchange pursuant to such Exchange Offer for any reason will be returned, without expense, to the undersigned as promptly as practicable after the Expiration Date for such Exchange Offer.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned, and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives. This tender may be withdrawn only in accordance with the procedures set forth in the section of the Prospectus entitled "The Exchange Offer -- Withdrawal of Tenders."

The undersigned acknowledges that the Company's acceptance of properly tendered Outstanding Bonds pursuant to the procedures described under the caption "The Exchange Offer -- Procedures for Tendering" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer.

The Exchange Offer is subject to certain conditions set forth in the Prospectus under the caption "The Exchange Offer -- Conditions to the Exchange Offer." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Company), the Company may not be required to exchange any of the Outstanding Bonds tendered hereby.

Unless otherwise indicated under "Special Issuance Instructions," please issue the Exchange Bonds issued in exchange for the Outstanding Bonds accepted for exchange and return any Outstanding Bonds not tendered or not exchanged, in the name(s) of the undersigned (or, in the case of a book-entry delivery of Outstanding Bonds, please credit the account indicated above maintained at DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail or deliver the Exchange Bonds issued in exchange for the Outstanding Bonds accepted for exchange and any Outstanding Bonds not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the Exchange Bonds issued in exchange for the Outstanding Bonds accepted for exchange in the name(s) of, and return any Outstanding Bonds not tendered or not exchanged to, the person(s) (or account(s)) so indicated. The undersigned recognizes that the Company has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Outstanding Bonds from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Outstanding Bonds so tendered for exchange.

SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY (i) if Outstanding Bonds in a principal amount not tendered, or Exchange Bonds issued in exchange for Outstanding Bonds accepted for exchange, are to be issued in the name of someone other than the undersigned, or (ii) if Outstanding Bonds tendered by book-entry transfer which are not exchanged are to be returned by credit to an account maintained at DTC other than the DTC Account Number set forth above. Issue Exchange Bonds and/or Outstanding Bonds to:

Name:

- --

Address:

- --

- --

- --

(INCLUDE ZIP CODE)

- --

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

(PLEASE TYPE OR PRINT)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY if Outstanding Bonds in a principal amount not tendered, or Exchange Bonds issued in exchange for Outstanding Bonds accepted for exchange, are to be mailed or delivered to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature. Mail or deliver Exchange Bonds and/or Outstanding Bonds to:

Name:

- --

Address:

- --

- --

- --

(INCLUDE ZIP CODE)

- --

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

(PLEASE TYPE OR PRINT)

[ ]Credit unexchanged Outstanding Bonds delivered by book-entry transfer to the DTC account number set forth below:

DTC Account
Number: ---

IMPORTANT
PLEASE SIGN HERE WHETHER OR NOT
OUTSTANDING BONDS ARE BEING PHYSICALLY TENDERED HEREBY
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9 BELOW)

X
- ---

X

- ---
(SIGNATURE(S) OF REGISTERED HOLDER(S) OF OUTSTANDING BONDS)

Dated

(The above lines must be signed by the registered holder(s) of Outstanding Bonds as your name(s) appear(s) on the Outstanding Bonds or on a security position listing, or by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Outstanding Bonds to which this Letter of Transmittal relate are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, then such person must (i) set forth his or her full title below and (ii) unless waived by the Company, submit evidence satisfactory to the Company of such person's authority so to act. See Instruction 5 regarding the completion of this Letter of Transmittal, printed below.)

Name(s):

(PLEASE TYPE OR PRINT)

Capacity (Full Title):

Address:

- ---
(INCLUDE ZIP CODE)

Area Code and Telephone Number:

Taxpayer Identification or Social Security Number:

MEDALLION SIGNATURE GUARANTEE
(IF REQUIRED BY INSTRUCTION 5)

Certain signatures must be guaranteed by an Eligible Guarantor Institution.

Signature(s) Guaranteed by an
Eligible Guarantor Institution:

(AUTHORIZED SIGNATURE)

- ---
(TITLE)

- ---
(NAME OF FIRM)

- ---
(ADDRESS, INCLUDING ZIP CODE)

- ---
(AREA CODE AND TELEPHONE NUMBER)

Dated:

INSTRUCTIONS TO LETTER OF TRANSMITTAL
FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND OUTSTANDING BONDS OR AGENT'S MESSAGE AND BOOK-ENTRY CONFIRMATIONS. All physically delivered Outstanding Bonds of a series or any confirmation of a book-entry transfer to the Exchange Agent's account at DTC of Outstanding Bonds of a series tendered by book-entry transfer (a "Book-Entry Confirmation"), as well as a properly completed and duly executed copy of this Letter of Transmittal or facsimile hereof (or an agent's message in lieu hereof pursuant to DTC's ATOP), and any other documents required by this Letter of Transmittal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date for the Exchange Offer for such series, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Outstanding Bonds tendered hereby must be in denominations of principal amount of $1,000 and any integral multiple thereof. THE METHOD OF DELIVERY OF THE TENDERED OUTSTANDING BONDS, THIS LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER AND, EXCEPT AS OTHERWISE PROVIDED BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE EXCHANGE AGENT. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT THE HOLDER USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NEITHER THIS LETTER OF TRANSMITTAL NOR OUTSTANDING BONDS SHOULD BE SENT TO THE COMPANY.

2. GUARANTEED DELIVERY PROCEDURES. Holders who wish to tender their Outstanding Bonds and (a) whose Outstanding Bonds are not immediately available, (b) who cannot deliver their Outstanding Bonds, this Letter of Transmittal or any other documents required hereby to the Exchange Agent prior to the applicable Expiration Date or (c) who are unable to comply with the applicable procedures under the DTC's Automated Tender Offer Program prior to the applicable Expiration Date, must tender their Outstanding Bonds according to the guaranteed delivery procedures set forth in the Prospectus. Pursuant to such procedures:

- such tender must be made by or through a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (an "Eligible Institution");

- prior to the applicable Expiration Date, the Exchange Agent must have received from the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail, overnight or hand delivery) or a properly transmitted agent's message and Notice of Guaranteed Delivery setting forth the name and address of the holder of the Outstanding Bonds, the registration number(s) of such Outstanding Bonds and the total principal amount of Outstanding Bonds tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after such Expiration Date, this Letter of Transmittal (or facsimile hereof or an agent's message in lieu hereof) together with the Outstanding Bonds in proper form for transfer (or a Book-Entry Confirmation) and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

- this Letter of Transmittal (or a facsimile hereof or an agent's message in lieu hereof) together with the certificates for all physically tendered Outstanding Bonds in proper form for transfer (or Book-entry Confirmation, as the case may be) and all other documents required hereby are received by the Exchange Agent within three New York Stock Exchange trading days after such Expiration Date.

Any holder of Outstanding Bonds who wishes to tender Outstanding Bonds pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery prior to 5:00 p.m., New York City time, on the applicable Expiration Date. Upon request of the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Outstanding Bonds according to the guaranteed delivery procedures set forth above.

See "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Prospectus.

3. TENDER BY HOLDER. Only a registered holder of Outstanding Bonds may tender such Outstanding Bonds in the Exchange Offer. Any beneficial holder of Outstanding Bonds who is not the registered holder and who wishes to tender should arrange with the registered holder to execute and deliver this Letter of Transmittal on his behalf or must, prior to

completing and executing this Letter of Transmittal and delivering his Outstanding Bonds, either make appropriate arrangements to register ownership of the Outstanding Bonds in such holder's name or obtain a properly completed bond power from the registered holder.

4. PARTIAL TENDERS. Tenders of Outstanding Bonds will be accepted only in integral multiples of $1,000. If less than the entire principal amount of any Outstanding Bonds is tendered, the tendering holder should fill in the principal amount tendered in the third column of the box entitled "Description of Outstanding Bonds Tendered" above. The entire principal amount of Outstanding Bonds delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Outstanding Bonds is not tendered, then Outstanding Bonds for the principal amount of Outstanding Bonds not tendered and Exchange Bonds issued in exchange for any Outstanding Bonds accepted will be returned to the holder as promptly as practicable after the Outstanding Bonds are accepted for exchange.

5. SIGNATURES ON THIS LETTER OF TRANSMITTAL; BOND POWERS AND ENDORSEMENTS; MEDALLION GUARANTEE OF SIGNATURES. If this Letter of Transmittal (or facsimile hereof) is signed by the record holder(s) of the Outstanding Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Outstanding Bonds without alteration, enlargement or any change whatsoever. If this Letter of Transmittal (or facsimile hereof) is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the Outstanding Bonds.

If any tendered Outstanding Bonds are owned of record by two or more joint owners, all of such owners must sign this Letter of Transmittal.

If this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Bonds listed and tendered hereby and the Exchange Bonds issued in exchange therefor are to be issued (or any untendered principal amount of the Outstanding Bonds is to be reissued) to the registered holder(s), then said holder(s) need not and should not endorse any tendered Outstanding Bonds, nor provide a separate bond power. In any other case, such holder(s) must either properly endorse the Outstanding Bonds tendered or transmit a properly completed separate bond power with this Letter of Transmittal, with the signatures on the endorsement or bond power guaranteed by an Eligible Institution that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Security Transfer Agent Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchanges Medallion Program (an "Eligible Guarantor Institution").

If this Letter of Transmittal (or facsimile hereof) or any Outstanding Bonds or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, evidence satisfactory to the Company of their authority to act must be submitted with this Letter of Transmittal.

NO SIGNATURE GUARANTEE IS REQUIRED IF (I) THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF) IS SIGNED BY THE REGISTERED HOLDER(S) OF THE OUTSTANDING BONDS TENDERED HEREIN (OR BY A PARTICIPANT IN DTC WHOSE NAME APPEARS ON A SECURITY POSITION LISTING AS THE OWNER OF THE TENDERED OUTSTANDING BONDS) AND THE EXCHANGE BONDS ARE TO BE ISSUED DIRECTLY TO SUCH REGISTERED HOLDER(S) (OR, IF SIGNED BY A PARTICIPANT IN DTC, DEPOSITED TO SUCH PARTICIPANT'S ACCOUNT AT DTC) AND NEITHER THE BOX ENTITLED "SPECIAL DELIVERY INSTRUCTIONS" NOR THE BOX ENTITLED "SPECIAL REGISTRATION INSTRUCTIONS" HAS BEEN COMPLETED, OR (II) SUCH OUTSTANDING BONDS ARE TENDERED FOR THE ACCOUNT OF AN ELIGIBLE INSTITUTION. IN ALL OTHER CASES, ALL SIGNATURES ON THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION.

6. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering holders should indicate, in the applicable box or boxes, the name and address to which Exchange Bonds or substitute Outstanding Bonds for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. Holders tendering Outstanding Bonds by book-entry transfer may request that Outstanding Bonds not exchanged be credited to such account maintained at DTC as such bondholder may designate hereon. If no such instructions are given, such Outstanding Bonds not exchanged will be returned to the name and address (or account number) of the person signing this Letter of Transmittal.

7. TRANSFER TAXES. The Company will pay or cause to be paid all transfer taxes, if any, applicable to the exchange of Outstanding Bonds pursuant to the Exchange Offer. If, however, Exchange Bonds or Outstanding Bonds for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Outstanding Bonds tendered hereby, or if tendered Outstanding Bonds are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Outstanding Bonds pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder and the Exchange Agent will retain possession of an amount of Exchange Bonds with a face amount at least equal to the amount of such transfer taxes due by such tendering holder pending receipt by the Exchange Agent of the amount of such taxes.

8. TAX IDENTIFICATION NUMBER. Federal income tax law requires that a holder of any Outstanding Bonds or Exchange Bonds must provide the Company (as payor) with its correct taxpayer identification number ("TIN"), which, in the case of a holder who is an individual, is his or her social security number. If the Company is not provided with the correct TIN, the holder or payee may be subject to a $50 penalty imposed by the Internal Revenue Service and backup withholding, currently at a rate of 28%, on interest payments on the Exchange Bonds.

To prevent backup withholding, each tendering holder must provide such holder's correct TIN by completing the Substitute Form W-9 set forth herein, certifying that the TIN provided is correct (or that such holder is awaiting a TIN), that the holder is a U.S. person (including a U.S. resident alien), and that (i) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of failure to report all interest or dividends or (ii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the Exchange Bonds will be registered in more than one name or will not be in the name of the actual owner, consult the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 included with this Letter of Transmittal (the "Guidelines") for information on which TIN to report.

If such holder does not have a TIN, such holder should consult the Guidelines concerning applying for a TIN, check the box in Part 3 of the Substitute Form W-9, write "applied for" in lieu of its TIN and sign and date the form and the Certificate of Awaiting Taxpayer Identification Number. Checking this box, writing "applied for" on the form and signing such certificate means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If such holder does not provide its TIN to the Company within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Company.

Certain holders are not subject to the backup withholding and reporting requirements. These holders, which we refer to as exempt holders, include certain foreign persons (other than U.S. resident aliens) and persons listed in the Guidelines as payees exempt from backup withholding. Exempt holders (other than certain foreign persons) should indicate their exempt status on the Substitute Form W-9. A foreign person (other than a U.S. resident alien) may qualify as an exempt holder by submitting to the Exchange Agent a properly completed Internal Revenue Service Form W-8BEN, signed under penalties of perjury, attesting to that holder's exempt status. A disregarded domestic entity that has a foreign owner should file an Internal Revenue Service Form W-8BEN rather than a Substitute Form W-9. An Internal Revenue Service Form W-8BEN may be obtained from the Exchange Agent.

The Company reserves the right in its sole discretion to take whatever steps are necessary to comply with the Company's obligations regarding backup withholding.

9. VALIDITY OF TENDERS. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Outstanding Bonds will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Outstanding Bonds not properly tendered or any Outstanding Bonds the Company's acceptance of which might, in the opinion of the Company or its counsel, be unlawful. The Company also reserves the absolute right to waive any conditions of the Exchange Offer or defects or irregularities of tenders as to particular Outstanding Bonds. The Company's interpretation of the terms and conditions of the Exchange Offer (including this Letter of Transmittal and the instructions hereto) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Bonds must be cured within such time as the Company shall determine. Neither the Company, the Exchange Agent nor

any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Bonds nor shall any of them incur any liability for failure to give such notification.

10. WAIVER OF CONDITIONS. The Company reserves the absolute right to waive, in whole or part, any of the conditions to the Exchange Offer set forth in the Prospectus.

11. NO CONDITIONAL TENDER. No alternative, conditional, irregular or contingent tender of Outstanding Bonds will be accepted.

12. MUTILATED, LOST, STOLEN OR DESTROYED OUTSTANDING BONDS. Any holder whose Outstanding Bonds have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing mutilated, lost, stolen or destroyed Outstanding Bonds have been followed.

13. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address or telephone number set forth on the cover page of this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

14. WITHDRAWAL. Tenders may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "The Exchange Offer -- Withdrawal of Tenders."

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU HEREOF (TOGETHER WITH THE OUTSTANDING BONDS DELIVERED BY BOOK-ENTRY TRANSFER OR IN ORIGINAL HARD COPY FORM) MUST BE RECEIVED BY THE EXCHANGE AGENT, OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT, PRIOR TO THE APPLICABLE EXPIRATION DATE.

- -----------

SUBSTITUTE
PART 1 --
PLEASE
PROVIDE TIN:
YOUR TIN IN
THE BOX AT --

FORM W-9
RIGHT (OR
COMPLETE PART
3) Social
Security
Number AND
CERTIFY BY
SIGNING AND
or DATING
BELOW
Employer ID
Number ------

DEPARTMENT OF
THE TREASURY
PART 2 --
CERTIFICATION
-- PART 3 --
INTERNAL
REVENUE
SERVICE Under
penalties of
perjury, I
certify that:
(1) The
number shown
on Awaiting
TIN [ ]
PAYOR'S
REQUEST FOR
this form is
my correct
TAXPAYER
IDENTIFICATION
Taxpayer
Identification
NUMBER (TIN)
Number (or I
have Please
complete the
Certificate
checked the
box in of
Awaiting
Taxpayer part
3 and
executed
Identification
the
certificate
of Number
below. - ----

--- Awaiting
Taxpayer Name
Identification
Number
below), and
(2) I am not
subject to
backup
withholding
be- - -------

----
cause (a) I
am exempt
Address
(Number and

Street) from backup withholding, or (b) I have not been notified by the Internal Revenue - ---
----
---- Service ("IRS") that I City, State and Zip Code am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien).

Signature --- -----------

Date -------- ----------- -
-- ---------

CERTIFICATE INSTRUCTIONS -- You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you are subject to backup withholding you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

- -----------
-- ---------

FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING

OF A PORTION (CURRENTLY 28%) OF ANY PAYMENTS MADE TO YOU WITH RESPECT TO THE EXCHANGE BONDS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number, a portion (currently 28%) of all reportable payments made to me thereafter will be withheld until I provide a number.

--	--
Signature	Date

EXHIBIT 99.2

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

NOTICE OF GUARANTEED DELIVERY

FOR
TENDER OF ALL OUTSTANDING

5.70% GENERAL MORTGAGE BONDS, SERIES J, DUE 2013
IN EXCHANGE FOR REGISTERED
5.70% GENERAL MORTGAGE BONDS, SERIES J2, DUE 2013

6.95% GENERAL MORTGAGE BONDS, SERIES K, DUE 2033
IN EXCHANGE FOR REGISTERED
6.95% GENERAL MORTGAGE BONDS, SERIES K2, DUE 2033

5.60% GENERAL MORTGAGE BONDS, SERIES L, DUE JULY 1, 2023
IN EXCHANGE FOR REGISTERED
5.60% GENERAL MORTGAGE BONDS, SERIES L2, DUE JULY 1, 2023

5.75% GENERAL MORTGAGE BONDS, SERIES M, DUE 2014
IN EXCHANGE FOR REGISTERED
5.75% GENERAL MORTGAGE BONDS, SERIES M2, DUE 2014

This form, or one substantially equivalent hereto, must be used by a holder to accept the Exchange Offer of CenterPoint Energy Houston Electric, LLC (the "Company"), and to tender outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds") to JPMorgan Chase Bank, as exchange agent (the "Exchange Agent"), pursuant to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures" section of the Company's prospectus dated September   , 2003 (the "Prospectus") and in Instruction 2 to the related Letter of Transmittal. Any holder who wishes to tender Outstanding Bonds of a series pursuant to such guaranteed delivery procedures must ensure that the Exchange Agent receives this Notice of Guaranteed Delivery, properly completed and duly executed, prior to the Expiration Date (as defined below) of the Exchange Offer for such series. Capitalized terms used but not defined herein have the meanings ascribed to them in the Letter of Transmittal.

THE EXCHANGE OFFER FOR EACH SERIES OF OUTSTANDING BONDS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON   , 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING BONDS OF A SERIES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THAT SERIES.

JPMORGAN CHASE BANK

For delivery by hand or overnight courier:

JPMorgan Chase Bank
2001 Bryan Street, 9th Floor
Registered Bond Processing Dept.
Dallas, TX 75201

For delivery by mail (registered or certified mail recommended):

JPMorgan Chase Bank
P.O. Box 2320
Attention: Registered Bond Processing Dept.
Dallas, TX 75221-2320

By Facsimile Transmission (eligible institutions only):

(214) 468-6494
Attention: Frank Ivins

Confirm By Telephone:

(800) 275-2048

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS NOTICE OF GUARANTEED DELIVERY SHOULD BE READ CAREFULLY BEFORE THE NOTICE OF GUARANTEED DELIVERY IS COMPLETED.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE IN THE BOX PROVIDED ON THE LETTER OF TRANSMITTAL FOR GUARANTEE OF SIGNATURES.

Ladies and Gentlemen:

The undersigned hereby tenders to the Company, in accordance with its offer, upon the terms and subject to the conditions set forth in the Prospectus and the related Letter of Transmittal, receipt of which is hereby acknowledged, the principal amount of Outstanding Bonds of a series set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Guaranteed Delivery Procedures" and in Instruction 2 of the Letter of Transmittal.

The undersigned hereby tenders the Outstanding Bonds of the series listed below:

```
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
   ----
CERTIFICATE
NUMBERS(S)
AGGREGATE
AGGREGATE
(IF KNOWN)
    OF
OUTSTANDING
  BONDS
PRINCIPAL
PRINCIPAL
OR ACCOUNT
NUMBER AT
  AMOUNT
  AMOUNT
 TITLE OF
SERIES THE
DEPOSITORY
  TRUST
 COMPANY
REPRESENTED
TENDERED -
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
--- 5.70%
 General
 Mortgage
  Bonds,
Series J,
due 2013 -
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
--- 6.95%
```

General Mortgage Bonds, Series K, due 2033 --- 5.60% General Mortgage Bonds, Series L, due July 1, 2023 -- 5.75% General Mortgage Bonds, Series M, due 2014 ---

PLEASE SIGN AND COMPLETE

NAME(S) OF REGISTERED HOLDERS(S)	SIGNATURES OF REGISTERED HOLDER(S) OR AUTHORIZED SIGNATORY
ADDRESS	
AREA CODE AND TELEPHONE NUMBER(S)	Dated ------------------------------

THIS NOTICE OF GUARANTEED DELIVERY MUST BE SIGNED BY THE REGISTERED HOLDER(S) OF OUTSTANDING BONDS EXACTLY AS THE NAME(S) OF SUCH PERSON(S) APPEAR(S) ON CERTIFICATES FOR OUTSTANDING BONDS OR ON A SECURITY POSITION LISTING AS THE OWNER OF OUTSTANDING BONDS, OR BY PERSON(S) AUTHORIZED TO BECOME HOLDER(S) BY ENDORSEMENTS AND DOCUMENTS TRANSMITTED WITH THIS NOTICE OF GUARANTEED DELIVERY. IF SIGNATURE IS BY A TRUSTEE, EXECUTOR, ADMINISTRATOR, GUARDIAN, ATTORNEY-IN-FACT, OFFICER OR OTHER PERSON ACTING IN A FIDUCIARY OR REPRESENTATIVE CAPACITY, SUCH PERSON MUST PROVIDE THE FOLLOWING INFORMATION:

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s): --

- --

Capacity: ---

Address(es): --

- --

GUARANTEE

(Not to be used for signature guarantee)

The undersigned, a firm which is a member of a registered national Inc., a commercial bank or trust company having an office or correspondent in the United States, or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, hereby guarantees deposit with the Exchange Agent of the Letter of Transmittal (or facsimile thereof or agent's message in lieu thereof), together with the Outstanding Bonds of the series tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Outstanding Bonds into the Exchange Agent's account at DTC described in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering -- Book-Entry Transfer" and in the Letter of Transmittal) and any other required documents, all by 5:00 p.m., New York City time, within three New York Stock Exchange trading days following the Expiration Date for such series.

Name of Firm: --------------------------

Address: ------------------------------
(INCLUDE ZIP CODE)

Area Code and Telephone Number:
- --

(AUTHORIZED SIGNATURE)

Name: ---------------------------------

Title: --------------------------------
(PLEASE TYPE OR PRINT)

Date: , 2003

DO NOT SEND OUTSTANDING BONDS WITH THIS FORM. ACTUAL SURRENDER OF OUTSTANDING BONDS MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS.

INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. Delivery of this Notice of Guaranteed Delivery. A properly completed and duly executed copy of this Notice of Guaranteed Delivery (or facsimile hereof or an agent's message and Notice of Guaranteed Delivery in lieu hereof) and any other documents required by this Notice of Guaranteed Delivery with respect to the Outstanding Bonds of a series must be received by the Exchange Agent at its address set forth herein prior to the Expiration Date of the Exchange Offer for that series. Delivery of this Notice of Guaranteed Delivery may be made by facsimile transmission, mail, hand or overnight courier. THE METHOD OF DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY AND ANY OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND SOLE RISK OF THE HOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. As an alternative to delivery by mail, holders may wish to consider using an overnight or hand delivery service. In all cases, sufficient time should be allowed to ensure timely delivery. For a description of the guaranteed delivery procedures, see Instruction 2 of the Letter of Transmittal.

2. Signatures on this Notice of Guaranteed Delivery. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Bonds referred to herein, the signature(s) must correspond exactly with the name(s) written on the face of the Outstanding Bonds without alteration, enlargement or any change whatsoever. If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a participant of DTC whose name appears on a security position listing as the owner of the Outstanding Bonds, the signature must correspond with the name shown on the security position listing as the owner of the Outstanding Bonds.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a person other than the registered holder(s) of any Outstanding Bonds listed or a participant of DTC, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name(s) of the registered holder(s) appear(s) on the Outstanding Bonds or signed as the name(s) of the participant shown on the DTC's security position listing.

If this Notice of Guaranteed Delivery (or facsimile hereof) is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit with the Letter of Transmittal evidence satisfactory to the Exchange Agent of such person's authority to so act.

3. Requests for Assistance or Additional Copies. Questions and requests for assistance and requests for additional copies of the Prospectus and this Notice of Guaranteed Delivery may be directed to the Exchange Agent at the address set forth on the cover page hereof. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

EXHIBIT 99.3

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

LETTER TO DEPOSITORY TRUST COMPANY PARTICIPANTS
FOR
TENDER OF ALL OUTSTANDING

5.70% GENERAL MORTGAGE BONDS, SERIES J, DUE 2013
IN EXCHANGE FOR REGISTERED
5.70% GENERAL MORTGAGE BONDS, SERIES J2, DUE 2013

6.95% GENERAL MORTGAGE BONDS, SERIES K, DUE 2033
IN EXCHANGE FOR REGISTERED
6.95% GENERAL MORTGAGE BONDS, SERIES K2, DUE 2033

5.60% GENERAL MORTGAGE BONDS, SERIES L, DUE JULY 1, 2023
IN EXCHANGE FOR REGISTERED
5.60% GENERAL MORTGAGE BONDS, SERIES L2, DUE JULY 1, 2023

5.75% GENERAL MORTGAGE BONDS, SERIES M, DUE 2014
IN EXCHANGE FOR REGISTERED
5.75% GENERAL MORTGAGE BONDS, SERIES M2, DUE 2014

THE EXCHANGE OFFER FOR EACH SERIES OF OUTSTANDING BONDS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON   , 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING BONDS OF A SERIES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THAT SERIES.

To Depository Trust Company Participants:

We are enclosing herewith the materials listed below relating to the offer by CenterPoint Energy Houston Electric, LLC (the "Company") to exchange its 5.70% General Mortgage Bonds, Series J2, due 2013, 6.95% General Mortgage Bonds, Series K2, due 2033, 5.60% General Mortgage Bonds, Series L2, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M2, due 2014 (collectively, the "Exchange Bonds"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for like principal amounts of the Company's issued and outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds"), respectively, which offer consists of separate, independent offers to exchange the Exchange Bonds of each series for Outstanding Bonds of the respective series (each, an "Exchange Offer," and sometimes collectively, the "Exchange Offer"), upon the terms and subject to the conditions set forth in the Company's prospectus dated September   , 2003 and the related Letter of Transmittal.

We are enclosing copies of the following documents:

1. Prospectus dated September   , 2003;

2. Letter of Transmittal (together with accompanying Substitute Form W-9 Guidelines);

3. Notice of Guaranteed Delivery; and

4. Letter that may be sent to your clients for whose account you hold Outstanding Bonds in your name or in the name of your nominee, with space provided for obtaining such client's instructions with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that each Exchange Offer will expire at 5:00 p.m., New York City time, on   , 2003, unless extended.

The Exchange Offer for Outstanding Bonds of each series is not conditioned upon any minimum aggregate principal amount of Outstanding Bonds of that series being tendered for exchange or upon the consummation of the Exchange Offer for Outstanding Bonds of any other series.

Under the Letter of Transmittal, each holder of Outstanding Bonds will represent to the Company that:

- any Exchange Bonds received are being acquired in the ordinary course of business of the person receiving such Exchange Bonds;

- such person does not have an arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Outstanding Bonds or the Exchange Bonds;

- such person is not an affiliate, as defined in Rule 405 of the Securities Act, of the Company, or, if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

- if such person is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of the Exchange Bonds;

- if such person is a broker-dealer, it is not tendering Outstanding Bonds acquired directly from the Company or one of the Company's affiliates;

- if such person is a broker-dealer, it will receive Exchange Bonds for its own account in exchange for Outstanding Bonds that were acquired as a result of market-making activities or other trading activities, and it will deliver a prospectus in connection with any resale of such Exchange Bonds; however, by so acknowledging and by delivering a prospectus, such person will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act; and

- such person is not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Outstanding Bonds for you to make the foregoing representations.

The Company will not pay any fee or commission to any broker or dealer or to any other person (other than the Exchange Agent) in connection with the solicitation of tenders of Outstanding Bonds pursuant to the Exchange Offer. The Company will pay or cause to be paid any transfer taxes payable on the transfer of Outstanding Bonds to it, except as otherwise provided in Instruction 7 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from us upon request.

Very truly yours,

JPMORGAN CHASE BANK

EXHIBIT 99.4

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

LETTER TO CLIENTS
FOR
TENDER OF ALL OUTSTANDING

5.70% GENERAL MORTGAGE BONDS, SERIES J,
DUE 2013
IN EXCHANGE FOR REGISTERED
5.70% GENERAL MORTGAGE BONDS, SERIES J2,
DUE 2013

6.95% GENERAL MORTGAGE BONDS, SERIES K,
DUE 2033
IN EXCHANGE FOR REGISTERED
6.95% GENERAL MORTGAGE BONDS, SERIES K2,
DUE 2033

5.60% GENERAL MORTGAGE BONDS, SERIES L,
DUE JULY 1, 2023
IN EXCHANGE FOR REGISTERED
5.60% GENERAL MORTGAGE BONDS, SERIES L2,
DUE JULY 1, 2023

5.75% GENERAL MORTGAGE BONDS, SERIES M,
DUE 2014
IN EXCHANGE FOR REGISTERED
5.75% GENERAL MORTGAGE BONDS, SERIES M2,
DUE 2014

THE EXCHANGE OFFER FOR EACH SERIES OF OUTSTANDING BONDS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON   , 2003, UNLESS EXTENDED (THE "EXPIRATION DATE"). OUTSTANDING BONDS OF A SERIES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE FOR THAT SERIES.

To Our Clients:

We are enclosing with this letter a prospectus dated September   , 2003 of CenterPoint Energy Houston Electric, LLC (the "Company") and the related Letter of Transmittal. These two documents together constitute the Company's offer to exchange its 5.70% General Mortgage Bonds, Series J2, due 2013, 6.95% General Mortgage Bonds, Series K2, due 2033, 5.60% General Mortgage Bonds, Series L2, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M2, due 2014 (collectively, the "Exchange Bonds"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for like principal amounts of the Company's issued and outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds"), respectively, which offer consists of separate, independent offers to exchange the Exchange Bonds of each series for Outstanding Bonds of that series (each, an "Exchange Offer," and sometimes collectively, the "Exchange Offer").

The Exchange Offer for Outstanding Bonds of each series is not conditioned upon any minimum aggregate principal amount of Outstanding Bonds of that series being tendered for exchange or upon the consummation of the Exchange Offer for Outstanding Bonds of any other series.

We are the holder of record of Outstanding Bonds held by us for your own account. A tender of your Outstanding Bonds held by us can be made only by us as the record holder according to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Outstanding Bonds held by us for your account.

We request instructions as to whether you wish to tender any or all of the Outstanding Bonds held by us for your account under the terms and conditions of the Exchange Offer. We also request that you confirm that we may, on your behalf, make the representations contained in the Letter of Transmittal.

Under the Letter of Transmittal, each holder of Outstanding Bonds will represent to the Company that:

- any Exchange Bonds received are being acquired in the ordinary course of business of the person receiving such Exchange Bonds;

- such person does not have an arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Outstanding Bonds or the Exchange Bonds;

- such person is not an affiliate, as defined in Rule 405 of the Securities Act, of the Company, or, if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

- if such person is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of the Exchange Bonds;

- if such person is a broker-dealer, it is not tendering Outstanding Bonds acquired directly from the Company or one of the Company's affiliates;

- if such person is a broker-dealer, it will receive Exchange Bonds for its own account in exchange for Outstanding Bonds that were acquired as a result of market-making activities or other trading activities, and it will deliver a prospectus in connection with any resale of such Exchange Bonds; however, by so acknowledging and by delivering a prospectus, such person will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act; and

- such person is not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

Very truly yours,

PLEASE RETURN YOUR INSTRUCTIONS TO US IN THE ENCLOSED ENVELOPE WITHIN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF BEFORE THE APPLICABLE EXPIRATION DATE.

INSTRUCTION TO
DTC PARTICIPANT

To Participant of The Depository Trust Company:

The undersigned hereby acknowledges receipt and review of the prospectus dated September , 2003 (the "Prospectus") of CenterPoint Energy Houston Electric, LLC (the "Company") and the related Letter of Transmittal. These two documents together constitute the Company's offer to exchange its 5.70% General Mortgage Bonds, Series J2, due 2013, 6.95% General Mortgage Bonds, Series K2, due 2033, 5.60% General Mortgage Bonds, Series L2, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M2, due 2014 (collectively, the "Exchange Bonds"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for like principal amounts of the Company's issued and outstanding 5.70% General Mortgage Bonds, Series J, due 2013, 6.95% General Mortgage Bonds, Series K, due 2033, 5.60% General Mortgage Bonds, Series L, due July 1, 2023 and 5.75% General Mortgage Bonds, Series M, due 2014 (collectively, the "Outstanding Bonds"), respectively, which offer consists of separate, independent offers to exchange the Exchange Bonds of each series for Outstanding Bonds of that series (each, an "Exchange Offer," and sometimes collectively, the "Exchange Offer").

This will instruct you, the registered holder and DTC participant, as to the action to be taken by you relating to the Exchange Offer for the Outstanding Bonds held by you for the account of the undersigned.

The aggregate principal amount of the Outstanding Bonds of each series held by you for the account of the undersigned is (fill in amount):

TITLE OF SERIES	PRINCIPAL AMOUNT
5.70% General Mortgage Bonds, Series J, due 2013	
6.95% General Mortgage Bonds, Series K, due 2033	
5.60% General Mortgage Bonds, Series L, due July 1, 2023	
5.75% General Mortgage Bonds, Series M, due 2014	

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

[ ] TO TENDER ALL OUTSTANDING BONDS HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

[ ] TO TENDER THE FOLLOWING AMOUNT OF OUTSTANDING BONDS HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED:

TITLE OF SERIES	PRINCIPAL AMOUNT TENDERED

5.70% General Mortgage Bonds, Series J, due 2013 - -

6.95% General Mortgage Bonds, Series K, due 2033 - -

5.60% General Mortgage Bonds, Series L, due July 1, 2023 - -

5.75% General Mortgage Bonds, Series M, due 2014 - -

[ ] NOT TO TENDER ANY OUTSTANDING BONDS HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

IF NO BOX IS CHECKED, A SIGNED AND RETURNED INSTRUCTION TO DTC PARTICIPANT WILL BE DEEMED TO INSTRUCT YOU TO TENDER ALL OUTSTANDING BONDS HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

If the undersigned instructs you to tender the Outstanding Bonds of a series held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including, but not limited to, the representations that:

- any Exchange Bonds received are being acquired in the ordinary course of business of the person receiving such Exchange Bonds;

- such person does not have an arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act of 1933, as amended (the "Securities Act")) of the Outstanding Bonds or the Exchange Bonds;

- such person is not an affiliate, as defined in Rule 405 of the Securities Act, of the Company, or, if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

- if such person is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of the Exchange Bonds;

- if such person is a broker-dealer, it is not tendering Outstanding Bonds acquired directly from the Company or one of the Company's affiliates;

- if such person is a broker-dealer, it will receive Exchange Bonds for its own account in exchange for Outstanding Bonds that were acquired as a result of market-making activities or other trading activities, and it will deliver a prospectus in connection with any resale of such Exchange Bonds; however, by so acknowledging and by delivering a prospectus, such person will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act; and

- such person is not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

SIGN HERE

Name of beneficial owner(s):

- --

Signature(s):

- --

Name(s) (please print):

- --

Address:

- --

Telephone Number:

- --

Taxpayer Identification or Social Security Number:

- --

Date:

- --