



## Texas Genco Reports Improved Second Quarter 2004 Results

HOUSTON, Aug. 6 /PRNewswire-FirstCall/ -- Texas Genco Holdings, Inc. (NYSE: TGN), an 81 percent-owned subsidiary of CenterPoint Energy, Inc. (NYSE: CNP), today reported net income of \$80 million, or \$1.00 per share, for the second quarter of 2004 compared to \$33 million, or \$0.42 per share, for the same period of 2003.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20030127/DAM020LOGO> )

For the six months ended June 30, 2004, net income was \$141 million, or \$1.76 per share, compared to income of \$22 million, or \$0.28 per share, for the same period of 2003 before the effect of an accounting change in that period. Net income for the six months ended June 30, 2003, was \$121 million, or \$1.52 per share, including a non-cash gain of \$99 million (\$1.24 per share) from the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations".

"I'm very pleased to report a significant improvement in our second quarter earnings compared to last year primarily due to higher wholesale electricity prices for our baseload products and more available baseload capacity this quarter," said David Tees, president and chief executive officer of Texas Genco. "Our fleet of solid fuel baseload generating capacity operated well during the quarter, and I'm very proud of our employees who continue to do what they do best -- run efficient, safe and reliable plants."

Texas Genco reported higher operating income of \$69 million for the second quarter of 2004 compared to the same period of 2003, due primarily to higher prices for baseload products. Operation and maintenance expenses for the second quarter of 2004 were lower than the prior year resulting primarily from lower expenses associated with planned and unplanned outages.

On July 21, 2004, CenterPoint Energy and Texas Genco announced a definitive agreement for GC Power Acquisition LLC, a newly formed entity owned in equal parts by affiliates of The Blackstone Group, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co. L.P. and Texas Pacific Group, to acquire Texas Genco for approximately \$3.65 billion in cash. The transaction, subject to customary regulatory approvals, will be accomplished in two steps. The first step, expected to be completed in the fourth quarter of 2004, involves Texas Genco's purchase of the 19 percent of its shares owned by the public for \$47 per share, followed by GC Power Acquisition's purchase of a Texas Genco unit that will be formed to own its coal, lignite and gas-fired generation plants. In the second step of the transaction, expected to take place in the first quarter of 2005 following receipt of approval by the Nuclear Regulatory Commission, GC Power Acquisition will complete the acquisition of Texas Genco, the principal remaining asset of which will then be Texas Genco's interest in the South Texas Project nuclear facility. Total cash proceeds to CenterPoint Energy from both steps of the transaction will be approximately \$2.9 billion, or \$45.25 per share for its 81 percent interest in Texas Genco.

In connection with the transaction, Texas Genco entered into a master power purchase and sale agreement under which the company has sold forward a substantial quantity of its remaining available baseload capacity through 2008. The company's obligations under the power purchase agreement will continue regardless of whether the transaction is completed.

### WEBCAST OF EARNINGS CONFERENCE CALL

The managements of CenterPoint Energy and Texas Genco will host an earnings conference call on Friday, August 6, 2004, at 10:30 a.m. Central time. Interested parties may listen to a live, audio broadcast of the conference call at <http://www.CenterPointEnergy.com/investors/events> , or at <http://www.txgenco.com/investor.html> . A replay of the call can be accessed approximately two hours after the completion of the call, and will be archived on CenterPoint Energy's web site for at least one year.

Texas Genco Holdings, Inc., based in Houston, Texas, is one of the largest wholesale electric power generating companies in the United States with over 14,000 megawatts of generation capacity, of which approximately 2,500 megawatts are currently in mothball status. It sells electric generation capacity, energy and ancillary services in one of the nation's largest power markets, the Electric Reliability Council of Texas (ERCOT). Texas Genco has one of the most diversified generation portfolios in Texas, using natural gas, oil, coal, lignite, and uranium fuels. The company owns and operates 60 generating units at 11 electric power-generating facilities and owns a 30.8 percent interest in a nuclear generating plant. Texas Genco currently is a majority-owned subsidiary of CenterPoint Energy, Inc. For more information, visit our web site at <http://www.txgenco.com> .

This news release includes forward-looking statements. Actual events and results may differ materially from those projected. The statements in this news release regarding future financial performance and results of operations and other statements that

are not historical facts are forward-looking statements. Factors that could affect actual results include the timing and impact of future regulatory and legislative decisions, successful consummation and timing of the sale of Texas Genco, effects of competition, weather variations, changes in Texas Genco's business plans, financial market conditions, the timing and extent of changes in commodity prices, particularly natural gas, the impact of unplanned plant outages and other factors discussed in Texas Genco's Form 10-K for the period ended December 31, 2003, Form 10-Q for the period ended March 31, 2004 and other filings with the Securities and Exchange Commission.

Texas Genco Holdings, Inc.  
Statements of Consolidated Income  
(Thousands of Dollars)  
(Unaudited)

	Quarter		Six Months	
	Ended June 30, 2004	2003	Ended June 30, 2004	2003
Revenues	\$552,718	\$578,511	\$991,847	\$937,098
Expenses:				
Fuel	263,992	349,318	450,307	557,307
Purchased power	18,098	22,974	26,368	34,968
Operation and maintenance	98,872	105,301	200,199	210,651
Depreciation and amortization	40,607	39,391	80,976	78,470
Taxes other than income taxes	12,122	11,483	24,378	22,774
Total	433,691	528,467	782,228	904,170
Operating Income	119,027	50,044	209,619	32,928
Other Income	1,667	1,089	2,055	1,289
Interest Expense	(114)	(2,822)	(140)	(5,625)
Income Before Income Taxes and Cumulative Effect of				
Accounting Change	120,580	48,311	211,534	28,592
Income Tax Expense	(40,464)	(15,018)	(70,526)	(6,181)
Income Before Cumulative Effect of Accounting Change	80,116	33,293	141,008	22,411
Cumulative Effect of Accounting Change, net of tax	---	---	---	98,910
Net Income	\$80,116	\$33,293	\$141,008	\$121,321
Basic and Diluted Earnings Per Common Share:				
Income Before Cumulative Effect of Accounting Change	\$1.00	\$0.42	\$1.76	\$0.28
Cumulative Effect of Accounting Change, net of tax	---	---	---	1.24
Net Income	\$1.00	\$0.42	\$1.76	\$1.52
Dividends Declared per Common Share	\$0.25	\$0.25	\$0.50	\$0.50
Weighted Average Common Shares Outstanding (000):				
- Basic	80,000	80,000	80,000	80,000
- Diluted	80,000	80,000	80,000	80,000
Capital Expenditures	\$13,022	\$33,034	\$37,082	\$77,696
Operating Data:				
Sales (MWH)	11,962,375	12,517,492	22,683,153	21,793,836
Generation (MWH)	11,542,226	12,077,631	21,691,416	21,072,384

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of

Texas Genco Holdings, Inc.

Texas Genco Holdings, Inc.  
Condensed Consolidated Balance Sheets  
(Thousands of Dollars)  
(Unaudited)

	June 30, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash	\$38	\$33
Short-term investments	184,522	44,525
Short-term note receivable-affiliate	1,283	---
Inventory	167,884	169,692
Other current assets	109,109	84,142
Total current assets	462,836	298,392
Property, Plant and Equipment, net	4,094,424	4,125,595
Other Assets:		
Nuclear decommissioning trust	198,275	189,182
Other non-current assets	23,305	26,462
Total other assets	221,580	215,644
Total Assets	\$4,778,840	\$4,639,631
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$219,174	\$224,319
Deferred capacity auction revenue	109,566	86,853
Other current liabilities	13,870	17,579
Total current liabilities	342,610	328,751
Other Liabilities:		
Accumulated deferred income taxes, net and investment tax credit	981,467	995,078
Nuclear decommissioning reserve	222,958	187,997
Other non-current liabilities	97,636	94,644
Total other liabilities	1,302,061	1,277,719
Shareholders' Equity	3,134,169	3,033,161
Total Liabilities and Shareholders' Equity	\$4,778,840	\$4,639,631

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of Texas Genco Holdings, Inc.

Texas Genco Holdings, Inc.  
Condensed Statements of Consolidated Cash Flows  
(Thousands of Dollars)  
(Unaudited)

	Six Months Ended June 30,	
	2004	2003
Cash Flows from Operating Activities:		
Net income	\$141,008	\$121,321
Cumulative effect of accounting change, net	---	(98,910)
Income before cumulative effect of accounting change	141,008	22,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including fuel-related amortization	94,726	88,195
Deferred income taxes and investment tax credit	(11,126)	(16,194)
Changes in other assets and		

liabilities	(6,865)	(22,600)
Net Cash Provided by Operating Activities	217,743	71,812
Cash Flows from Investing Activities:		
Capital expenditures and other	(36,342)	(74,706)
Increase in note receivable-affiliate	(1,283)	---
Net Cash Used in Investing Activities	(37,625)	(74,706)
Net Cash Provided by (Used in) Financing Activities	(40,116)	2,470
Net Increase (Decrease) in Cash and Cash Equivalents	140,002	(424)
Cash and Cash Equivalents at Beginning of Period	44,558	578
Cash and Cash Equivalents at End of Period	\$184,560	\$154

SOURCE Texas Genco Holdings, Inc.

media, Leticia Lowe, +1-713-207-7702, or investors, Marianne Paulsen, +1-713-207-6500, both of Texas Genco Holdings, Inc.  
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