



## CenterPoint Energy Reports First Quarter 2010 Earnings

HOUSTON, May 5, 2010 /PRNewswire via COMTEX News Network/ -- CenterPoint Energy, Inc. (NYSE: CNP) today reported net income of \$114 million, or \$0.29 per diluted share, for the first quarter of 2010 compared to \$67 million, or \$0.19 per diluted share, for the same period of 2009. Net income for the first quarter of 2010 reflected an increase in federal income tax expense of \$21 million, or \$0.05 per diluted share, as a result of the recent federal health care legislation that eliminated the future tax deductibility of certain retiree health care costs. Operating income for the first quarter of 2010 was \$357 million compared to \$285 million for the same period of 2009.

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

"I am pleased with the overall performance of our company during the first quarter of this year," said David M. McClanahan, president and chief executive officer of CenterPoint Energy. "Our electric and natural gas utilities reported strong results driven in part from a colder than normal winter, as well as control of operating expenses. Our interstate pipelines and field services businesses also performed well due primarily to increased revenues from investments in the mid-continent area. We continue to believe that our balanced portfolio of electric and natural gas businesses position us well as the economy recovers and the energy markets rebound."

### OPERATING INCOME BY SEGMENT

#### Electric Transmission & Distribution

The electric transmission & distribution segment reported operating income of \$107 million for the first quarter of 2010, consisting of \$71 million from the regulated electric transmission & distribution utility operations (TDU) and \$36 million related to transition and system restoration bonds. Operating income for the first quarter of 2009 was \$70 million, consisting of \$37 million from the TDU and \$33 million related to transition bonds. Operating income for the TDU benefited from increased energy usage partially due to colder winter weather, the addition of nearly 22,000 metered customers since March 2009 and higher net transmission revenues. Operation and maintenance expenses in 2010 were essentially unchanged from the previous year.

#### Natural Gas Distribution

The natural gas distribution segment reported operating income of \$139 million for the first quarter of 2010 compared to \$118 million for the same period of 2009. Operating income benefited from higher system throughput primarily due to colder winter weather in this segment's southern service territories, higher non-volumetric revenues and lower bad debt expense.

#### Interstate Pipelines

The interstate pipelines segment reported operating income of \$72 million for the first quarter of 2010 compared to \$69 million for the same period of 2009. Operating income increased due to higher revenue from firm contracts primarily associated with the Carthage to Perryville pipeline, partially offset by lower revenue from off-system sales.

In addition to operating income, this segment recorded equity income of \$3 million for the first quarter of 2010 primarily from its 50 percent interest in the Southeast Supply Header (SESH) compared to an equity loss of \$2 million for the first quarter of 2009, which included a non-cash charge of \$5 million to reflect SESH's discontinued use of regulatory accounting.

#### Field Services

The field services segment reported operating income of \$23 million for the first quarter of 2010 compared to \$26 million for the same period of 2009. Revenue growth from higher gathering volumes, as well as higher liquids prices in this segment's processing business, were more than offset by the impact of lower natural gas prices and higher operating expenses primarily related to facility expansions.

In addition to operating income, this segment recorded equity income of \$2 million in each of the first quarters of 2010 and 2009 from its 50 percent interest in a gas processing plant.

## Competitive Natural Gas Sales and Services

The competitive natural gas sales and services segment reported operating income of \$15 million for the first quarter of 2010 compared to \$2 million for the same period of 2009. Operating income for the first quarter of 2010 included gains of \$3 million resulting from mark-to-market accounting for derivatives associated with certain forward natural gas purchases and sales used to lock in economic margins compared to charges of \$19 million for the same period of 2009. The first quarter of 2009 included a \$6 million write-down of natural gas inventory to the lower of average cost or market. Operating income for 2010 was also impacted by reduced locational and seasonal price differentials.

## DIVIDEND DECLARATION

On April 22, 2010, CenterPoint Energy's board of directors declared a regular quarterly cash dividend of \$0.195 per share of common stock payable on June 10, 2010, to shareholders of record as of the close of business on May 14, 2010.

## OUTLOOK REAFFIRMED FOR 2010

CenterPoint Energy reaffirmed its 2010 earnings guidance of \$1.02 to \$1.12 per diluted share. This guidance takes into consideration performance to date as well as various economic and operational assumptions related to the business segments in which the company operates. The company has made certain assumptions regarding the timing and cost of financing activities and the impact to earnings of various regulatory proceedings. In providing this guidance, the company has not included the impact of any changes in accounting standards, increased taxes resulting from recent health care legislation, any impact from acquisitions or divestitures, the timing effects of mark-to-market or inventory accounting in the company's competitive natural gas sales and services business, or the outcome of the TDU's true-up appeal. The company has also excluded any impact to income from the change in value of Time Warner stocks and the related ZENS securities. For the impact of these factors on first quarter 2010 earnings, see the attached reconciliation.

## FILING OF FORM 10-Q FOR CENTERPOINT ENERGY, INC.

Today, CenterPoint Energy, Inc. filed with the Securities and Exchange Commission (SEC) its Quarterly Report on Form 10-Q for the period ended March 31, 2010. A copy of that report is available on the company's Web site, [www.CenterPointEnergy.com](http://www.CenterPointEnergy.com), under the Investors section. Other filings the company makes with the SEC and other documents relating to its corporate governance can also be found on that site.

## WEBCAST OF EARNINGS CONFERENCE CALL

CenterPoint Energy's management will host an earnings conference call on Wednesday, May 5, 2010, at 10:30 a.m. Central time or 11:30 a.m. Eastern time. Interested parties may listen to a live audio broadcast of the conference call at [www.CenterPointEnergy.com](http://www.CenterPointEnergy.com). A replay of the call can be accessed approximately two hours after the completion of the call and will be archived on the Web site for at least one year.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution, competitive natural gas sales and services, interstate pipelines, and field services operations. The company serves more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. Assets total over \$19 billion. With about 8,800 employees, CenterPoint Energy and its predecessor companies have been in business for more than 135 years. For more information, visit the Web site at [www.CenterPointEnergy.com](http://www.CenterPointEnergy.com).

This news release includes forward-looking statements. Actual events and results may differ materially from those projected. The statements in this news release regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements. Factors that could affect actual results include the timing and outcome of appeals from the true-up proceedings, the timing and impact of future regulatory, legislative, and IRS decisions, effects of competition, weather variations, changes in CenterPoint Energy's or its subsidiaries' business plans, financial market conditions, the timing and extent of changes in natural gas and natural gas liquids prices, the impact of unplanned facility outages, and other factors discussed in CenterPoint Energy's and its subsidiaries' Forms 10-K for the fiscal year ended December 31, 2009, CenterPoint Energy's Form 10-Q for the period ended March 31, 2010, and other filings with the SEC.

For more information contact  
Media:  
Leticia Lowe  
Phone 713.207.7702  
Investors:

Marianne Paulsen  
 Phone 713.207.6500

CenterPoint Energy, Inc. and Subsidiaries

Reconciliation of reported Net Income and diluted EPS to the basis  
 used in providing annual earnings guidance

|   | First Quarter Ended March<br>31, 2010 |                 |
|---|---------------------------------------|-----------------|
|   | -----<br>Net Income                   | EPS<br>---      |
|   | (in<br>millions)                      |                 |
| As reported   | \$114                                 | \$0.29          |
| Timing effects impacting CES(1):                                    |                                       |                 |
| Mark-to-market (gains) losses - natural<br>gas derivative contracts | (2)                                   | (0.01)          |
| Natural gas inventory write-downs                                   | -                                     | -               |
| ZENS-related mark-to-market (gains)<br>losses:                      |                                       |                 |
| Marketable securities(2)  | (24)                                  | (0.06)          |
| Indexed debt securities   | 18                                    | 0.05            |
| Tax impact of federal health care<br>legislation                    | 21                                    | 0.05            |
|   | ---                                   | ----            |
| Per the basis used in providing annual<br>earnings guidance         | \$127<br>=====                        | \$0.32<br>===== |

- (1) Competitive natural gas sales and services  
 (2) Time Warner Inc., Time Warner Cable Inc. and AOL Inc.

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

|  | Quarter Ended<br>March 31,<br>----- |                |
|--|-------------------------------------|----------------|
|  | 2009<br>----                        | 2010<br>----   |
| Revenues:                                  |                                     |                |
| Electric Transmission & Distribution       | \$412                               | \$482          |
| Natural Gas Distribution                   | 1,421                               | 1,537          |
| Competitive Natural Gas Sales and Services | 765                                 | 852            |
| Interstate Pipelines                       | 153                                 | 138            |
| Field Services                             | 57                                  | 68             |
| Other Operations                           | 3                                   | 3              |
| Eliminations                               | (45)                                | (57)           |
| Total                                      | 2,766<br>-----                      | 3,023<br>----- |

|   |       |       |
|---|-------|-------|
| Expenses:   |       |       |
| Natural gas   | 1,789 | 1,935 |
| Operation and maintenance                           | 413   | 414   |
| Depreciation and amortization                       | 166   | 200   |
| Taxes other than income taxes                       | 113   | 117   |
| Total   | 2,481 | 2,666 |
|   | ----- | ----- |
| Operating Income                                    | 285   | 357   |
|   | ---   | ---   |
| Other Income (Expense) :                            |       |       |
| Gain (loss) on marketable securities                | (34)  | 38    |
| Gain (loss) on indexed debt securities              | 22    | (27)  |
| Interest and other finance charges                  | (129) | (122) |
| Interest on transition and system restoration bonds | (33)  | (36)  |
| Equity in earnings of unconsolidated affiliates     | -     | 5     |
| Other - net   | 4     | 1     |
| Total   | (170) | (141) |
|   | ----  | ----  |
| Income Before Income Taxes                          | 115   | 216   |
| Income Tax Expense                                  | (48)  | (102) |
|   | ---   | ----  |
| Net Income  | \$67  | \$114 |
|   | ===   | ====  |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

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

|   | Quarter Ended<br>March 31, |         |
|---|----------------------------|---------|
|   | -----                      |         |
|   | 2009                       | 2010    |
|   | ----                       | ----    |
| Basic Earnings Per Common Share                   | \$0.19                     | \$0.29  |
|   | =====                      | =====   |
| Diluted Earnings Per Common Share                 | \$0.19                     | \$0.29  |
|   | =====                      | =====   |
| Dividends Declared per Common Share               | \$0.190                    | \$0.195 |
| Weighted Average Common Shares Outstanding (000): |                            |         |
| - Basic   | 347,496                    | 392,855 |
| - Diluted   | 349,157                    | 395,078 |

Operating Income (Loss) by Segment

-----  
 Electric Transmission & Distribution:

|   |       |       |
|---|-------|-------|
| Electric Transmission and Distribution Operations | \$37  | \$71  |
| Transition and System Restoration Bond Companies  | 33    | 36    |
| Total Electric Transmission & Distribution        | 70    | 107   |
| Natural Gas Distribution                          | 118   | 139   |
| Competitive Natural Gas Sales and Services        | 2     | 15    |
| Interstate Pipelines                              | 69    | 72    |
| Field Services                                    | 26    | 23    |
| Other Operations                                  | -     | 1     |
| Total   | \$285 | \$357 |
|   | ====  | ====  |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

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

|  | Electric Transmission & Distribution |       |                 |
|--|--------------------------------------|-------|-----------------|
|  | -----                                |       |                 |
|  | Quarter Ended                        |       |                 |
|  | March 31,                            |       | % Diff          |
|  | -----                                |       |                 |
|  | 2009                                 | 2010  | Fav/<br>(Unfav) |
|  | ----                                 | ----  | -----           |
| Results of Operations:                           |                                      |       |                 |
| Revenues:  |                                      |       |                 |
| Electric transmission and distribution utility   | \$346                                | \$386 | 12%             |
| Transition and system restoration bond companies | 66                                   | 96    | 45%             |
|  | ---                                  | ---   |                 |
| Total  | 412                                  | 482   | 17%             |
|  | ---                                  | ---   |                 |
| Expenses:  |                                      |       |                 |
| Operation and maintenance                        | 188                                  | 190   | (1%)            |
| Depreciation and amortization                    | 68                                   | 73    | (7%)            |
| Taxes other than income taxes                    | 53                                   | 52    | 2%              |
| Transition and system                            |                                      |       |                 |

|                            |      |       |       |
|----------------------------|------|-------|-------|
| restoration bond companies | 33   | 60    | (82%) |
|                            |      | ---   |       |
| Total                      | 342  | 375   | (10%) |
|                            | ---  | ---   |       |
| Operating Income           | \$70 | \$107 | 53%   |
|                            | ===  | ====  |       |

Operating Income:

|   |      |       |     |
|---|------|-------|-----|
| Electric transmission and distribution operations | \$37 | \$71  | 92% |
| Transition and system restoration bond companies  | 33   | 36    | 9%  |
|   |      | ---   |     |
| Total Segment Operating Income                    | \$70 | \$107 | 53% |
|   | ===  | ====  |     |

Electric Transmission & Distribution

Operating Data:

Actual MWH Delivered

|             |            |            |     |
|-------------|------------|------------|-----|
| Residential | 3,966,519  | 5,172,997  | 30% |
| Total       | 15,142,308 | 16,436,310 | 9%  |

Weather (average for service area):

Percentage of 10-year average:

|                     |      |      |
|---------------------|------|------|
| Cooling degree days | 120% | 20%  |
| Heating degree days | 89%  | 163% |

Number of metered customers -end of period:

|             |           |           |    |
|-------------|-----------|-----------|----|
| Residential | 1,838,766 | 1,858,403 | 1% |
| Total       | 2,082,930 | 2,104,786 | 1% |

Natural Gas Distribution

Quarter Ended

March 31,

% Diff

|                           | 2009    | 2010    | Fav/<br>(Unfav) |
|---------------------------|---------|---------|-----------------|
|                           | -----   | -----   | -----           |
| Results of Operations:    |         |         |                 |
| Revenues                  | \$1,421 | \$1,537 | 8%              |
|                           | -----   | -----   |                 |
| Expenses:                 |         |         |                 |
| Natural gas               | 1,045   | 1,139   | (9%)            |
| Operation and maintenance | 169     | 167     | 1%              |
| Depreciation and          |         |         |                 |

|                               |       |       |      |
|-------------------------------|-------|-------|------|
| amortization                  | 40    | 40    | -    |
| Taxes other than income taxes | 49    | 52    | (6%) |
| Total                         | 1,303 | 1,398 | (7%) |
| Operating Income              | \$118 | \$139 | 18%  |
|                               | ====  | ====  |      |

Natural Gas Distribution

Operating Data:

Throughput data in BCF

|                           |     |     |     |
|---------------------------|-----|-----|-----|
| Residential               | 78  | 96  | 23% |
| Commercial and Industrial | 77  | 87  | 13% |
| Total Throughput          | 155 | 183 | 18% |

Weather (average for service area)

Percentage of 10-year average:

|                     |      |      |
|---------------------|------|------|
| Heating degree days | 102% | 117% |
|---------------------|------|------|

Number of customers -end

of period:

|                           |           |           |    |
|---------------------------|-----------|-----------|----|
| Residential               | 2,996,455 | 3,012,856 | 1% |
| Commercial and Industrial | 246,405   | 246,676   | -  |
| Total                     | 3,242,860 | 3,259,532 | 1% |
|                           | =====     | =====     |    |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

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

|                               | Competitive Natural Gas Sales and Services |       |             |
|-------------------------------|--|-------|-------------|
|                               | Quarter Ended                              |       | % Diff      |
|                               | March 31,                                  |       |             |
|                               | 2009                                       | 2010  | Fav/(Unfav) |
|                               | ----                                       | ----  | -----       |
| Results of Operations:        |  |       |             |
| Revenues                      | \$765                                      | \$852 | 11%         |
|                               | ----                                       | ----  |             |
| Expenses:                     |  |       |             |
| Natural gas                   | 752  | 826   | (10%)       |
| Operation and maintenance     | 10   | 9     | 10%         |
| Depreciation and amortization | 1  | 1     | -           |
| Taxes other than income taxes | -  | 1     | -           |
| Total                         | 763  | 837   | (10%)       |
| Operating Income              | \$2  | \$15  | 650%        |
|                               | ===  | ===   |             |

Competitive Natural Gas Sales  
and Services Operating Data:

|                                       |                 |                 |    |
|---------------------------------------|-----------------|-----------------|----|
| Throughput data in BCF                | 141<br>===      | 141<br>===      | -  |
| Number of customers -end of<br>period | 10,862<br>===== | 11,369<br>===== | 5% |

Interstate Pipelines

|                               | Quarter Ended |       | % Diff      |
|-------------------------------|---------------|-------|-------------|
|                               | March 31,     |       |             |
|                               | -----         |       |             |
|                               | 2009          | 2010  | Fav/(Unfav) |
|                               | ----          | ----  | -----       |
| Results of Operations:        |               |       |             |
| Revenues                      | \$153         | \$138 | (10%)       |
|                               | ----          | ----  |             |
| Expenses:                     |               |       |             |
| Natural gas                   | 29            | 10    | 66%         |
| Operation and maintenance     | 35            | 35    | -           |
| Depreciation and amortization | 12            | 13    | (8%)        |
| Taxes other than income taxes | 8             | 8     | -           |
| Total                         | 84            | 66    | 21%         |
| Operating Income              | \$69          | \$72  | 4%          |
|                               | ===           | ===   |             |

Pipelines Operating Data:

|                        |     |     |      |
|------------------------|-----|-----|------|
| Throughput data in BCF |     |     |      |
| Transportation         | 467 | 438 | (6%) |
|                        | === | === |      |

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

Field Services

|                        | Quarter Ended |      | % Diff          |
|------------------------|---------------|------|-----------------|
|                        | March 31,     |      |                 |
|                        | -----         |      |                 |
|                        | 2009          | 2010 | Fav/<br>(Unfav) |
|                        | ----          | ---- | -----           |
| Results of Operations: |               |      |                 |
| Revenues               | \$57          | \$68 | 19%             |
|                        | ---           | ---  |                 |
| Expenses:              |               |      |                 |



|                               |      |      |        |
|-------------------------------|------|------|--------|
| Natural gas                   | 7    | 16   | (129%) |
| Operation and maintenance     | 19   | 21   | (11%)  |
| Depreciation and amortization | 4    | 6    | (50%)  |
| Taxes other than income taxes | 1    | 2    | (100%) |
| Total                         | 31   | 45   | (45%)  |
| Operating Income              | \$26 | \$23 | (12%)  |
|                               | ===  | ===  |        |

Field Services Operating Data:

Throughput data in BCF

|           |     |     |     |
|-----------|-----|-----|-----|
| Gathering | 104 | 128 | 23% |
|           | === | === |     |

Other Operations

-----  
Quarter Ended

March 31,

% Diff

-----

Fav/

(Unfav)

2009

2010

----

----

-----

Results of Operations:

|                  |     |     |     |
|------------------|-----|-----|-----|
| Revenues         | \$3 | \$3 | -   |
| Expenses         | 3   | 2   | 33% |
| Operating Income | \$- | \$1 | -   |
|                  | === | === |     |

Capital Expenditures by Segment

(Millions of Dollars)

(Unaudited)

|  |       |               |      |
|--|-------|---------------|------|
|  |       | Quarter Ended |      |
|  |       | March 31,     |      |
|  |       | -----         |      |
|  |       | 2009          | 2010 |
|  |       | ----          | ---- |
| Capital Expenditures by Segment            |       |               |      |
| Electric Transmission & Distribution       | \$81  | \$95          |      |
| Hurricane Ike                              | 16    | -             |      |
|  | ---   | ---           |      |
| Total Electric Transmission & Distribution | 97    | 95            |      |
| Natural Gas Distribution                   | 34    | 29            |      |
| Competitive Natural Gas Sales and Services | 1     | -             |      |
| Interstate Pipelines                       | 47    | 8             |      |
| Field Services                             | 38    | 121           |      |
| Other Operations                           | 7     | 4             |      |
| Total                                      | \$224 | \$257         |      |
|  | ===== | =====         |      |

Interest Expense Detail  
(Millions of Dollars)  
(Unaudited)

|   | Quarter Ended |       |
|---|---------------|-------|
|   | March 31,     |       |
|   | -----         | ----- |
|   | 2009          | 2010  |
|   | ----          | ----  |
| Interest Expense Detail                                 |               |       |
| Amortization of Deferred Financing Cost                 | \$9           | \$7   |
| Capitalization of Interest Cost                         | (2)           | (1)   |
| Transition and System Restoration Bond Interest Expense | 33            | 36    |
| Other Interest Expense                                  | 122           | 116   |
| Total Interest Expense                                  | \$162         | \$158 |
|   | ====          | ====  |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

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

|                                    | December | March    |
|------------------------------------|----------|----------|
|                                    | 31,      | 31,      |
|                                    | 2009     | 2010     |
|                                    | ----     | ----     |
| ASSETS                             |          |          |
| Current Assets:                    |          |          |
| Cash and cash equivalents          | \$740    | \$329    |
| Other current assets               | 2,164    | 2,055    |
| Total current assets               | 2,904    | 2,384    |
|                                    | -----    | -----    |
| Property, Plant and Equipment, net | 10,788   | 10,928   |
|                                    | -----    | -----    |
| Other Assets:                      |          |          |
| Goodwill                           | 1,696    | 1,696    |
| Regulatory assets                  | 3,677    | 3,619    |
| Other non-current assets           | 708      | 724      |
| Total other assets                 | 6,081    | 6,039    |
| Total Assets                       | \$19,773 | \$19,351 |
|                                    | =====    | =====    |

LIABILITIES AND SHAREHOLDERS'  
EQUITY

Current Liabilities:

|   |          |          |
|---|----------|----------|
| Short-term borrowings   | \$55     | \$2      |
| Current portion of transition and system restoration bonds long-term debt | 241      | 274      |
| Current portion of indexed debt   | 121      | 122      |
| Current portion of other long-term debt                                   | 541      | 776      |
| Other current liabilities   | 2,080    | 2,028    |
| Total current liabilities   | 3,038    | 3,202    |
|   | -----    | -----    |
| Other Liabilities:  |          |          |
| Accumulated deferred income taxes, net and investment tax credit          | 2,792    | 2,814    |
| Regulatory liabilities  | 921      | 946      |
| Other non-current liabilities   | 1,264    | 1,270    |
| Total other liabilities   | 4,977    | 5,030    |
|   | -----    | -----    |
| Long-term Debt:   |          |          |
| Transition and system restoration bonds                                   | 2,805    | 2,665    |
| Other   | 6,314    | 5,745    |
| Total long-term debt  | 9,119    | 8,410    |
|   | -----    | -----    |
| Shareholders' Equity  | 2,639    | 2,709    |
| Total Liabilities and Shareholders' Equity                                | \$19,773 | \$19,351 |
|   | =====    | =====    |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries  
Condensed Statements of Consolidated Cash Flows  
(Millions of Dollars)  
(Unaudited)

|   | Three Months Ended<br>March 31, |       |
|---|---------------------------------|-------|
|   | -----                           |       |
|   | 2009                            | 2010  |
|   | ----                            | ----  |
| Cash Flows from Operating Activities:   |                                 |       |
| Net income  | \$67                            | \$114 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |       |
| Depreciation and amortization   | 176                             | 207   |
| Deferred income taxes   | 30                              | (34)  |
| Write-down of natural gas inventory   | 6                               | -     |
| Changes in net regulatory assets  | 21                              | 19    |
| Changes in other assets and liabilities   | 132                             | 127   |
| Other, net  | 1                               | 2     |

|  |       |       |
|--|-------|-------|
| Net Cash Provided by Operating Activities        | 433   | 435   |
| Net Cash Used in Investing Activities            | (261) | (303) |
| Net Cash Used in Financing Activities            | (274) | (543) |
|  | ----  | ----  |
| Net Decrease in Cash and Cash Equivalents        | (102) | (411) |
| Cash and Cash Equivalents at Beginning of Period | 167   | 740   |
| Cash and Cash Equivalents at End of Period       | \$65  | \$329 |
|  | ===   | ====  |

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-Q of CenterPoint Energy, Inc.

SOURCE CenterPoint Energy, Inc.

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