

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RELIANT ENERGY RESOURCES CORP.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	4911 (Primary Standard Industrial Classification Code Number)	76-0511406 (I.R.S. Employer Identification No.)
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1111 LOUISIANA
 HOUSTON, TEXAS 77002
 (713) 207-3000
 (Address, including zip code, and telephone
 number, including area code, of registrant's
 principal executive offices)

HUGH RICE KELLY
 EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL
 AND CORPORATE SECRETARY
 1111 LOUISIANA
 HOUSTON, TEXAS 77002
 (713) 207-3000
 (Name, address, including zip code,
 and telephone number, including area code,
 of agent for service)

COPIES TO:

TIMOTHY S. TAYLOR
 BAKER BOTTS L.L.P.
 910 LOUISIANA, ONE SHELL PLAZA
 HOUSTON, TEXAS 77002-4995
 (713) 229-1234

STEVEN R. LOESHELLE
 DEWEY BALLANTINE LLP
 1301 AVENUE OF THE AMERICAS
 NEW YORK, NEW YORK 10019-6092
 (212) 259-8000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable following the effectiveness of this registration statement.

If the securities being registered on this Form are being 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, 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, 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

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(1)
8.125% Notes due 2005, Series B.....	\$325,000,000	100%	\$325,000,000	\$85,800

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f)(2). For purposes of this calculation, the Offering Price per Series B Note was assumed to be the stated principal amount of each Series A Note that may be received by the Registrant in the exchange transaction in which the Series B Notes will be offered.

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 THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED NOVEMBER 1, 2000

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.

\$325,000,000

RELIANT ENERGY RESOURCES CORP.

OFFER TO EXCHANGE
8.125% NOTES DUE 2005, SERIES B
FOR ALL OUTSTANDING
8.125% NOTES DUE 2005, SERIES A

RELIANT ENERGY RESOURCES CORP.

- We are a wholly owned subsidiary of Reliant Energy, Incorporated. We conduct our operations primarily in the natural gas industry. Our operations include gathering, transmission, storage and distribution services. We also market natural gas and electricity.
- Reliant Energy Resources Corp.
1111 Louisiana
Houston, Texas 77002
(713) 207-3000

THE EXCHANGE OFFER

- The exchange offer will expire at 5:00 p.m., New York City time, , 2000, unless extended.
- The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered.
- We will exchange all old notes that are validly tendered and not validly withdrawn for an equal principal amount of new notes that we have registered under the Securities Act of 1933.
- You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.
- The exchange of old notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

THE NEW NOTES

- The new notes will be freely tradeable and will have substantially identical terms to the old notes.

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

TABLE OF CONTENTS

About This Prospectus.....	3
Where You Can Find More Information.....	4
Cautionary Statement Regarding Forward-Looking Information.....	5
Summary.....	6
Private Placement.....	11
Use of Proceeds.....	11
Selected Financial Information.....	12
Ratio of Earnings to Fixed Charges.....	13
Reliant Energy Resources Corp.....	14
The Exchange Offer.....	15
Description of the Notes.....	24
Registration Rights.....	37
Book-Entry; Delivery and Form.....	38
Federal Income Tax Consequences.....	40
Plan of Distribution.....	41
Transfer Restrictions on the Old Notes.....	42
Legal Matters.....	42
Experts.....	42
Unaudited Pro Forma Condensed Consolidated Financial Statements.....	F-1

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we have filed with the SEC. We are submitting this prospectus to holders of old notes so that they can consider exchanging the old notes for new notes. You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. We are not making an offer to exchange and issue the new notes in any jurisdiction where the offer or exchange is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

WHERE YOU CAN FIND MORE INFORMATION

We file reports and other information with the SEC. 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, and at the regional offices of the SEC located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and at 7 World Trade Center, Suite 1300, New York, New York 10048. 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](http://www.sec.gov). In addition, you may inspect our reports at the offices of the New York Stock Exchange, Inc. at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" into this prospectus information we file with the SEC. This means we can disclose 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, unless we update or supersede that information by the information contained in this prospectus or information we file subsequently that is incorporated by reference into this prospectus. We are incorporating by reference into this prospectus the following documents that we have filed with the SEC, and our future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offering of the new notes is completed:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 1999,
- our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2000 and June 30, 2000,
- our Current Report on Form 8-K dated July 27, 2000, and
- our Current Report on Form 8-K dated October 25, 2000.

This prospectus is part of a registration statement we have filed with the SEC relating to the new notes. 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 new notes. The registration statement, exhibits and schedules are also available at the SEC's Public Reference Room or through its Internet site.

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

Reliant Energy Resources Corp.
P.O. Box 2805
Houston, Texas 77252-2805
Attn: Treasurer
(800) 231-6406

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus, including the information we incorporate by reference, contains statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify our forward-looking statements by the words "anticipate," "estimate," "expect," "forecast," "goal," "objective," "projection" or other similar words.

We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management 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.

The following list identifies some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements:

- approval and implementation of Reliant Energy's business separation plan,
- the effects of competition,
- national or regional economic conditions,
- industrial, commercial and residential growth in our service territories,
- state and federal legislative and regulatory developments, including changes in environmental and other laws and regulations to which we are subject,
- weather variations and other natural phenomena,
- the timing and extent of changes in commodity prices and interest rates,
- the results of financing efforts,
- risks incidental to our foreign operations, including the effects of fluctuations in foreign currency exchange rates, and
- other factors we discuss in this prospectus and our filings with the SEC.

SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROSPECTUS TO HELP YOU UNDERSTAND THE TERMS OF THIS EXCHANGE OFFER AND THE NEW NOTES. IT LIKELY DOES NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU OR THAT YOU SHOULD CONSIDER IN MAKING A DECISION TO EXCHANGE OLD NOTES FOR NEW NOTES. TO UNDERSTAND ALL OF THE TERMS OF THIS EXCHANGE OFFER AND THE NEW NOTES AND TO ATTAIN A MORE COMPLETE UNDERSTANDING OF OUR BUSINESS AND FINANCIAL SITUATION, YOU SHOULD CAREFULLY READ THIS ENTIRE PROSPECTUS AND THE INFORMATION WE HAVE INCORPORATED BY REFERENCE HEREIN.

IN THIS PROSPECTUS, WE REFER TO RELIANT ENERGY RESOURCES CORP. AND ITS SUBSIDIARIES AS "WE," "US" OR "RESOURCES CORP.," AND TO RELIANT ENERGY, INCORPORATED AS "RELIANT ENERGY," UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE. WE REFER TO OUR 8.125% NOTES DUE 2005, SERIES A AS THE "OLD NOTES," AND TO OUR 8.125% NOTES DUE 2005, SERIES B OFFERED HEREBY AS THE "NEW NOTES." WE COLLECTIVELY REFER TO THE OLD NOTES AND THE NEW NOTES AS THE "NOTES."

RELIANT ENERGY RESOURCES CORP.

We are a wholly owned subsidiary of Reliant Energy. We conduct our operations primarily in the natural gas industry. Our operations include gathering, transmission, storage and distribution services. We also market natural gas and electricity.

Our principal executive offices are located at 1111 Louisiana, Houston, Texas 77002, and our telephone number at that address is (713) 207-3000.

SUMMARY OF THE EXCHANGE OFFER

On July 6, 2000, we completed a private offering of the old notes. We received proceeds, after deducting the discount to the initial purchasers, of \$322,364,250 from the sale of the old notes.

In connection with the offering of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes in which we agreed to deliver to you this prospectus and to use our reasonable best efforts to complete the exchange offer for the old notes by February 1, 2001. In the exchange offer, you are entitled to exchange your old notes for new notes, with substantially identical terms, that are registered with the SEC. You should read the discussion under the headings "--The New Notes" beginning on page 9 and "Description of the Notes" beginning on page 24 for further information about the new notes. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights for your old notes.

We have summarized the terms of the exchange offer below. You should read the discussion under the heading "The Exchange Offer" beginning on page 15 for further information about the exchange offer and resale of the new notes.

THE EXCHANGE OFFER..... We are offering to exchange up to \$325,000,000 principal amount of the new notes for up to \$325,000,000 principal amount of the old notes. Old notes may only be exchanged in \$1,000 increments.

The terms of the new notes are identical in all material respects to those of the old notes except the new notes will not be subject to transfer restrictions and holders of new notes will have no registration rights. Also, the new notes will not contain provisions for an increase in their stated interest rate.

Old notes 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 old notes that are not tendered for exchange is likely to be minimal.

EXPIRATION DATE..... The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2000, or such later date and time to which we may extend it. Please read "The Exchange Offer--Extensions, Delay in Acceptance, Termination or Amendment" on page 16 for more information about an extension of the expiration date.

WITHDRAWAL OF TENDERS..... You may withdraw your tender of old notes 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 old notes that you tendered but that were not accepted for exchange.

CONDITIONS TO THE EXCHANGE OFFER..... We will not be required to accept old notes 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 is not conditioned upon any minimum aggregate principal amount of old notes being tendered. Please read "The Exchange Offer--Conditions to the Exchange Offer" on page 17 for more information about the conditions to the exchange offer.

PROCEDURES FOR TENDERING OLD NOTES..... If your old notes are held through The Depository Trust Company, or "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 new notes that you receive will be acquired in the ordinary course of your business,

- you have no arrangement or understanding with any person to participate in the distribution of the old notes or the new notes,
- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or, if you are our affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act,
- if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new notes, and
- if you are a broker-dealer that will receive new notes for your own account in exchange for old notes that you acquired as a result of market-making activities or other trading activities, you will deliver a prospectus in connection with any resale of such new notes.

SPECIAL PROCEDURES FOR BENEFICIAL OWNERS..... If you own a beneficial interest in old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the old notes in the exchange offer, please contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf and to comply with our instructions described in this prospectus.

GUARANTEED DELIVERY PROCEDURES..... You must tender your old notes according to the guaranteed delivery procedures described in "The Exchange Offer--Guaranteed Delivery Procedures" on page 21 if any of the following apply:

- you wish to tender your old notes but they are not immediately available,
- you cannot deliver your old notes, 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.

U.S. FEDERAL INCOME TAX CONSIDERATIONS..... The exchange of old notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "Federal Income Tax Consequences" on page 40.

USE OF PROCEEDS..... We will not receive any cash proceeds from the issuance of new notes in the exchange offer.

REGISTRATION RIGHTS..... If we fail to complete the exchange offer as required by the registration rights agreement, we may be obligated to pay additional interest to holders of old notes. Please read "Registration Rights" beginning on page 37 for more information regarding your rights as a holder of old notes.

THE EXCHANGE AGENT

We have appointed The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association) 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:

THE CHASE MANHATTAN BANK

BY HAND OR COURIER:

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

BY MAIL (REGISTERED OR CERTIFIED MAIL RECOMMENDED):

The Chase Manhattan 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:
(214) 468-6464 (Frank Ivins)

THE NEW NOTES

The new notes will be freely tradeable and otherwise substantially identical to the old notes. The new notes will not have registration rights or provisions for additional interest. The new notes will evidence the same debt as the old notes, and the old notes and the new notes will be governed by the same indenture. The old notes and the new notes will vote together as a single separate class under the indenture.

NOTES OFFERED..... \$325 million principal amount of 8.125% Notes due 2005, Series B.
INTEREST RATE..... 8.125% per annum.
MATURITY DATE..... July 15, 2005.

INTEREST PAYMENT DATES..... January 15 and July 15 of each year, commencing January 15, 2001.

OPTIONAL REDEMPTION..... At any time upon at least 30 days' notice, we may redeem some or all of the notes in principal amounts of \$1,000 or any integral multiple thereof. We will pay a redemption price equal to the principal amount of new notes we redeem plus a make-whole premium, if any, which is described under the heading "Description of the Notes--Optional Redemption" beginning on page 25. We will also pay accrued interest to, but excluding, the redemption date.

RANKING..... The new notes will:

- be unsecured,
- rank equally with all of our other unsecured and unsubordinated indebtedness, including the old notes, and
- effectively rank below all of the liabilities of our subsidiaries.

RESTRICTIVE COVENANTS..... We will issue the new notes under an indenture containing restrictive covenants for your benefit. These covenants, which will terminate as described under "Description of the Notes--Restrictive Covenants" beginning on page 26 initially restrict our ability, with some exceptions, to:

- incur debt secured by liens, and
- engage in sale/leaseback transactions.

ABSENCE OF PUBLIC MARKETS FOR THE NOTES..... There is no existing market for the new notes. We cannot provide any assurance about:

- the liquidity of any markets that may develop for the new notes,
- your ability to sell the new notes, and
- the prices at which you will be able to sell the new notes.

Future trading prices of the new notes will depend on many factors, including:

- prevailing interest rates,
- our operating results,
- the ratings of the new notes, and
- the market for similar securities.

The initial purchasers of the old notes have advised us that they currently intend to make a market in the new notes we issue in the exchange offer. Those initial purchasers do not, however, have any obligation to do so, and they may discontinue any market-making activities at any time without any notice. In addition, we do not intend to apply for listing of the new notes on any securities exchange or for quotation of the new notes in any automated dealer quotation system.

PRIVATE PLACEMENT

We issued \$325 million principal amount of the old notes on July 6, 2000 to the initial purchasers of those notes and received proceeds, after deducting the discount to the initial purchasers, equal to 99.189% of the principal amount. We issued the old notes to the initial purchasers in a transaction exempt from or not subject to registration under the Securities Act. The initial purchasers then offered and resold the old notes to qualified institutional buyers, institutional accredited investors or non-U.S. persons in compliance with Regulation S under the Securities Act initially at the price of 99.789% of the principal amount.

We received aggregate net proceeds, before expenses, of approximately \$322.4 million from the sale of the old notes. We used those proceeds for general corporate purposes, including the repayment or refinancing of our debt including \$200 million of our unsubordinated 7 1/2% Notes due 2000 that matured on August 1, 2000.

USE OF PROCEEDS

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

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial and operating data for the years ended December 31, 1999, 1998, 1996 and 1995, for the five months ended December 31, 1997, for the seven months ended July 31, 1997, on an unaudited basis for the six months ended June 30, 2000 and 1999 and on an unaudited pro forma basis for the six months ended June 30, 2000 and the year ended December 31, 1999. The unaudited pro forma financial and operating data have been prepared to describe the effects of the proposed transfer of a portion of our unregulated businesses to subsidiaries of Reliant Energy. This summary is qualified in its entirety by the detailed information and financial statements included in the documents we have incorporated into this prospectus by reference and our unaudited pro forma condensed consolidated financial statements included elsewhere in this prospectus. Please read "Where You Can Find More Information."

	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999	PRO FORMA	
			SIX MONTHS ENDED JUNE 30, 2000	YEAR ENDED DECEMBER 31, 1999
	(THOUSANDS OF DOLLARS)			
Operating Revenues.....	\$7,109,064	\$4,258,954	\$2,053,493	\$10,543,545
Operating Expenses.....	6,946,429	4,063,828	1,889,165	10,245,862
Operating Income.....	162,635	195,126	164,328	297,683
Interest Expense, net.....	61,157	59,853	50,564	119,492
Distributions on Trust Preferred				
Securities.....	15	197	15	357
Other (Income)/Expense, net.....	13,128	(6,758)	(7,004)	(11,138)
Income Tax Expense.....	46,696	64,905	54,124	88,771
Net Income.....	\$ 41,639	\$ 76,929	\$ 66,629	\$ 100,201

	YEAR ENDED DECEMBER 31, 1998	FIVE MONTHS ENDED DECEMBER 31, 1997	SEVEN MONTHS ENDED JULY 31, 1997	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995
Operating Revenues.....	\$6,758,412	\$2,526,182	\$3,313,591	\$4,788,462	\$2,964,679
Operating Expenses.....	6,448,107	2,434,282	3,141,295	4,473,996	2,677,374
Operating Income Before Merger Transaction					
Costs.....	310,305	91,900	172,296	314,466	287,305
Merger Transaction Costs.....		1,144	17,256		
Operating Income.....	310,305	90,756	155,040	314,466	287,305
Interest Expense, net.....	111,337	47,490	78,660	132,557	157,959
Distributions on Trust Preferred					
Securities.....	632	279	6,317	5,842	
Other (Income)/Expense, net.....	(7,318)	(2,243)	(7,210)	14,577	8,438
Income Tax Expense.....	111,830	24,383	31,398	66,352	55,379
Extraordinary (Gain) Loss.....			(237)	4,280	52
Preferred Dividends.....				3,597	7,800
Net Income Available to Common Stock....	\$ 93,824	\$ 20,847	\$ 46,112	\$ 87,261	\$ 57,677

	AS OF JUNE 30, 2000	
	ACTUAL	AS ADJUSTED(1)
	(AMOUNTS IN MILLIONS)	
CAPITALIZATION AND SHORT-TERM BORROWINGS		
Short-term Borrowings.....	\$ 566.7	\$ 444.3
Long-term Debt:		
Unsubordinated Long-Term Debt (including current maturities).....	1,346.3	1,469.4
Convertible Subordinated Debentures.....	93.1	93.1
Total Debt.....	2,006.1	2,006.8
Resources Corp. Obligated Mandatorily Redeemable Convertible Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of Resources Corp.....	.6	.6
Stockholder's Equity.....	2,719.2	2,719.2
Total Capitalization and Short-term Borrowings.....	\$4,725.9	\$4,726.6

(1) Adjustments have been made to reflect (a) \$322.4 million received from the issuance of \$325 million aggregate principal amount of old notes pursuant to their original offering and the intended use of such proceeds, and (b) the retirement on August 1, 2000 of unsubordinated long-term debt aggregating \$200 million. Adjustments have not been made to reflect (a) changes in short-term borrowings after June 30, 2000 and (b) any increase in debt obligations, any retirements, conversions, redemptions or purchases of any other securities or debt obligations or any premiums paid in connection therewith after June 30, 2000, other than those in connection with the matters specifically mentioned above.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings from continuing operations to fixed charges for each of the periods indicated:

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,				
	2000	1999	1999	1998	1997	1996	1995
Ratio of earnings from continuing operations to fixed charges(1).....	2.33	3.20	2.44	2.71	1.87	2.09	1.69

(1) We do not believe that the ratios for the six-month periods are necessarily indicative of the ratios for the twelve-month periods due to the seasonal nature of our business. The ratios were calculated pursuant to applicable rules of the SEC.

We are a wholly owned subsidiary of Reliant Energy. We conduct our operations primarily in the natural gas industry. Our operations include gathering, transmission, storage and distribution services. We also market natural gas and electricity. Our operations are currently organized into three operating units:

- natural gas distribution,
- interstate pipelines, and
- wholesale energy trading, marketing and risk management.

NATURAL GAS DISTRIBUTION. We conduct our natural gas distribution operations through three unincorporated divisions, Reliant Energy Arkla, Reliant Energy Entex and Reliant Energy Minnegasco. Our operations consist of intrastate natural gas sales to, and natural gas transportation for, residential, commercial and industrial customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. These operations are regulated as gas utility operations in the jurisdictions served by these divisions.

INTERSTATE PIPELINES. We provide interstate gas transportation and related services through two wholly owned subsidiaries, Reliant Energy Gas Transmission Company, or "REGT," and Mississippi River Transmission Corporation, or "MRT." As of December 31, 1999, we owned and operated approximately 8,200 miles of transmission lines and six natural gas storage facilities located across the south-central United States. We store, transport and deliver natural gas on behalf of various shippers, primarily to utilities, industrial customers and third party pipeline interconnects. We also provide pipeline project management and facility operation services to affiliates and third parties.

WHOLESALE ENERGY TRADING, MARKETING AND RISK MANAGEMENT. This operating unit markets natural gas and electric power and provides price risk management services to various energy sector customers. In addition, this operating unit provides natural gas gathering services and retail energy marketing services. We conduct our energy marketing and risk management services through a wholly owned subsidiary, Reliant Energy Services, Inc., or "RES." RES buys, sells and trades natural gas, electric power, crude oil and refined products, air emissions regulatory credits, coal and weather derivatives. In addition, RES offers physical and financial wholesale energy marketing and price risk management products and services to a variety of customers. These customers include natural gas distribution companies, electric utilities, municipalities, cooperatives, power generators, marketers, aggregators and large volume industrial customers. We conduct our natural gas gathering operations, including related liquids extraction and marketing activities, through a wholly owned subsidiary, Reliant Energy Field Services, Inc., or "RFS." As of December 31, 1999, RFS operated approximately 4,000 miles of gathering pipelines which collect natural gas from more than 200 separate systems located in major producing fields in Arkansas, Louisiana, Oklahoma and Texas. In addition, in October 1999, we formed Reliant Energy Trading & Marketing B.V., or "RETM," a Dutch corporation, in order to participate in the emerging European energy trading and marketing business.

TRANSFER OF OUR WHOLESALE ENERGY TRADING, MARKETING AND RISK MANAGEMENT OPERATIONS TO RELIANT RESOURCES, INC. We expect that our wholesale energy trading, marketing and risk management operations, including RES and RETM, will be transferred to Reliant Resources, Inc., a wholly owned subsidiary of Reliant Energy, in the fourth quarter of 2000 or early in 2001. The transfer is contemplated by Reliant Energy's business separation plan filed earlier this year with the Texas Public Utility Commission. For more information, please refer to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 and to our Current Report on Form 8-K dated July 27, 2000. Please read "Where You Can Find More Information."

THE EXCHANGE OFFER

PURPOSE OF THE EXCHANGE OFFER

In connection with the sale of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes. In that agreement, we agreed to file a registration statement relating to an offer to exchange the old notes for the new notes. We also agreed to use our reasonable best efforts to complete the exchange offer for the old notes within 210 days after the issue date of the old notes. We are offering the new notes under this prospectus in an exchange offer for the old notes to satisfy our obligations under the registration rights agreement. We refer to our offer to exchange the new notes for the old notes as the "exchange offer."

RESALE OF NEW NOTES

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

- you are not our affiliate within the meaning of Rule 405 under the Securities Act,
- you acquire such new notes in the ordinary course of your business, and
- you do not intend to participate in the distribution of new notes.

If you tender your old notes in the exchange offer with the intention of participating in any manner in a distribution of the new notes, you:

- cannot rely on such interpretations by the SEC staff, and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the new notes.

Unless an exemption from registration is otherwise available, the resale by any securityholder intending to distribute new notes should be covered by an effective registration statement under the Securities Act containing the selling securityholder's information required by Item 507 or Item 508, as applicable, of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, resale or other retransfer of new notes only as specifically described in this prospectus. Only those broker-dealers that acquired old notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives new notes for its own account in exchange for old notes, where that broker-dealer acquired such old notes 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 new notes. Please read "Plan of Distribution" for more details regarding the transfer of new notes.

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 old notes properly tendered and not withdrawn prior to the expiration date of the exchange offer. We will issue \$1,000 principal amount of new notes in exchange for each \$1,000 principal amount of old notes surrendered under the exchange offer. Old notes may be tendered only in integral multiples of \$1,000.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, \$325 million principal amount of old notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act and the rules and regulations of the SEC. Old notes 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 relating to the notes and the registration rights agreement.

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

If you tender old notes 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 old notes. 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 old notes 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 will expire at 5:00 p.m., New York City time, on , 2000, unless in our sole discretion we extend it.

EXTENSIONS, DELAY IN ACCEPTANCE, TERMINATION OR AMENDMENT

We expressly reserve the right, at any time or at various times, to extend the period of time during which the exchange offer is open. We may delay acceptance for exchange of any old notes by giving oral or written notice of the extension to their holders. During any such extensions, all old notes 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" have not been satisfied with respect to the exchange offer, we reserve the right, in our sole discretion:

- to delay accepting for exchange any old notes,
- to extend the exchange offer, or
- to terminate the exchange offer.

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 agreement, we also reserve the right to amend the terms of the exchange offer 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 old notes. 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 old notes. 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 new notes for any old notes, and we may terminate the exchange offer as provided in this prospectus before accepting any old notes for exchange, if in our reasonable judgment:

- the exchange offer, or the making of any exchange by a holder of old notes, would violate 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 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 old notes of any holder that has not made to us:

- the representations described under "--Procedures for Tendering" and "Plan of Distribution," 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 new notes under the Securities Act.

We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any old notes not previously accepted for exchange in the exchange offer, upon the occurrence of any of the conditions to the exchange offer specified above. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes 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 old notes tendered, and will not issue new notes in exchange for any such old notes, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

PROCEDURES FOR TENDERING

HOW TO TENDER GENERALLY

Only a holder of old notes may tender such old notes 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 old notes 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 "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 old notes 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 OLD NOTES, 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 OLD NOTES TO US. YOU MAY REQUEST YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE TO EFFECT THE ABOVE TRANSACTIONS FOR YOU.

HOW TO TENDER IF YOU ARE A BENEFICIAL OWNER

If you beneficially own old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those notes, 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 old notes, either:

- make appropriate arrangements to register ownership of the old notes in your name, or
- obtain a properly completed bond power from the registered holder of your old notes.

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 old notes 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, 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, 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 old notes signs the letter of transmittal, the old notes 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 old notes. An eligible institution must guarantee that signature.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, or officers of corporations 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.

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. 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 old notes 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 old notes 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.

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 old notes and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any

old notes 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 old notes. 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 old notes 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 old notes, nor will we or those persons incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes 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 NEW NOTES

In all cases, we will issue new notes for old notes that we have accepted for exchange in the exchange offer only after the exchange agent timely receives:

- old notes or a timely book-entry confirmation of transfer of such old notes 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 OLD NOTES NOT ACCEPTED OR EXCHANGED

If we do not accept any tendered old notes for exchange for any reason described in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, we will return the unaccepted or non-exchanged old notes without expense to their tendering holder. In the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described below, such non-exchanged old notes 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 new notes you receive will be acquired in the ordinary course of your business,
- you have no arrangement or understanding with any person to participate in the distribution of the old notes or the new notes within the meaning of the Securities Act,
- you are not our affiliate, as defined in Rule 405 under the Securities Act or, if you are our affiliate, you will comply with the applicable registration and prospectus delivery requirements of the Securities Act,
- if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new notes, and
- if you are a broker-dealer that will receive new notes for your own account in exchange for old notes that you acquired as a result of market-making activities or other trading activities, you will deliver a prospectus in connection with any resale of such new notes.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the old notes 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 old notes by causing DTC to transfer such old notes 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 old notes 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 old notes according to the guaranteed delivery procedures described below.

GUARANTEED DELIVERY PROCEDURES

If you wish to tender your old notes but they are not immediately available or if you cannot deliver your old notes, 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,
- prior to the expiration date, the exchange agent receives from such member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., commercial bank or trust company having an office or correspondent in the United States, or eligible guarantor 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 old notes and the principal amount of old notes 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 old notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent,
- the exchange agent receives such properly completed and executed letter of transmittal or facsimile or agent's message, as well as all tendered old notes 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.

Upon request to the exchange agent, the exchange agent will send a notice of guaranteed delivery to you if you wish to tender your old notes 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 "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 old notes to be withdrawn,
- identify the old notes to be withdrawn, including the registration number or numbers and the principal amount of such old notes,
- be signed by the person who tendered the old notes in the same manner as the original signature on the letter of transmittal used to deposit those old notes 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 old notes are to be registered, if different from that of the person who tendered the old notes.

If old notes 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 old notes 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 old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any old notes 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 old notes tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described above, such old notes will be credited to an account maintained with DTC for the old notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes 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 old notes 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 new notes,

- 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 old notes for exchange, you will not be required to pay any transfer taxes. We will pay all transfer taxes, if any, applicable to the exchange of old notes 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 new notes or old notes 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 old notes tendered,
- tendered old notes 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 old notes for new notes 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 new notes 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 old notes for new notes in the exchange offer, you will remain subject to the existing restrictions on transfer of the old notes. In general, you may not offer or sell the old notes unless either they are registered under the Securities Act or the offer or sale is exempt from or not subject to registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the old notes under the Securities Act.

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

ACCOUNTING TREATMENT

We will amortize our expenses of the exchange offer over the term of the new notes 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 old notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plan to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes, except as required by the registration rights agreement.

DESCRIPTION OF THE NOTES

We will issue the new notes, and we issued the old notes, under an indenture, dated as of February 1, 1998, between us and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), as trustee. We sometimes refer to the old notes and the new notes in this prospectus collectively as the "notes." The terms of the notes include those set forth in the indenture and those made a part of the indenture by the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the notes and the indenture. This summary is not complete and is qualified in its entirety by reference to the indenture. For a complete description of the notes, you should refer to the indenture and the supplemental indenture establishing the terms of the notes, which we have filed with the SEC. Please read "Where You Can Find More Information."

We may issue debt securities from time to time in one or more series under the indenture. There is no limitation on the amount of debt securities we may issue under the indenture. Our 6 1/2% Debentures due February 1, 2008 (\$300 million outstanding as of September 30, 2000), our 6 3/8% Term Enhanced ReMarketable Securities (\$500 million outstanding as of September 30, 2000) and the old notes (\$325 million outstanding as of September 30, 2000) are currently outstanding under the indenture.

The old notes and the new notes will constitute a single series of debt securities under the indenture. If the exchange offer is consummated, holders of old notes who do not exchange their old notes for new notes will vote together with holders of the new notes for all relevant purposes under the indenture. Accordingly, in determining whether the required holders have given any notice, consent or waiver or taken any other action permitted under the indenture, any old notes that remain outstanding after the exchange offer will be aggregated with the new notes, and the holders of the old notes and the new notes will vote together as a single series. All references in this prospectus to specified percentages in aggregate principal amount of the old notes means, at any time after the exchange offer is consummated, the percentages in aggregate principal amount of the old notes and the new notes collectively then outstanding.

We have included cross-references in the summary below to refer you to the section numbers of the indenture we are describing.

RANKING OF THE NEW NOTES

The new notes will:

- be general unsecured obligations,
- rank equally with all of our other unsecured and unsubordinated indebtedness, including the old notes, and
- effectively rank below all of the liabilities of our subsidiaries.

Subject to the exceptions, and subject to compliance with the applicable requirements, set forth in the indenture, we may discharge our obligations under the indenture with respect to the notes as described under "--Defeasance and Covenant Defeasance."

PRINCIPAL, MATURITY AND INTEREST

The notes will mature on July 15, 2005. The notes are initially limited to \$325,000,000 aggregate principal amount. However, we may issue additional notes of this series from time to time, without the consent of the holders of the notes.

Interest on the notes will:

- accrue at the rate of 8.125% per year,
- be payable semiannually in arrears on each January 15 and July 15,
- be payable to the person in whose name the notes are registered at the close of business on the relevant January 1 and July 1 preceding the applicable interest payment date, which we refer to as "regular record dates,"
- be computed on the basis of a 360-day year comprised of twelve 30-day months, and
- be payable on overdue interest to the extent permitted by law at the same rate as interest is payable on principal.

If any interest payment date, the maturity date or any redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. Unless we default on a payment, no interest will accrue for the period from and after the applicable maturity or redemption date.

OPTIONAL REDEMPTION

We may redeem the notes, in whole or in part, at our option exercisable at any time from time to time upon not less than 30 and not more than 60 days' notice as provided in the indenture, on any date prior to their maturity at a redemption price equal to:

- 100% of the principal amount of the notes redeemed, plus
- accrued and unpaid interest thereon, if any, to, but excluding, the redemption date, plus
- the make-whole premium described below, if any.

The redemption price will never be less than 100% of the principal amount of the relevant notes plus accrued and unpaid interest thereon, if any, to the redemption date.

The amount of the make-whole premium with respect to any note to be redeemed will be equal to the excess, if any, of:

- (1) the sum of the present values, calculated as of the redemption date, of:
 - each interest payment that, but for such redemption, would have been payable on the note or portion thereof being redeemed on each interest payment date occurring after the redemption date (excluding any accrued and unpaid interest for the period prior to the redemption date), and
 - the principal amount that, but for such redemption, would have been payable at the final maturity of the note being redeemed, over
- (2) the principal amount of the note being redeemed.

The present values of interest and principal payments referred to in clause (1) above will be determined in accordance with generally accepted principles of financial analysis. These present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the redemption date at a discount rate equal to the comparable treasury yield (as defined below) plus 25 basis points.

The make-whole premium will be calculated by an independent investment banking institution of national standing appointed by us. If we fail to appoint an independent investment banking institution at least 45 days prior to the redemption date, or if the independent investment banking institution we

appoint is unwilling or unable to calculate the make-whole premium, the calculation will be made by Banc of America Securities LLC. If Banc of America Securities LLC is unwilling or unable to make the calculation, we will appoint an independent investment banking institution of national standing to make the calculation.

For purposes of determining the make-whole premium, "comparable treasury yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Securities that have a constant maturity that corresponds to the remaining term to maturity of the notes, calculated to the nearest 1/12th of a year. The comparable treasury yield will be determined as of the third business day immediately preceding the applicable redemption date.

The weekly average yields of United States Treasury Securities will be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15(519) Selected Interest Rates" or any successor release. If this statistical release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the remaining term calculated as set forth above, then the comparable treasury yield will be equal to such weekly average yield. In all other cases, the comparable treasury yield will be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Securities that have a constant maturity closest to and greater than the remaining term and the United States Treasury Securities that have a constant maturity closest to and less than the remaining term (in each case as set forth in the H.15 statistical release or any successor release). Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Securities are not available in the H.15 statistical release or otherwise, then the comparable treasury yield will be calculated by interpolation of comparable rates selected by an independent investment banking institution selected in the manner described in the second preceding paragraph.

If we redeem the notes in part, the trustee will select the notes for redemption on a pro rata basis, by lot or by such other method as the trustee in its sole discretion deems fair and appropriate. We will only redeem notes in multiples of \$1,000 in original principal amount. If any note is to be redeemed in part only, the notice of redemption will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued upon the cancellation of the original note.

SINKING FUND

We are not obligated to make mandatory redemption or sinking fund payments with respect to the notes.

RESTRICTIVE COVENANTS

The indenture does not limit the amount of indebtedness or other obligations that we may incur and does not contain provisions that would give holders of the notes the right to require us to repurchase their notes in the event of a change in control of us, or in the event we enter into one or more highly leveraged transactions, regardless of whether a rating decline results therefrom, or in the event we dispose of one or more of our business units, nor are any such events deemed to be events of default under the terms of the indenture.

The indenture contains certain covenants for the benefit of the holders of the notes which we have summarized below and refer to as the "restrictive covenants." The restrictive covenants are applicable to the notes; provided, however, that the restrictive covenants will terminate pursuant to the termination provision of the indenture and will no longer be applicable to the notes on and after the

date, which we refer to as the "termination date," on which there remains outstanding, in the aggregate, no more than \$200 million in principal amount of our:

- Medium-Term Notes, Series A and B due through 2001 (\$165.6 million outstanding as of September 30, 2000),
- 8.90% Debentures due 2006 (\$145.1 million outstanding as of September 30, 2000), and
- long-term indebtedness (but excluding for this purpose any long-term indebtedness incurred pursuant to any revolving credit facility, letter of credit facility or other similar bank credit facility) issued subsequent to the notes and prior to the termination date containing covenants substantially similar to the restrictive covenants but not containing the termination provision described above.

We collectively refer to the debt described above as the "Resources Corp. Long-Term Indebtedness."

Each issue of Resources Corp. Long-Term Indebtedness has covenants similar to the restrictive covenants summarized below. Various agreements governing some of our short-term indebtedness, including our revolving credit facility, contain provisions limiting our ability to encumber our property or the property of our subsidiaries and to effect sale and leaseback transactions that differ from the restrictive covenants. As of September 30, 2000, approximately \$310.7 million aggregate principal amount of Resources Corp. Long-Term Indebtedness was outstanding. We currently expect the termination date to occur in the second quarter of 2001.

LIMITATIONS ON LIENS. We will not, and we will not permit any restricted subsidiary (as defined below) to, pledge, mortgage or hypothecate, or permit to exist, except in our favor or in favor of any restricted subsidiary, any mortgage, pledge, lien or other encumbrance, which we collectively refer to as a "lien" or "liens," upon any principal property (as defined below) at any time owned by us or by a restricted subsidiary, to secure any indebtedness (as defined below), unless effective provision is made whereby outstanding notes will be secured equally and ratably therewith (or prior thereto), and with any other indebtedness similarly entitled to be equally and ratably secured. This restriction will not apply to or prevent the creation or existence of:

- liens on any property held or used by us or a restricted subsidiary in connection with the exploration for, development of or production of, oil, gas, natural gas (including liquefied gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels, such properties to include, but not be limited to, our or a restricted subsidiary's interest in any mineral fee interests, oil, gas or other mineral leases, royalty, overriding royalty or net profits interests, production payments and other similar interests, wellhead production equipment, tanks, field gathering lines, leasehold or field separation and processing facilities, compression facilities and other similar personal property and fixtures,
- liens on oil, gas, natural gas (including liquified gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels produced or recovered from any property, an interest in which is owned or leased by us or a restricted subsidiary,
- liens (or certain extensions, renewals or refundings thereof) upon any property acquired, constructed or improved before or after the date of the indenture, created at the time of acquisition or within one year thereafter to secure all or a portion of the purchase price thereof or the cost of construction or improvement, or existing thereon at the date of acquisition, provided that every such mortgage, pledge, lien or encumbrance applies only to the property so acquired or constructed and fixed improvements thereon,

- liens upon any property acquired by any corporation that is or becomes a restricted subsidiary after the date of the indenture, each of which we refer to as an "acquired entity," provided that every such mortgage, pledge, lien or encumbrance:
 - will either:
 - exist prior to the time the acquired entity becomes a restricted subsidiary, or
 - be created at the time the acquired entity becomes a restricted subsidiary or within one year thereafter to secure payment of the acquisition price thereof, and
 - will only apply to those properties owned by the acquired entity at the time it becomes a restricted subsidiary or thereafter acquired by it from sources other than us or any other restricted subsidiary,
- pledges of current assets, in the ordinary course of business, to secure current liabilities,
- deposits to secure public or statutory obligations,
- liens upon any office, data processing or transportation equipment,
- liens created or assumed in connection with the issuance of debt securities, the interest on which is excludable from gross income of the holder of such security pursuant to the Internal Revenue Code, for the purpose of financing the acquisition or construction of property to be used by us or a restricted subsidiary,
- pledges or assignments of accounts receivable or conditional sales contracts or chattel mortgages and evidence of indebtedness secured thereby, received in connection with the sale of goods or merchandise to customers,
- certain liens for taxes, judgments and attachments, or
- other liens specified in the indenture.

Notwithstanding the foregoing, we or a restricted subsidiary may issue, assume or guarantee indebtedness secured by a mortgage which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all of our other indebtedness or indebtedness of a restricted subsidiary secured by a mortgage which (if originally issued, assumed or guaranteed at such time) would otherwise be subject to the foregoing restrictions (not including secured indebtedness permitted under the foregoing exceptions) and the value of all sale and leaseback transactions (as defined below) existing at such time (other than sale and leaseback transactions in which the property involved would have been permitted to be mortgaged under the third or fourth bullet points above), does not at the time such indebtedness is incurred exceed 5% of consolidated net tangible assets (as defined below), as shown on our most recent audited consolidated balance sheet preceding the date of determination.

LIMITATION ON SALE AND LEASEBACK TRANSACTIONS. We will not, and we will not permit any restricted subsidiary to, engage in a sale and leaseback transaction unless the net proceeds of such sale are at least equal to the fair value of such principal property (as determined by our board of directors) and either:

- we or such restricted subsidiary would be entitled under the indenture to incur indebtedness secured by a lien on the principal property to be leased without equally and ratably securing the notes pursuant to the exceptions provided in the third and fourth bullet points of the second sentence of "--Limitation on Liens" above, or
- we apply an amount not less than the fair value of such property:
 - to the retirement of certain of our long-term indebtedness or long-term indebtedness of a restricted subsidiary, or

- to the purchase at not more than the fair value of principal property (other than that involved in such sale and leaseback transaction).

DEFINED TERMS

"Consolidated net tangible assets" means the total amount of our assets, including the assets of our subsidiaries less, without duplication:

- total current liabilities (excluding indebtedness due within 12 months),
- all reserves for depreciation and other asset valuation reserves, but excluding reserves for deferred federal income taxes,
- all intangible assets such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense carried as an asset, and
- all appropriate adjustments on account of minority interests of other persons holding common stock of any of our subsidiaries, all as reflected in our most recent audited consolidated balance sheet preceding the date of such determination.

"Indebtedness," as applied to us or any subsidiary, means bonds, debentures, notes and other instruments representing obligations created or assumed by us or any such subsidiary:

- for money borrowed, other than unamortized debt discount or premium,
- evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets of any kind,
- as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles, and
- any amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation listed in the three immediately preceding bullet points.

All indebtedness secured by a lien upon property owned by us or any subsidiary and upon which indebtedness any such corporation customarily pays interest, although any such corporation has not assumed or become liable for the payment of such indebtedness, is also deemed to be indebtedness of any such corporation. All indebtedness for borrowed money incurred by other persons which is directly guaranteed as to payment of principal by us or any subsidiary will for all purposes of the indenture be deemed to be indebtedness of any such corporation, but no other contingent obligation of any such corporation in respect of indebtedness incurred by other persons shall for any purpose be deemed indebtedness of such corporation. Indebtedness of us or any subsidiary does not include:

- amounts which are payable only out of all or a portion of the oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources produced, derived or extracted from properties owned or developed by such corporation,
- any indebtedness incurred to finance oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources or synthetic fuel exploration or development, payable, with respect to principal and interest, solely out of the proceeds of oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources or synthetic fuel to be produced, sold and/or delivered by us or any subsidiary,
- indirect guarantees or other contingent obligations in connection with the indebtedness of others, including agreements, contingent or otherwise, with such other persons or with third persons with respect to, or to permit or ensure the payment of, obligations of such other persons, including, without limitation, agreements to advance or supply funds to or to invest in such other persons, or agreements to pay for property, products or services of such other

persons (whether or not conferred, delivered or rendered), and any demand charge, throughput, take-or-pay, keep-well, make-whole, cash deficiency, maintenance of working capital or earnings or similar agreements, and

- any guarantees with respect to lease or other similar periodic payments to be made by other persons.

"Principal property" means any natural gas distribution property, natural gas pipeline or gas processing plant located in the United States, except any such property that in the opinion of our board of directors is not of material importance to the total business conducted by us and our consolidated subsidiaries. "Principal property" shall not include any oil or gas property or the production or proceeds of production from an oil or gas producing property or the production or any proceeds of production of gas processing plants or oil or gas or petroleum products in any pipeline or storage field.

"Restricted subsidiary" means any subsidiary which owns a principal property. "Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by us or by one or more other subsidiaries, or by us and one or more other subsidiaries. "Voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Sale and leaseback transaction" means any arrangement entered into by us or any restricted subsidiary with any person providing for the leasing to us or any restricted subsidiary of any principal property (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between us and a restricted subsidiary or between restricted subsidiaries), which principal property has been or is to be sold or transferred by us or such restricted subsidiary to such person.

PAYMENT AND PAYING AGENTS

We will pay interest on the notes to the persons in whose names the notes are registered at the close of the business on the regular record date for each interest payment. However, we will pay the interest payable on the notes at their stated maturity to the persons to whom we pay the principal amount of the notes. The initial payment of interest on the notes will be payable on January 15, 2001. (Section 307)

We will pay principal, premium, if any, and interest on the notes at the offices of the paying agents we designate. However, except in the case of a global security, we may pay interest by:

- check mailed to the address of the person entitled to the payment as it appears in the security register, or
- by wire transfer in immediately available funds to the place and account designated in writing by the person entitled to the payment as specified in the security register.

We have designated the trustee as the sole paying agent for the notes. At any time, we may designate additional paying agents or rescind the designation of any paying agents. However, we are required to maintain a paying agent in each place of payment for the notes at all times. (Sections 307 and 1002)

Any money deposited with the trustee or any paying agent for the payment of principal, premium, if any, and interest on the notes that remains unclaimed for two years after the date the payments became due, may be repaid to us upon our request. After we have been repaid, holders entitled to those payments may only look to us for payment as our unsecured general creditors. The trustee and any paying agents will not be liable for those payments after we have been repaid. (Section 1003)

CONSOLIDATION, MERGER AND SALE OF ASSETS

Under the indenture, we may not consolidate with or merge into, or convey, transfer or lease our properties and assets substantially as an entirety, to any person, referred to as a "successor person," and may not permit any person to consolidate with or merge into, or convey, transfer or lease its properties and assets substantially as an entirety to, us, unless:

- the successor person, if any, is a corporation, partnership, trust or other entity organized and validly existing under the laws of any domestic jurisdiction,
- the successor person assumes our obligations with respect to the notes and the indenture,
- immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, would occur and be continuing, and
- we have delivered to the trustee the certificates and opinions required under the indenture. (Section 801)

EVENTS OF DEFAULT

Each of the following will be an event of default under the indenture with respect to the notes:

- our failure to pay the principal of or premium, if any, on the notes when due,
- our failure to pay any interest on the notes for 30 days,
- our failure to perform, or our breach in any material respect of, any other covenant or warranty in the indenture, other than a covenant or warranty included in the indenture solely for the benefit of another series of our debt securities issued under the indenture, for 90 days after either the trustee or holders of at least 25% in principal amount of the outstanding notes have given us written notice of the breach in the manner required by the indenture, and
- specified events involving bankruptcy, insolvency or reorganization,

provided, however, that no event described in the third or fourth bullet points above will be an event of default until an officer of the trustee, assigned to and working in the trustee's corporate trust department, has actual knowledge of the event or until the trustee receives written notice of the event at its corporate trust office, and the notice refers to the notes generally, us or the indenture. (Section 501)

If an event of default for the notes occurs and is continuing, either the trustee or the holders of at least 25% in principal amount of the outstanding notes may declare the principal amount of the notes due and immediately payable. In order to declare the principal amount of the notes due and immediately payable, the trustee or the holders must deliver a notice that satisfies the requirements of the indenture. Upon a declaration by the trustee or the holders, we will be obligated to pay the principal amount of the notes.

This right does not apply if:

- an event of default described in the fourth bullet point above occurs, or
- an event of default in the third bullet point above that applies to all outstanding debt securities issued under the indenture occurs.

If any of these events of default occur and is continuing, either the trustee or holders of at least 25% in principal amount of all of the debt securities then outstanding under the indenture, treated as one class, may declare the principal amount of all of the debt securities then

outstanding to be due and payable immediately. In order to declare the principal amount of all of the debt securities then outstanding due and immediately payable, the trustee or the holders must deliver a notice that satisfies the requirements of the indenture. Upon a declaration by the trustee or the holders, we will be obligated to pay the principal amount of all of the debt securities, including the notes, then outstanding under the indenture.

After any declaration of acceleration of the notes, but before a judgment or decree for payment, the holders of a majority in principal amount of the notes may, under certain circumstances, rescind and annul the declaration of acceleration if all events of default, other than the non-payment of principal, have been cured or waived as provided in the indenture. (Section 502) For information as to waiver of defaults, please refer to "--Modification and Waiver" below.

If an event of default occurs and is continuing, the trustee will generally have no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of the notes, unless the holders offer reasonable indemnity to the trustee. (Section 603) The holders of a majority in principal amount of the outstanding notes will generally have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, provided that:

- the direction is not in conflict with any law or the indenture,
- the trustee may take any other action it deems proper which is not inconsistent with the direction, and
- the trustee will generally have the right to decline to follow the direction if an officer of the trustee determines, in good faith, that the proceeding would involve the trustee in personal liability or would otherwise be contrary to applicable law. (Section 512)

A holder of the notes may only pursue a remedy under the indenture if:

- the holder has previously given the trustee written notice of a continuing event of default for the notes,
- holders of at least 25% in principal amount of the outstanding notes have made a written request to the trustee to pursue that remedy,
- the holder has offered reasonable indemnity to the trustee,
- the trustee fails to pursue that remedy within 60 days after receipt of the request, and
- during that 60-day period, the holders of a majority in principal amount of the notes do not give the trustee a direction inconsistent with the request. (Section 507)

However, these limitations do not apply to a suit by a holder of the notes demanding payment of the principal, premium, if any, or interest on a note on or after the date the payment is due. (Section 508)

We will be required to furnish to the trustee annually a statement by some of our officers regarding our performance or observance of any of the terms of the indenture and specifying all of our known defaults, if any. (Section 1004)

MODIFICATION AND WAIVER

We may enter into one or more supplemental indentures with the trustee without the consent of the holders of the notes in order to:

- evidence the succession of a successor person to us, or successive successions and the assumption of our covenants, agreements and obligations by a successor,
- add to our covenants for the benefit of the holders or to surrender any of our rights or powers,
- add events of default for any series of debt securities issued under the indenture,
- add or change any provisions of the indenture to the extent necessary to issue notes in bearer form,
- add to, change or eliminate any provision of the indenture applying to one or more series of debt securities, provided that if such action adversely affects the interests of any holders of debt securities of any series, the addition, change or elimination will become effective with respect to that series only when no security of that series remains outstanding,
- convey, transfer, assign, mortgage or pledge any property to or with the trustee or to surrender any right or power conferred upon us by the indenture,
- establish the form or terms of any series of debt securities,
- provide for uncertificated securities in addition to certificated securities,
- evidence and provide for successor trustees or to add or change any provisions to the extent necessary to appoint a separate trustee or trustees for a specific series of debt securities,
- correct any ambiguity, defect or inconsistency under the indenture, provided that such action does not adversely affect the interests of the holders of debt securities of any series,
- supplement any provisions of the indenture necessary to defease and discharge any series of debt securities, provided that such action does not adversely affect the interests of the holders of any series of debt securities,
- comply with the rules or regulations of any securities exchange or automated quotation system on which any debt securities are listed or traded, or
- add, change or eliminate any provisions of the indenture in accordance with any amendments to the Trust Indenture Act, provided that the action does not adversely affect the rights or interests of any holder of debt securities. (Section 901)

We may enter into one or more supplemental indentures with the trustee in order to add to, change or eliminate provisions of the indenture or to modify the rights of the holders of one or more series of debt securities, including the notes, if we obtain the consent of the holders of a majority in principal amount of the outstanding debt securities of each series affected by the supplemental indenture, treated as one class. However, without the consent of the holders of each outstanding debt security affected by the supplemental indenture, we may not enter into a supplemental indenture that:

- changes the stated maturity of the principal of, or any installment of principal of or interest on, any debt security, except to the extent permitted by the indenture,
- reduces the principal amount of, or any premium or interest on, any debt security,
- reduces the amount of principal of an original issue discount security or any other debt security payable upon acceleration of the maturity thereof,
- changes the place or currency of payment of principal, premium, if any, or interest,

- impairs the right to institute suit for the enforcement of any payment on any debt security,
- reduces the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification or amendment of the indenture,
- reduces the percentage in principal amount of outstanding debt securities of any series necessary for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults,
- makes certain modifications to such provisions with respect to modification and waiver,
- makes any change that adversely affects the right to convert or exchange any debt security or decreases the conversion or exchange rate or increases the conversion price of any convertible or exchangeable debt security, or
- changes the terms and conditions pursuant to which any series of debt securities that is secured in a manner adverse to the holders of the debt securities. (Section 902)

Holders of a majority in principal amount of the outstanding notes may waive past defaults or compliance with restrictive provisions of the indenture. However, the consent of holders of each outstanding note is required to:

- waive any default in the payment of principal, premium, if any, or interest, or
- waive any covenants and provisions of the indenture that may not be amended without the consent of the holder of each outstanding note. (Sections 513 and 1006)

In order to determine whether the holders of the requisite principal amount of the outstanding debt securities have taken an action under the indenture as of a specified date:

- the principal amount of an "original issue discount security" that will be deemed to be outstanding will be the amount of the principal that would be due and payable as of such date upon acceleration of the maturity to such date,
- if, as of such date, the principal amount payable at the stated maturity of a debt security is not determinable (for example, because it is based on an index) the principal amount of such debt security deemed to be outstanding as of such date will be an amount determined in the manner prescribed for such debt security,
- the principal amount of a debt security denominated in one or more foreign currencies or currency units that will be deemed to be outstanding will be the \$US equivalent, determined as of such date in the manner prescribed for such debt security, of the principal amount of such debt security or, in the case of a debt security described in the two preceding bullet points, of the amount described above, and
- debt securities owned by us or any other obligor upon the debt securities or any of their affiliates will be disregarded and deemed not to be outstanding.

An "original issue discount security" means a debt security issued under the indenture which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of maturity. Some debt securities, including those for whose payment or redemption money has been deposited or set aside in trust for the holders and those that have been fully defeased pursuant to Section 1402, will not be deemed to be outstanding. (Section 101)

We will generally be entitled to set any day as a record date for determining the holders of outstanding notes entitled to give or take any direction, notice, consent, waiver or other action under the indenture. In limited circumstances, the trustee will be entitled to set a record date for action by holders of outstanding notes. If a record date is set for any action to be taken by holders, the action

may be taken only by persons who are holders of outstanding notes on the record date. To be effective, the action must be taken by holders of the requisite principal amount of notes within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as we may specify, or the trustee may specify, if it set the record date. This period may be shortened or lengthened by not more than 180 days. (Section 104)

DEFEASANCE AND COVENANT DEFEASANCE

DEFEASANCE AND DISCHARGE. We will be discharged from all of our obligations with respect to the notes, except for certain obligations to exchange or register the transfer of notes, to replace stolen, lost or mutilated notes, to maintain paying agencies and to hold moneys for payment in trust, upon the deposit in trust for the benefit of the holders of the notes of money or U.S. government obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal, premium, if any, and interest on the notes on the stated maturity of the notes in accordance with the terms of the indenture and the notes. Such defeasance or discharge may occur only if, among other things, we have delivered to the trustee an opinion of counsel to the effect that we have received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that holders of the notes will not recognize gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge were not to occur. (Sections 1402 and 1404)

DEFEASANCE OF CERTAIN COVENANTS. In certain circumstances, we may omit to comply with specified restrictive covenants, including those described under "--Restrictive Covenants" and "--Consolidation, Merger and Sale of Assets" and, that in those circumstances the occurrence of certain events of default, which are described in the third bullet point under "--Events of Default" above, with respect to such restrictive covenants, will be deemed not to be or result in an event of default, in each case with respect to the notes. We, in order to exercise such option, will be required to deposit, in trust for the benefit of the holders of the notes, money or U.S. government obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal, premium, if any, and interest on the notes on the stated maturity of the notes in accordance with the terms of the indenture and the notes. We will also be required, among other things, to deliver to the trustee an opinion of counsel to the effect that holders of the notes will not recognize gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance were not to occur. In the event we exercise this option with respect to any notes and the notes were declared due and payable because of the occurrence of any event of default, the amount of money and U.S. government obligations so deposited in trust would be sufficient to pay amounts due on the notes at the time of their respective stated maturities, but might not be sufficient to pay amounts due on such notes upon any acceleration resulting from the event of default. In such case, we would remain liable for those payments. (Sections 1403 and 1404)

FORM, EXCHANGE AND TRANSFER OF THE DEBT SECURITIES

We will issue the notes in registered form, without coupons. We will only issue notes in denominations of integral multiples of \$1,000.

Holders may present notes for exchange or for registration of transfer at the office of the security registrar or at the office of any transfer agent we designate for that purpose. The security registrar or designated transfer agent will exchange or transfer the notes if it is satisfied with the documents of title and identity of the person making the request. We will not charge a service charge for any exchange or

registration of transfer of notes. However, we may require payment of a sum sufficient to cover any tax or other governmental charge payable for the registration of transfer or exchange. The trustee will serve as the security registrar. (Section 305) At any time we may:

- designate additional transfer agents,
- rescind the designation of any transfer agent, or
- approve a change in the office of any transfer agent.

However, we are required to maintain a transfer agent in each place of payment for the notes at all times. (Sections 305 and 1002)

In the event we elect to redeem the notes, neither we nor the trustee will be required to register the transfer or exchange of notes:

- during the period beginning at the opening of business 15 days before the day we mail the notice of redemption for the notes and ending at the close of business on the day the notice is mailed, or
- if we have selected the notes for redemption, in whole or in part, except for the unredeemed portion of the notes. (Section 305)

NOTICES

Holders of the notes will receive notices by mail at their addresses as they appear in the security register. (Sections 101 and 106)

TITLE

We may treat the person in whose name a note is registered on the applicable record date as the owner of the note for all purposes, whether or not it is overdue. (Section 309)

GOVERNING LAW

New York law will govern the indenture and the notes. (Section 112)

REGARDING THE TRUSTEE

The trustee serves as trustee for:

- our 6 1/2% Debentures due February 1, 2008 aggregating \$300 million as of September 30, 2000,
- our 6 3/8% Term Enhanced ReMarketable Securities aggregating \$500 million as of September 30, 2000, and
- the old notes.

In addition, the trustee serves as trustee or fiscal agent for debt securities of our affiliates aggregating \$3.3 billion as of September 30, 2000. We and our affiliates also maintain depository and other banking relationships with the trustee. Mr. R. Steve Letbetter, our Chairman, President and Chief Executive Officer, is a member of the Chase Texas Regional Advisory Board.

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

REGISTRATION RIGHTS

In connection with the issuance of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes. This agreement provides that we will use our reasonable best efforts to:

- file with the SEC a registration statement relating to an exchange offer of the new notes for the old notes under the Securities Act,
- cause the exchange offer to be consummated within 210 days following the issue date of the old notes,
- keep the exchange offer open for at least 20 business days after the date on which notice of the exchange offer is mailed to the registered holders of the old notes, or longer if required by applicable law, and
- accept for exchange all old notes duly tendered and not validly withdrawn in the exchange offer.

As promptly as practicable after the exchange offer registration statement becomes effective, we will offer the holders of old notes who are not prohibited by any law or policy of the SEC from participating in the exchange offer the opportunity to exchange their old notes for new notes registered under the Securities Act that are substantially identical to the old notes, except that the new notes will not contain terms with respect to transfer restrictions, registration rights and additional interest.

Under the following circumstances, we will use our reasonable best efforts to file and to cause to become effective under the Securities Act a shelf registration statement to cover resales of the old notes by those holders who provide required information in connection with that shelf registration statement:

- if any change in law or applicable interpretations by the staff of the SEC does not permit us to effect the exchange offer as contemplated by the registration rights agreement,
- if the exchange offer is not consummated within 210 days after the issue date of the old notes,
- if any initial purchaser of old notes notifies us within 20 business days following consummation of the exchange offer that:
 - it is not permitted by any applicable law or interpretations to participate in the exchange offer,
 - it may not resell the new notes with this prospectus, or
 - it is a broker dealer and owns old notes acquired directly from us or one of our affiliates.

If applicable, we will use our reasonable best efforts to keep such shelf registration statement effective for a period of up to two years after the issue date of the old notes. We will have the ability to suspend the availability of the shelf registration statement in limited circumstances.

If any registration default with respect to the old notes occurs, we will become obligated to pay additional interest on the old notes at the rate of 0.25% per year. This rate will increase by an additional 0.25% per year if we have not cured the registration default within 90 days. The additional interest rate will continue until we have cured all registration defaults. In no event will the rate of additional interest exceed 1.0% per year.

A registration default with respect to the old notes will occur if, among other things:

- we have not consummated the exchange offer on or prior to 210 days after the issue date of the old notes, or

- after the exchange offer registration statement or a shelf registration statement is filed and declared effective, we withdraw the registration statement or it becomes subject to an effective stop order suspending the effectiveness of the registration statement and it is not succeeded within 30 days by an amendment thereto or a new registration statement.

If you desire to tender your old notes, you will be required to make to us the representations described under "The Exchange Offer--Procedures for Tendering--Your Representations to Us" to participate in the exchange offer. In addition, we may require you to deliver information that we will use in connection with the shelf registration statement to have your old notes included in the shelf registration statement and benefit from the provisions regarding additional interest described in the preceding paragraphs. If you sell old notes under the shelf registration statement, you generally will:

- be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers,
- be subject to applicable civil liability provisions under the Securities Act in connection with those sales, and
- be bound by the provisions of the registration rights agreement applicable to you.

This description of the registration rights agreement is a summary only. For more information, you may read the provisions of the agreement, which we have filed with the SEC. See "Where You Can Find More Information."

BOOK ENTRY; DELIVERY AND FORM

We will issue the new notes in the form of one or more permanent global notes in definitive, fully registered, book-entry form. The global notes 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 notes will be deposited on behalf of the acquirors of the new notes 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."

GLOBAL NOTES

DTC has advised us as follows:

- 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 securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates,
- Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations,
- DTC is owned by a number of its direct participants and 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 securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly, and
- the rules applicable to DTC and its participants are on file with the SEC.

We have provided the following descriptions of the operations and procedures of DTC solely for your convenience. These operations and procedures are solely within the control of DTC and are subject to change by DTC from time to time. Neither we nor the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

We expect that under procedures established by DTC:

- upon deposit of the global notes with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the exchange agent with portions of the principal amounts of the global notes,
- ownership of the new notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants,

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the new notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in new notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the new notes represented by that global note for all purposes under the indenture and under the new notes. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have new notes represented by that global note registered in their names,
- will not receive or be entitled to receive physical delivery of certificated notes, and
- will not be considered the owners or holders thereof under the indenture or under the new notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee.

Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of new notes under the indenture or the global note.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of new notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the new notes.

Payments on the new notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the new notes represented by a global note, will credit participants' accounts with

payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Transfers between participants in DTC are expected to be effected in accordance with DTC rules and settled in immediately available funds.

CERTIFICATED NOTES

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the new notes represented by the global notes upon surrender by DTC of the global notes if either:

- we notify the trustee in writing that:
 - DTC is no longer willing or able to act as a depository for the global notes, or
 - DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934, and

in each case, we have not appointed a successor depository within 90 days

- we determine not to have the new notes represented by a global note, or
- an event of default has occurred and is continuing, and DTC requests the issuance of certificated notes.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related new notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the new notes to be issued.

FEDERAL INCOME TAX CONSEQUENCES

We have based the following discussion on the current provisions of the Internal Revenue Code of 1986, applicable Treasury regulations, judicial authority and administrative rulings and practice. We can give you no assurance that the Internal Revenue Service will not take a contrary view, and we have not obtained an opinion of counsel and have not sought and will not seek a ruling from the IRS. Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conditions described in this section. These changes or interpretations may be retroactive and could affect the tax consequences to you. If you are an insurance company, tax-exempt organization, financial institution, broker-dealer, foreign corporation or person who is not a citizen or resident of the United States, you may be subject to special rules we have not discussed. WE RECOMMEND THAT YOU CONSULT YOUR OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF EXCHANGING YOUR OLD NOTES FOR NEW NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

We believe that the exchange of old notes for new notes in the exchange offer will not be treated as an exchange for federal income tax purposes, because the new notes will not be considered to differ materially in kind or extent from the old notes. Rather, the new notes you receive should be treated as a continuation of the old notes in your hands. As a result, there should be no federal income tax consequences to your exchanging old notes for new notes in the exchange offer.

PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC in no action letters issued to third parties, we believe that you may transfer new notes issued in the exchange offer in exchange for old notes if:

- you acquire new notes 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 new notes.

We believe that you may not transfer new notes issued in the exchange offer in exchange for old notes if you are:

- our affiliate within the meaning of Rule 405 under the Securities Act,
- a broker-dealer that acquired old notes directly from us, or
- a broker-dealer that acquired old notes as a result of market-making or other trading activities without compliance with the registration and prospectus delivery provisions of the Securities Act.

The information described above concerning interpretations of and positions taken by the SEC staff is not intended to constitute legal advice, and broker-dealers should consult their own legal advisors with respect to these matters.

If you wish to exchange your old notes for new notes in the exchange offer, you will be required to make representations to us as described in "The Exchange Offer--Procedures for Tendering--Your Representations to Us" of this prospectus and in the letter of transmittal. In addition, if a broker-dealer receives new notes for its own account in exchange for old notes that were acquired by it as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale by it of such new notes. A broker-dealer may use this prospectus, as we may amend or supplement it, in connection with these resales. We have agreed that, for a period of 180 days after the closing 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.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account in 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 new notes, or
- a combination of such methods of resale.

The prices at which these sales occur may be:

- at market prices prevailing at the time of resale,
- at prices related to such prevailing market prices, or
- at 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 new notes. Any broker-dealer that resells new notes that it received for its own account in the exchange offer and any broker or dealer that participates in a distribution of new notes may be deemed to be an underwriter within the meaning of the Securities Act. Any profit on any resale

of new notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation. 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.

For 180 days after the closing 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 them in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the expenses of counsel for the holders of the old notes, other than commissions or concessions of any broker-dealer. The initial purchasers of the old notes will reimburse us for certain of these expenses. We also have agreed to indemnify the holders of the old notes, including any broker-dealer, against certain liabilities, including liabilities under the Securities Act.

TRANSFER RESTRICTIONS ON THE OLD NOTES

The old notes were not registered under the Securities Act. Accordingly, we offered and sold the old notes only in private sales exempt from or not subject to the registration requirements of the Securities Act:

- to qualified institutional buyers under Rule 144A under the Securities Act,
- to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act, or
- to a limited number of institutional accredited investors.

You may not offer or sell those old notes 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 Securities Act registration requirements.

LEGAL MATTERS

The validity of the new notes will be passed upon for us by Baker Botts L.L.P., Houston, Texas.

EXPERTS

Our consolidated financial statements as of December 31, 1999 and 1998, and for the years ended December 31, 1999 and 1998, the five months ended December 31, 1997 and the seven months ended July 31, 1997, incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 1999 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report which is incorporated herein by reference and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

RELIANT ENERGY RESOURCES CORP. AND SUBSIDIARIES

(A WHOLLY OWNED SUBSIDIARY OF RELIANT ENERGY, INCORPORATED)

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements of Reliant Energy Resources Corp. and its subsidiaries for the year ended December 31, 1999 and as of and for the six months ended June 30, 2000 have been prepared based upon our historical financial statements. The pro forma financial statements have been prepared to describe the effects of the proposed transfer of a portion of our unregulated businesses to subsidiaries of Reliant Energy.

On July 27, 2000, Reliant Energy announced its intention to form a company to own and operate a substantial portion of its unregulated operations and to offer approximately 20% of the common stock of this company in an initial public offering, or "Offering." Reliant Energy expects the Offering to be followed by a distribution to Reliant Energy's or its successor's shareholders of the remaining common stock of this company within twelve months after the Offering.

Pursuant to this plan, our stock in Reliant Energy Services, Inc. and its subsidiaries, Reliant Energy Services International, Inc. and its subsidiary, Arkla Finance Corporation and Reliant Energy Trading & Marketing, Inc. and its subsidiary (collectively, Unregulated Resources) will be transferred to subsidiaries of Reliant Energy.

The unaudited pro forma condensed consolidated financial statements do not purport to present our actual results of operations as if the transactions described above had occurred on January 1, 1999 for the unaudited pro forma condensed statement of operations or June 30, 2000 for the unaudited pro forma condensed balance sheets nor are they necessarily indicative of our financial position or results of operations that may be achieved in the future.

The unaudited condensed pro forma financial statements should be read in conjunction with the audited consolidated financial statements and related notes and the interim consolidated financial statements and related notes incorporated by reference herein.

RELIANT ENERGY RESOURCES CORP. AND SUBSIDIARIES

(A WHOLLY OWNED SUBSIDIARY OF RELIANT ENERGY, INCORPORATED)

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

JUNE 30, 2000

(THOUSANDS OF DOLLARS)

	HISTORICAL BALANCE	DISTRIBUTION OF UNREGULATED RESOURCES	ADJUSTMENTS	PRO FORMA BALANCE
Cash and cash equivalents.....	\$ 67,016	\$ (30,848)		\$ 36,168
Accounts and notes receivable.....	1,646,098	(1,136,376)		509,722
Accounts and notes receivable--affiliated companies, net.....			\$130,192 (a)	130,192
Price risk management assets.....	1,727,420	(1,727,420)		--
Prepayments and other current assets.....	142,055	(19,949)		122,106
Total current assets.....	3,582,589	(2,914,593)	130,192	798,188
Property, Plant and Equipment--net.....	2,991,185	(13,038)		2,978,147
Goodwill and intangible assets, net.....	1,973,505	(109,791)		1,863,714
Price risk management assets.....	551,558	(551,558)		--
Notes receivable--affiliated companies, net.....		240,077		240,077
Other assets.....	397,338	(292,818)		104,520
Total other assets.....	2,922,401	(714,090)		2,208,311
Total Assets.....	\$9,496,175	\$ (3,641,721)	\$130,192	\$5,984,646
Current portion of long-term debt.....	\$ 339,863	\$ --		\$ 339,863
Short-term borrowings.....	566,679	--		566,679
Accounts payable.....	1,213,818	(892,402)		321,416
Accounts and notes payable--affiliated companies, net.....	173,078	(303,270)	\$130,192 (a)	--
Price risk management liabilities.....	1,690,825	(1,690,825)		--
Other.....	260,169	(90,734)		169,435
Total current liabilities.....	4,244,432	(2,977,231)	130,192	1,397,393
Accumulated deferred income taxes.....	562,937	8,574		571,511
Price risk management liabilities.....	526,017	(526,017)		--
Other.....	343,445	(45,074)		298,371
Total other liabilities.....	1,432,399	(562,517)		869,882
Long-term debt.....	1,099,542	--		1,099,542
Resources Obligated Mandatorily Redeemable Convertible Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures of Resources.....	640	--		640
Common stock.....	1	--		1
Paid-in capital.....	2,463,831	--		2,463,831
Retained earnings.....	256,511	(103,154)		153,357
Accumulated other comprehensive loss.....	(1,181)	1,181		--
Total stockholder's equity.....	2,719,162	(101,973)		2,617,189
Total Liabilities and Stockholder's Equity.....	\$9,496,175	\$ (3,641,721)	\$130,192	\$5,984,646

See note to unaudited pro forma condensed consolidated financial statements

RELIANT ENERGY RESOURCES CORP. AND SUBSIDIARIES

(A WHOLLY OWNED SUBSIDIARY OF RELIANT ENERGY, INCORPORATED)

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2000

(THOUSANDS OF DOLLARS)

	HISTORICAL BALANCE	DISTRIBUTION OF UNREGULATED RESOURCES	ADJUSTMENTS	PRO FORMA BALANCE
Revenues.....	\$7,109,064	\$(5,351,745)	\$296,174(a)	\$2,053,493
Expenses:				
Natural gas and purchased power.....	6,443,483	(5,299,749)	296,174(a)	1,439,908
Operation and maintenance.....	244,789	(57)		244,732
General, administrative and development....	97,015	(50,415)		46,600
Depreciation and amortization.....	105,486	(3,022)		102,464
Taxes other than income taxes.....	55,656	(195)		55,461
Total.....	6,946,429	(5,353,438)	296,174	1,889,165
Operating Income.....	162,635	1,693		164,328
Other Income (Expense):				
Interest expense.....	(63,353)	1,257		(62,096)
Interest income.....	3,296	(2,036)		1,260
Interest expense--affiliates, net.....	2,196	9,336		11,532
Gain (loss) from investments.....	(22,168)	22,185		17
Distribution on trust preferred securities.....	(15)			(15)
Other, net.....	5,744	(17)		5,727
Total.....	(74,300)	30,725		(43,575)
Income Before Income Taxes.....	88,335	32,418		120,753
Income Tax Expense.....	46,696	7,428		54,124
Income from Continuing Operations.....	\$ 41,639	\$ 24,990		\$ 66,629

See note to unaudited pro forma condensed consolidated financial statements

RELIANT ENERGY RESOURCES CORP. AND SUBSIDIARIES

(A WHOLLY OWNED SUBSIDIARY OF RELIANT ENERGY, INCORPORATED)

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1999

(THOUSANDS OF DOLLARS)

	HISTORICAL	DISTRIBUTION OF UNREGULATED RESOURCES	ADJUSTMENTS	PRO FORMA BALANCE
	-----	-----	-----	-----
Revenues.....	\$10,543,545	\$(7,728,814)	\$381,099(a)	\$3,195,830
Expenses:				
Natural gas and purchased power.....	9,307,445	(7,641,464)	380,109(a)	2,046,090
Operation and maintenance.....	373,387		990(a)	374,377
General, administrative and development...	263,162	(60,037)		203,125
Depreciation and amortization.....	198,676	(5,022)		193,654
Taxes other than income taxes.....	103,192	(832)		102,360
	-----	-----	-----	-----
Total.....	10,245,862	(7,707,355)	381,099	2,919,606
	-----	-----	-----	-----
Operating Income.....	297,683	(21,459)		276,224
	-----	-----	-----	-----
Other Income (Expense):				
Interest expense.....	(119,269)	1,955		(117,314)
Interest income.....	2,768	(1,118)		1,650
Interest income (expense)--affiliates, net.....	5,878	967		6,845
Distribution on trust preferred securities.....	(357)			(357)
Other, net.....	2,269	114		2,383
	-----	-----	-----	-----
Total.....	(108,711)	1,918		(106,793)
	-----	-----	-----	-----
Income before Income Taxes.....	188,972	(19,541)		169,431
Income Tax Expense.....	88,771	(8,948)		79,823
	-----	-----	-----	-----
Income from Continuing Operations.....	\$ 100,201	\$ (10,593)		\$ 89,608
	=====	=====	=====	=====

See note to unaudited pro forma condensed consolidated financial statements

RELIANT ENERGY RESOURCES CORP. AND SUBSIDIARIES
NOTE TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (a) Represents previously eliminated intercompany balances that are now outstanding due to the transfer of Unregulated Resources to subsidiaries of Reliant Energy.

\$325,000,000

RELIANT ENERGY RESOURCES CORP.

OFFER TO EXCHANGE
8.125% NOTES DUE 2005, SERIES B
FOR ALL OUTSTANDING
8.125% NOTES DUE 2005, SERIES A

PROSPECTUS
, 2000

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of Delaware (the "DGCL") gives corporations the power to indemnify officers and directors under certain circumstances.

Article V of the By-Laws of Reliant Energy Resources Corp. (the "Company") provides for indemnification of officers and directors to the extent permitted by the DGCL. The Company also has policies insuring its officers and directors against certain liabilities for action taken in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

Article Ninth of the Company's Certificate of Incorporation adopted the provision of Delaware law limiting or eliminating the potential monetary liability of directors to the Company or its stockholders for breaches of a director's fiduciary duty of care. However, the provision does not limit or eliminate the liability of a director for disloyalty to the Company or its stockholders, failing to act in good faith, engaging in intentional misconduct or a knowing violation of the law, obtaining an improper personal benefit or paying a dividend or approving a stock repurchase that was illegal under section 174 of the DGCL.

Article Ninth of the Company's Certificate of Incorporation also provides that if the DGCL is subsequently amended to authorize further limitation or elimination of the liability of directors, such subsequent limitation or elimination of director's liability will be automatically implemented without further stockholder action. Furthermore, repeal or modification of the terms of Article Ninth will not adversely affect any right or protection of a director existing at the time of such repeal or modification.

See "Item 22. Undertakings" for a description of the SEC's position regarding the indemnification of directors and officers for liabilities arising under the Securities Act.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS

The following instruments and documents are included as Exhibits to this Registration Statement. Exhibits incorporated by reference are indicated below.

INDEX TO EXHIBITS

EXHIBIT NUMBER	DOCUMENT DESCRIPTION	REPORT OR REGISTRATION STATEMENT	SEC FILE OR REGISTRATION STATEMENT	EXHIBIT REFERENCE
**4.1	--Indenture dated as of February 1, 1998 between the Company and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), as trustee	The Company's Form 8-K dated February 5, 1998	1-13265	4.1
*4.2	--Supplemental Indenture No. 3, dated as of July 6, 2000, between the Company and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association)			

EXHIBIT NUMBER	DOCUMENT DESCRIPTION	REPORT OR REGISTRATION STATEMENT	SEC FILE OR REGISTRATION STATEMENT	EXHIBIT REFERENCE
*4.3	--Registration Rights Agreement dated July 6, 2000 by and between the Company and Bank of America Securities LLC, Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. relating to \$325 million principal amount of the Company's 8.125% Notes due 2005, Series A			
*4.4	--Form of the Company's 8.125% Note due 2005, Series B (included in Exhibit A to Exhibit 4.2)			
*5.1	--Opinion of Baker Botts L.L.P.			
**12.1	--Statement Regarding Computation of Ratios for the six month period ended June 30, 1999	The Company's Form 10-Q for the quarterly period ended June 30, 1999	1-13265	12
**12.2	--Statement Regarding Computation of Ratios for the six month period ended June 30, 2000	The Company's Form 10-Q for the quarterly period ended June 30, 2000	1-13265	12
**12.3	--Statement Regarding Computation of Ratios for the twelve month periods ended December 31, 1999, 1998, 1997, 1996 and 1995	The Company's Form 10-K for the year ended December 31, 1999	1-13265	12
*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 (included on the signature page of the Registration Statement)			
*25.1	--Statement of Eligibility and Qualification under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), as trustee under the Indenture, on Form T-1			
*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			

* Filed herewith.

** Incorporated herein by reference as indicated.

(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;

(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 if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(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 by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, 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, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) 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 may be permitted to directors, 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 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 director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such

director, 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 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 registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on November 1, 2000.

RELIANT ENERGY RESOURCES CORP.
(REGISTRANT)

By: /s/ R. STEVE LETBETTER

R. Steve Letbetter
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE
OFFICER

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints R. Steve Letbetter, Stephen W. Naeve and Hugh Rice Kelly, and each of them severally, his true and lawful attorney or attorneys-in-fact and agents, with full power to act with or without the others and with full power of substitution and resubstitution, to execute in his name, place and stead, in any and all capacities, any or all amendments (including pre-effective and post-effective amendments) to this Registration Statement and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them full power and authority, to do and perform in the name and on behalf of the undersigned, in any and all capacities, each and every act and thing necessary or desirable to be done in and about the premises, to all intents and purposes and as fully as they might or could do in person, hereby ratifying, approving and confirming all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ R. STEVE LETBETTER ----- R. Steve Letbetter	Chairman, President and Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)	November 1, 2000
/s/ MARY P. RICCIARDELLO ----- Mary P. Ricciardello	Senior Vice President (Principal Accounting Officer)	November 1, 2000
/s/ STEPHEN W. NAEVE ----- Stephen W. Naeve	Sole Director	November 1, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER	DOCUMENT DESCRIPTION	REPORT OR REGISTRATION STATEMENT	SEC FILE OR REGISTRATION NUMBER	EXHIBIT REFERENCE
**4.1	--Indenture dated as of February 1, 1998 between the Company and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), as trustee	The Company's Form 8-K dated February 5, 1998	1-13265	4.1
*4.2	--Supplemental Indenture No. 3, dated as of July 6, 2000, between the Company and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association)			
*4.3	--Registration Rights Agreement dated July 6, 2000 by and between the Company and Bank of America Securities LLC, Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. relating to \$325 million principal amount of the Company's 8.125% Notes due 2005, Series A			
*4.4	--Form of the Company's 8.125% Note due 2005, Series B (included in Exhibit A to Exhibit 4.2)			
*5.1	--Opinion of Baker Botts L.L.P.			
**12.1	--Statement Regarding Computation of Ratios for the six month period ended June 30, 1999	The Company's Form 10-Q for the quarterly period ended June 30, 1999	1-13265	12
**12.2	--Statement Regarding Computation of Ratios for the six month period ended June 30, 2000	The Company's Form 10-Q for the quarterly period ended June 30, 2000	1-13265	12
**12.3	--Statement Regarding Computation of Ratios for the twelve month periods ended December 31, 1999, 1998, 1997, 1996 and 1995	The Company's Form 10-K for the year ended December 31, 1999	1-13265	12
*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 (included on the signature page of the Registration Statement)			
*25.1	--Statement of Eligibility and Qualification under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), as trustee under the Indenture, on Form T-1			

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

* Filed herewith.

** Incorporated herein by reference as indicated.

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RELIANT ENERGY RESOURCES CORP.
(formerly known as NorAm Energy Corp.)

To

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,
Trustee

SUPPLEMENTAL INDENTURE NO. 3

Dated as of July 6, 2000

\$325,000,000

8.125% Notes due 2005

Series A and Series B

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RELIANT ENERGY RESOURCES CORP.
(formerly known as NorAm Energy Corp.)

SUPPLEMENTAL INDENTURE NO. 3

\$325,000,000

8.125% Notes due 2005

Series A and Series B

SUPPLEMENTAL INDENTURE No. 3, dated as of July 6, 2000, between RELIANT ENERGY RESOURCES CORP., a Delaware corporation formerly known as NorAm Energy Corp. (the "Company"), and CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

RECITALS

The Company has heretofore executed and delivered to the Trustee an Indenture, dated as of February 1, 1998 (the "Original Indenture" and, as previously and hereby supplemented and amended, the "Indenture"), providing for the issuance from time to time of one or more series of the Company's Securities.

The Company has changed its name from "NorAm Energy Corp." to "Reliant Energy Resources Corp." and all references in the Indenture to the "Company" or "NorAm Energy Corp." shall be deemed to refer to Reliant Energy Resources Corp.

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of two new series of Securities to be designated as the "8.125% Notes due 2005, Series A" (the "Series A Notes") and the "8.125% Notes due 2005, Series B" (the "Series B Notes" and, together with the Series A Notes, the "Notes"), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Original Indenture and this Supplemental Indenture No. 3.

Section 301 of the Original Indenture provides that various matters with respect to any series of Securities issued under the Indenture may be established in an indenture supplemental to the Indenture.

Subparagraph (7) of Section 901 of the Original Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as permitted by Sections 201 and 301 of the Original Indenture.

For and in consideration of the premises and the issuance of the series of Securities provided for herein, it is mutually covenanted and agreed, for the equal and proportionate benefit of the Holders of the Securities of such series, as follows:

ARTICLE ONE

Relation to Indenture; Additional Definitions

Section 101. RELATION TO INDENTURE. This Supplemental Indenture No. 3 constitutes an integral part of the Original Indenture.

Section 102. ADDITIONAL DEFINITIONS. For all purposes of this Supplemental Indenture No. 3:

Capitalized terms used herein shall have the meaning specified herein or in the Original Indenture, as the case may be;

"Acquired Entity" has the meaning set forth in Section 303 hereof;

"Additional Interest" has the meaning set forth in Section 204(e) hereof;

"Certificated Notes" has the meaning set forth in Section 208(e) hereof;

"Comparable Treasury Yield" has the meaning set forth in Section 402(a) hereof;

"Consolidated Net Tangible Assets" means the total amount of assets of the Company and its Subsidiaries less, without duplication: (a) total current liabilities (excluding indebtedness due within 12 months); (b) all reserves for depreciation and other asset valuation reserves, but excluding reserves for deferred federal income taxes arising from accelerated amortization or otherwise; (c) all intangible assets such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense carried as an asset; and (d) all appropriate adjustments on account of minority interests of other Persons holding common stock of any Subsidiary, all as reflected in the Company's most recent audited consolidated balance sheet preceding the date of such determination;

"Distribution Compliance Period" means the period which expires immediately after the 40th day following the later of: (a) the commencement of the offering of the Notes to Persons other than "distributors" (as defined in Regulation S) in reliance upon Regulation S; and (b) the date of closing of the offering of the Notes;

"Exchange Offer" means the offer by the Company pursuant to the Registration Rights Agreement to the Holders of all outstanding Transfer Restricted Securities to exchange all such outstanding Transfer Restricted Securities held by such Holders for Series B Notes, in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders;

"Exchange Offer Registration Statement" has the meaning assigned to such term in the Registration Rights Agreement;

"Global Notes" has the meaning set forth in Section 208(c) hereof;

"H.15 Statistical Release" has the meaning set forth in Section 402(b) hereof;

The term "indebtedness," as applied to the Company or any Subsidiary, means bonds, debentures, notes and other instruments representing obligations created or assumed by any such corporation: (i) for money borrowed (other than unamortized debt discount or premium); (ii) evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets of any kind; (iii) as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles; and (iv) any amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation listed in clause (i), (ii) or (iii) above. All indebtedness secured by a lien upon property owned by the Company or any Subsidiary and upon which indebtedness any such corporation customarily pays interest, although any such corporation has not assumed or become liable for the payment of such indebtedness, shall for all purposes hereof be deemed to be indebtedness of any such corporation. All indebtedness for borrowed money incurred by other Persons which is directly guaranteed as to payment of principal by the Company or any Subsidiary shall for all purposes hereof be deemed to be indebtedness of any such corporation, but no other contingent obligation of any such corporation in respect of indebtedness incurred by other Persons shall for any purpose be deemed to be indebtedness of such corporation. Indebtedness of the Company or any Subsidiary shall not include: (i) amounts which are payable only out of all or a portion of the oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources produced, derived or extracted from properties owned or developed by such corporation; (ii) any indebtedness incurred to finance oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources or synthetic fuel exploration or development, payable, with respect to principal and interest, solely out of the proceeds of oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources or synthetic fuel to be produced, sold, and/or delivered by the Company or any Subsidiary; (iii) indirect guarantees or other contingent obligations in connection with the indebtedness of others, including agreements, contingent or otherwise, with such Persons or with third Persons with respect to, or to permit or ensure the payment of, obligations of such other Persons, including, without limitation, agreements to advance or supply funds to or to invest in such

other Persons, or agreements to pay for property, products or services of such other Persons (whether or not conferred, delivered or rendered), and any demand charge, throughput, take-or-pay, keep-well, make-whole, cash deficiency, maintenance of working capital or earnings or similar agreements; and (iv) any guarantees with respect to lease or other similar periodic payments to be made by other Persons;

"Independent Investment Banker" has the meaning set forth in Section 401(c) hereof;

"Initial Purchasers" means Banc of America Securities LLC, Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc., as initial purchasers in the offering of the Series A Notes pursuant to the Offering Memorandum dated June 29, 2000 relating thereto;

"Institutional Accredited Investor" has the meaning set forth in Section 208(e) hereof;

"Interest Payment Date" has the meaning set forth in Section 204(a) hereof;

"Issue Date" has the meaning set forth in Section 204(a) hereof;

"lien" or "liens" have the meanings set forth in Section 303 hereof;

"Long-Term Indebtedness" means, collectively, the Company's outstanding: (a) Medium-Term Notes, Series A and B (due through 2001), (b) 7 1/2% Notes due 2000, (c) 8.90% Debentures due 2006, and (d) any long-term indebtedness (but excluding for this purpose any long-term indebtedness, if any, incurred pursuant to any revolving credit facility, letter of credit facility or other similar bank credit facility) of the Company issued subsequent to the Notes and prior to the Termination Date containing covenants substantially similar to the covenants set forth in Sections 303 and 304 hereof, but not containing a provision substantially similar to the provision set forth in Section 305 hereof;

"Make-Whole Premium" has the meaning set forth in Section 401(b) hereof;

"Maturity Date" has the meaning set forth in Section 203 hereof;

"Non-U.S. Person" has the meaning set forth in Section 208(b);

"Notes" has the meaning set forth in the second paragraph of the Recitals hereof;

"Original Indenture" has the meaning set forth in the first paragraph of the Recitals hereof;

"Principal Property" means any natural gas distribution property, natural gas pipeline or gas processing plant located in the United States, except any such property that in the

opinion of the Board of Directors is not of material importance to the total business conducted by the Company and its consolidated Subsidiaries. "Principal Property" shall not include any oil or gas property or the production or proceeds of production from an oil or gas producing property or the production or any proceeds of production of gas processing plants or oil or gas or petroleum products in any pipeline or storage field;

"Qualified Institutional Buyer" has the meaning assigned to such term in Rule 144A under the Securities Act;

"Redemption Price" has the meaning set forth in Section 401(a) hereof;

"Registrable Securities" has the meaning assigned to such term in the Registration Rights Agreement;

"Registration Default" has the meaning assigned to such term in the Registration Rights Agreement;

"Registration Rights Agreement" means that certain Registration Rights Agreement, dated as of July 6, 2000, by and among the Company and the Initial Purchasers;

"Regular Record Date" has the meaning set forth in Section 204(b) hereof;

"Regulation S" means Regulation S under the Securities Act;

"Regulation S Global Notes" has the meaning set forth in Section 208(b) hereof;

"Regulation S Permanent Global Note" has the meaning set forth in Section 208(b) hereof;

"Regulation S Temporary Global Note" has the meaning set forth in Section 208(b) hereof;

"Remaining Term" has the meaning set forth in Section 402(a) hereof;

"Restricted Subsidiary" means any Subsidiary which owns a Principal Property;

"Rule 144A Global Note" has the meaning set forth in Section 208(a) hereof;

"Sale and Leaseback Transaction" means any arrangement entered into by the Company or any Restricted Subsidiary with any Person providing for the leasing to the Company or any Restricted Subsidiary of any Principal Property (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries),

which Principal Property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person;

"Series A Notes" has the meaning set forth in the third paragraph of the Recitals hereof;

"Series B Notes" has the meaning set forth in the third paragraph of the Recitals hereof;

"Shelf Registration Statement" has the meaning assigned to such term in the Registration Rights Agreement;

"Termination Date" has the meaning set forth in Section 305;

"Transfer Restricted Securities" means the Registrable Securities under the Registration Rights Agreement.

"Value" with respect to a Sale and Leaseback Transaction has the meaning set forth in Section 303 hereof;

All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 3; and

The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Supplemental Indenture No. 3.

ARTICLE TWO

The Series of Securities

Section 201. TITLE OF THE SECURITIES. The Series A Notes shall be designated as the "8.125% Notes due 2005, Series A," and the Series B Notes shall be designated as the "8.125% Notes due 2005, Series B." The Series A Notes and the Series B Notes shall be treated for all purposes under the Indenture as a single class or series of Securities.

Section 202. LIMITATION ON AGGREGATE PRINCIPAL AMOUNT. The Trustee shall authenticate and deliver (i) Series A Notes for original issue on the Issue Date in the aggregate principal amount of \$325,000,000 and (ii) Series B Notes from time to time thereafter for issue only in exchange for a like principal amount of Series A Notes, in each case upon a Company Order for the authentication and delivery thereof and satisfaction of Sections 301 and 303 of the Original Indenture. Such order shall specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated and the name or names of the initial Holder or Holders. The aggregate principal amount of Notes that may initially be outstanding shall not exceed \$325,000,000; PROVIDED,

HOWEVER, that the authorized aggregate principal amount of the Notes may be increased above such amount by a Board Resolution to such effect.

Section 203. STATED MATURITY. The Stated Maturity of the Notes shall be July 15, 2005 (the "Maturity Date").

Section 204. INTEREST AND INTEREST RATES.

(a) The Notes shall bear interest at the rate of 8.125% per annum, from and including July 6, 2000 (the "Issue Date") to, but excluding, the Maturity Date. Such interest shall be payable semiannually in arrears, on January 15 and July 15, of each year (each such date, an "Interest Payment Date"), commencing January 15, 2001.

(b) The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Persons in whose names the Notes (or one or more Predecessor Securities) are registered at the close of business on the immediately preceding January 1 and July 1, respectively, whether or not such day is a Business Day (each such date, a "Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either (i) be paid to the Person in whose name such Note (or one or more Predecessor Securities) is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the Notes not less than 10 days prior to such Special Record Date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in the Indenture.

(c) The amount of interest payable for any period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on a Note is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

(d) Any principal and premium, if any, and any installment of interest, which is overdue shall bear interest at the rate of 8.125% per annum (to the extent permitted by law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand.

(e) The interest rate borne by the Registrable Securities will be increased by .25% per annum upon the occurrence of a 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 will continue until all Registration Defaults have been cured ("Additional Interest"); PROVIDED that the aggregate amount of any such increase in the interest rate on the Registrable Securities shall in no event exceed 1.0% per annum; PROVIDED, FURTHER, that if the Exchange Offer Registration Statement is not declared effective on or prior to the 180th calendar day following the Issue Date and the Company shall request Holders of Registrable Securities to provide the information called for by the Registration Rights Agreement for inclusion in the Shelf Registration Statement, the Registrable Securities owned by Holders who do not deliver such information to the Company or who do not provide comments to the Company on the Shelf Registration Statement when required pursuant to the Registration Rights Agreement shall not be entitled to any such Additional Interest for any day after the 210th calendar day following the Issue Date. 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 shall cease and the interest rate on the Registrable Securities will revert to 8.125% per annum.

Section 205. PLACE OF PAYMENT. The Trustee shall initially serve as the Paying Agent for the Notes. The Place of Payment where the Notes may be presented or surrendered for payment shall be the Corporate Trust Office of the Trustee.

Section 206. PLACE OF REGISTRATION OR EXCHANGE; NOTICES AND DEMANDS WITH RESPECT TO THE NOTES. The place where the Holders of the Notes may present the Notes for registration of transfer or exchange and may make notices and demands to or upon the Company in respect of the Notes shall be the Corporate Trust Office of the Trustee.

Section 207. PERCENTAGE OF PRINCIPAL AMOUNT. The Notes shall be initially issued at 99.789% of their principal amount plus accrued interest, if any, from July 6, 2000.

Section 208. GLOBAL NOTES AND CERTIFICATED NOTES.

(a) Notes offered and sold to Qualified Institutional Buyers pursuant to Rule 144A shall be issuable in whole or in part in the form of one or more permanent Global Securities in definitive, fully registered, book-entry form, without interest coupons (collectively, the "Rule 144A Global Note"). The Rule 144A Global Note shall be deposited on the Issue Date with, or on behalf of, the Depository. Interests in the Rule 144A Global Note shall be available for purchase only by Qualified Institutional Buyers.

(b) Notes offered and sold in offshore transactions to persons other than "U.S. persons," as defined in Regulation S under the Securities Act (each, a "Non-U.S. Person") in reliance on Regulation S under the Securities Act shall initially be issuable in whole or in part in the form of one or more temporary Global Securities in definitive, fully registered, book-entry form, without interest coupons (collectively, the "Regulation S Temporary Global Note"). Beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in a corresponding Global Security (the "Regulation S Permanent Global Note" and, together with the Regulation S

Temporary Global Note, the "Regulation S Global Notes") within a reasonable period after the expiration of the Distribution Compliance Period upon certification that the beneficial interests in the Regulation S Temporary Global Note are owned by either Non-U.S. Persons or U.S. Persons who purchased such interests pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

(c) Each of the Rule 144A Global Note and the Regulation S Global Notes (collectively, the "Global Notes") shall represent such of the Notes as shall be specified therein and shall each provide that it shall represent the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges or redemptions. Any endorsement of a Global Note to reflect the amount, or any increase or decrease in the aggregate principal amount, of Notes represented thereby shall be reflected by the Trustee on Schedule A attached to the Note and made by the Trustee in accordance with written instructions or such other written form of instructions as is customary for the Depositary, from the Depositary or its nominee on behalf of any Person having a beneficial interest in the Global Note.

(d) The Depositary Trust Company shall initially serve as Depositary with respect to the Global Notes. Such Global Notes shall bear the legends set forth in the form of Security attached as EXHIBIT A hereto.

(e) Notes offered and sold exclusively to institutional "accredited investors" as such term is defined in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Securities Act (each, an "Institutional Accredited Investor") shall be issuable in definitive, fully registered, certificated form, without interest coupons (the "Certificated Notes"), in each case in a minimum principal amount of the Notes of \$250,000 and integral multiples of \$1,000 in excess thereof.

Section 209. FORM OF SECURITIES. The Global Notes and Certificated Notes shall be substantially in the form attached as EXHIBIT A hereto.

Section 210. SECURITIES REGISTRAR. The Trustee shall initially serve as the Security Registrar for the Notes.

Section 211. DEFEASANCE AND DISCHARGE; COVENANT DEFEASANCE.

(a) Article Fourteen of the Original Indenture, including without limitation, Sections 1402 and 1403 (as modified by Section 211(b) hereof) thereof, shall apply to the Notes.

(b) Solely with respect to the Notes issued hereby, the first sentence of Section 1403 of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof:

"Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the

case may be, (1) the Company shall be released from its obligations under Article Eight and under any covenants provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such Securities and (2) the occurrence of any event specified in Sections 501(4) (with respect to Article Eight and to any such covenants provided pursuant to Section 301(20), 901(2) or 901(7)), and 501(7) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called "Covenant Defeasance")."

Section 212. SINKING FUND OBLIGATIONS. The Company shall have no obligation to redeem or purchase any Notes pursuant to any sinking fund or analogous requirement or upon the happening of a specified event or at the option of a Holder thereof.

ARTICLE THREE

Additional Covenants

Section 301. MAINTENANCE OF PROPERTIES. The Company shall cause all properties used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted at all times; PROVIDED, HOWEVER, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary.

Section 302. PAYMENT OF TAXES AND OTHER CLAIMS. The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; PROVIDED, HOWEVER, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 303. RESTRICTIONS ON LIENS. The Company shall not pledge, mortgage or hypothecate, or permit to exist, and shall not cause, suffer or permit any Restricted Subsidiary to pledge, mortgage or hypothecate, or permit to exist, except in favor of the Company or any Restricted Subsidiary, any mortgage, pledge, lien or other encumbrance (collectively, a "lien" or "liens") upon, any Principal Property at any time owned by it or a Restricted Subsidiary, to secure

any indebtedness, without making effective provisions whereby the Notes shall be equally and ratably secured with or prior to any and all such indebtedness and any other indebtedness similarly entitled to be equally and ratably secured; PROVIDED, HOWEVER, that this provision shall not apply to or prevent the creation or existence of:

(a) undetermined or inchoate liens and charges incidental to construction, maintenance, development or operation;

(b) the lien of taxes and assessments for the then current year;

(c) the lien of taxes and assessments not at the time delinquent;

(d) the lien of specified taxes and assessments which are delinquent but the validity of which is being contested at the time by the Company or such Restricted Subsidiary in good faith and by appropriate proceedings;

(e) the lien reserved in leases for rent and for compliance with the terms of the lease in the case of leasehold estates;

(f) any obligations or duties, affecting the property of the Company or such Restricted Subsidiary, to any municipality or public authority with respect to any franchise, grant, license, permit or similar arrangement;

(g) the liens of any judgments or attachment in an aggregate amount not in excess of \$10,000,000, or the lien of any judgment or attachment the execution or enforcement of which has been stayed or which has been appealed and secured, if necessary, by the filing of an appeal bond;

(h) any lien on any property held or used by the Company or a Restricted Subsidiary in connection with the exploration for, development of or production of oil, gas, natural gas (including liquefied gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels, such properties to include, but not be limited to, the Company's or a Restricted Subsidiary's interest in any mineral fee interests, oil, gas or other mineral leases, royalty, overriding royalty or net profits interests, production payments and other similar interests, wellhead production equipment, tanks, field gathering lines, leasehold or field separation and processing facilities, compression facilities and other similar personal property and fixtures;

(i) any lien on oil, gas, natural gas (including liquefied gas and storage gas), and other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels produced or recovered from

any property, an interest in which is owned or leased by the Company or a Restricted Subsidiary;

(j) liens upon any property heretofore or hereafter acquired, constructed or improved, created at the time of acquisition or within one year thereafter to secure all or a portion of the purchase price thereof or the cost of such construction or improvement, or existing thereon at the date of acquisition, whether or not assumed by the Company or a Restricted Subsidiary, provided that every such lien shall apply only to the property so acquired or constructed and fixed improvements thereon;

(k) any extension, renewal or refunding, in whole or in part, of any lien permitted by subparagraph (j) above, if limited to the same property or any portion thereof subject to, and securing not more than the amount secured by, the lien extended, renewed or refunded;

(l) liens upon any property heretofore or hereafter acquired by any corporation that is or becomes a Restricted Subsidiary after the date hereof ("Acquired Entity") provided that every such lien (1) shall either (A) exist prior to the time the Acquired Entity becomes a Restricted Subsidiary or (B) be created at the time the Acquired Entity becomes a Restricted Subsidiary or within one year thereafter to secure all or a portion of the acquisition price thereof and (2) shall only apply to those properties owned by the Acquired Entity at the time it becomes a Restricted Subsidiary or thereafter acquired by it from sources other than the Company or any other Restricted Subsidiary;

(m) the pledge of current assets, in the ordinary course of business, to secure current liabilities;

(n) mechanics' or materialmen's liens, any liens or charges arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure duties or public or statutory obligations, deposits to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or similar charges;

(o) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time in connection with the financing of the acquisition or construction of property to be used in the business of the Company or a Restricted Subsidiary or as 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 the Company or a Restricted Subsidiary to maintain self-

insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(p) any lien of or upon any office equipment, data processing equipment (including, without limitation, computer and computer peripheral equipment), or transportation equipment (including, without limitation, motor vehicles, tractors, trailers, marine vessels, barges, towboats, rolling stock and aircraft);

(q) any lien created or assumed by the Company or a Restricted Subsidiary in connection with the issuance of debt securities the interest on which is excludable from gross income of the holder of such security pursuant to the Internal Revenue Code, as amended, for the purposes of financing, in whole or in part, the acquisition or construction of property to be used by the Company or a Restricted Subsidiary; or

(r) the pledge or assignment of accounts receivable, or the pledge or assignment of conditional sales contracts or chattel mortgages and evidences of indebtedness secured thereby, received in connection with the sale by the Company or such Restricted Subsidiary or others of goods or merchandise to customers of the Company or such Restricted Subsidiary.

In case the Company or any Restricted Subsidiary shall propose to pledge, mortgage, or hypothecate any Principal Property at any time owned by it to secure any indebtedness, other than as permitted by subdivision (a) to (r), inclusive, of this Section 303, the Company shall prior thereto give written notice thereof to the Trustee, and the Company shall or shall cause such Restricted Subsidiary to, prior to or simultaneously with such pledge, mortgage or hypothecation, by supplemental indenture executed to the Trustee (or to the extent legally necessary to another trustee or additional or separate trustee), in form satisfactory to the Trustee, effectively secure all the Notes equally and ratably with, or prior to, such indebtedness.

Notwithstanding the foregoing provisions of this Section 303, the Company or a Restricted Subsidiary may issue, assume or guarantee indebtedness secured by a mortgage which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other indebtedness of the Company or a Restricted Subsidiary secured by a mortgage which (if originally issued, assumed or guaranteed at such time) would otherwise be subject to the foregoing restrictions (not including indebtedness permitted to be secured under clauses (a) through (r) above) and the Value of all Sale and Leaseback Transactions in existence at such time (other than any Sale and Leaseback Transaction which, if such Sale and Leaseback Transaction had been a lien, would have been permitted by paragraph (j) of this Section 303 and other than Sale and Leaseback Transactions as to which application of amounts have been made in accordance with paragraph (l) of this Section 303) does not at the time of incurrence of such indebtedness exceed 5% of

Consolidated Net Tangible Assets. "Value" means, with respect to a Sale and Leaseback Transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds from the sale or transfer of the property leased pursuant to such Sale and Leaseback Transaction or (2) the fair value, in the opinion of the Board of Directors, of such property at the time of entering into such Sale and Leaseback Transaction, in either case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

Section 304. RESTRICTIONS ON SALE AND LEASEBACK TRANSACTIONS. The Company shall not, nor shall it permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless the net proceeds of such sale are at least equal to the fair value (as determined by the Board of Directors) of such Principal Property and either (a) the Company or such Restricted Subsidiary would be entitled, pursuant to the provisions of (1) paragraph (j) of Section 303 or (2) paragraph (1) of Section 303, to incur indebtedness secured by a lien on the Principal Property to be leased without equally and ratably securing the Notes, or (b) the Company shall, and in any such case the Company covenants that it will, within 120 days of the effective date of any such arrangement, apply an amount not less than the fair value (as so determined) of such Principal Property (i) to the payment or other retirement of Funded Debt incurred or assumed by the Company which ranks senior to or pari passu with the Notes or of Funded Debt incurred or assumed by any Restricted Subsidiary (other than, in either case, Funded Debt owned by the Company or any Restricted Subsidiary), or (ii) to the purchase at not more than fair value (as so determined) of Principal Property (other than the Principal Property involved in such sale). For this purpose, "Funded Debt" means any indebtedness which by its terms matures at or is extendable or renewable at the sole option of the obligor thereon without requiring the consent of the obligee to a date more than 12 months after the date of the creation of such indebtedness.

Section 305. EXPIRATION OF RESTRICTIONS ON LIENS AND RESTRICTIONS ON SALE AND LEASEBACK TRANSACTIONS. Notwithstanding anything to the contrary herein, on the date (the "Termination Date") (and continuing thereafter) on which there remains outstanding, in the aggregate, no more than \$200,000,000 in principal amount of Long-Term Indebtedness, the covenants of the Company set forth in Sections 303 and 304 hereof shall terminate and the Company shall no longer be subject to the covenants set forth in such Sections.

ARTICLE FOUR

Optional Redemption of the Notes

Section 401. REDEMPTION PRICE.

(a) The Company shall have the right to redeem the Notes, in whole or in part, at its option at any time from time to time at a price equal to (i) 100% of the principal amount thereof plus (ii) accrued and unpaid interest thereon, if any, including Additional Interest, if any, to but excluding

the Redemption Date plus (iii) the Make-Whole Premium, if any (collectively, the "Redemption Price").

(b) The amount of the Make-Whole Premium with respect to any Note (or portion thereof) to be redeemed will be equal to the excess, if any, of: (i) the sum of the present values, calculated as of the Redemption Date, of: (A) each interest payment that, but for such redemption, would have been payable on the Note (or portion thereof) being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued and unpaid interest for the period prior to the Redemption Date); and (B) the principal amount that, but for such redemption, would have been payable at the Maturity Date (or portion thereof) being redeemed; over (ii) the principal amount of the Note (or portion thereof) being redeemed. The present values of interest and principal payments referred to in clause (i) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Comparable Treasury Yield (as defined below) plus 25 basis points.

(c) The Make-Whole Premium shall be calculated by an independent investment banking institution of national standing appointed by the Company; PROVIDED, that if the Company fails to make such appointment at least 45 Business Days prior to the Redemption Date, or if the institution so appointed is unwilling or unable to make such calculation, such calculation shall be made by Banc of America Securities LLC, or, if such firm is unwilling or unable to make such calculation, by an independent investment banking institution of national standing appointed by the Company (in any such case, an "Independent Investment Banker").

Section 402. MAKE-WHOLE PREMIUM.

(a) For purposes of determining the Make-Whole Premium, "Comparable Treasury Yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Securities that have a constant maturity that corresponds to the remaining term to maturity of the Notes, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Comparable Treasury Yield shall be determined as of the third Business Day immediately preceding the applicable Redemption Date.

(b) The weekly average yields of United States Treasury Securities shall be determined by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15 (519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the Remaining Term, then the Comparable Treasury Yield shall be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield shall be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Securities that have a constant maturity closest to and greater than the Remaining Term and the United States Treasury Securities that have a

constant maturity closest to and less than the Remaining Term (in each case as set forth in the H.15 Statistical Release). Any weekly average yields so calculated by interpolation shall be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Securities are not available in the H.15 Statistical Release or otherwise, then the Comparable Treasury Yield shall be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

Section 403. PARTIAL REDEMPTION. If the Company redeems the Notes in part pursuant to this Article Four, the Trustee shall select the Notes to be redeemed on a pro rata basis or by lot or by such other method that the Trustee in its sole discretion deems fair and appropriate. The Company shall redeem Notes pursuant to this Article Four in multiples of \$1,000 in original principal amount. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued upon cancellation of the original Note.

Section 404. NOTICE OF OPTIONAL REDEMPTION. If the Company elects to exercise its right to redeem all or some of the Notes pursuant to this Article Four, the Company or the Trustee shall mail a notice of such redemption to each Holder of a Note that is to be redeemed not less than 30 days and not more than 60 days before the Redemption Date. If any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount to be redeemed.

ARTICLE FIVE

Restrictions on Transfer

Section 501. TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF NOTES IN DEFINITIVE FORM. In addition to the requirements set forth in Section 305 of the Original Indenture, Notes in definitive form that are Transfer Restricted Securities presented or surrendered for registration of transfer or exchange pursuant to Section 305 of the Original Indenture shall be accompanied by the following additional information and documents, as applicable, upon which the Security Registrar may conclusively rely:

(i) if such Transfer Restricted Securities are being delivered to the Security Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in substantially the form of EXHIBIT B hereto); or

(ii) if such Transfer Restricted Securities are being transferred (1) to a Qualified Institutional Buyer in accordance with Rule 144A under the Securities Act or (2) pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act (and based upon an opinion of counsel if the Company or the Trustee so requests) or (3) pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form of EXHIBIT B hereto); or

(iii) if such Transfer Restricted Securities are being transferred to an Institutional Accredited Investor pursuant to a private placement exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in substantially the form of EXHIBIT B hereto) and a certification from the applicable transferee (in substantially the form of EXHIBIT C hereto) and an opinion of counsel to that effect if the Company or the Trustee so requests; or

(iv) if such Transfer Restricted Securities are being transferred to a Non-U.S. Person pursuant to an exemption from registration in accordance with Rule 904 of Regulation S under the Securities Act, certifications to that effect from such transferor (in substantially the form of EXHIBITS B and D hereto) and an opinion of counsel to that effect if the Company or the Trustee so requests; or

(v) if such Transfer Restricted Securities are being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in substantially the form of EXHIBIT B hereto) and an opinion of counsel to that effect if the Company or the Trustee so requests.

(b) TRANSFER AND EXCHANGE OF THE NOTES.

(i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depositary, in accordance with Section 305 of the Original Indenture and Article V hereof (including the restrictions on transfer set forth therein and herein) and the rules and procedures of the Depositary therefor, which shall include restrictions on transfer comparable to those set forth therein and herein to the extent required by the Securities Act.

(ii) The transfer and exchange of Global Notes or beneficial interests therein for Certificated Notes (or vice versa) shall be effected through the Trustee and the Depositary, as the case may be, in accordance with Section 305 of the Original Indenture and Article Five hereof (including the restrictions on transfer set forth therein and herein) and the rules and procedures of the Depositary therefor, which shall include restrictions on transfer comparable to those set forth therein and herein to the extent required by the Securities Act.

Section 502. LEGENDS.

(a) Except as permitted by Sections 502(b) and (c) hereof, each certificate evidencing the Global Notes or Certificated Notes in definitive form (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND THIS

SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS SECURITY IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF RELIANT ENERGY RESOURCES CORP. THAT (A) PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE DATE OF ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH RELIANT ENERGY RESOURCES CORP. OR ANY OF ITS AFFILIATES WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) OR SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE"), THIS SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR FOR INVESTMENT PURPOSES, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF THIS SERIES OF \$250,000, AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, PROVIDED THAT, PRIOR TO THE TRANSFER, SUCH INSTITUTIONAL ACCREDITED INVESTOR FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS SECURITY (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE), OR (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM

THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF RELIANT ENERGY RESOURCES CORP. SO REQUESTS), SO LONG AS, PRIOR TO ANY OFFER, SALE OR TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE (C), (D) OR (E) ABOVE, THE SECURITY REGISTRAR RECEIVES A CERTIFICATION OF THE TRANSFEROR AND AN OPINION OF COUNSEL THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (2) TO RELIANT ENERGY RESOURCES CORP. OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THIS SECURITY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE OR SUCH EARLIER TIME AS DETERMINED BY RELIANT ENERGY RESOURCES CORP. IN ACCORDANCE WITH APPLICABLE LAW.

Each certificate evidencing the Global Notes also shall bear the legend specified for Global Notes in the form of Note attached hereto as EXHIBIT A.

(b) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Note) pursuant to Rule 144 under the Securities Act or an effective registration statement under the Securities Act, which shall be certified to the Trustee and Security Registrar upon which each may conclusively rely:

(i) in the case of any Transfer Restricted Security represented by a Certificated Note, the Security Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Certificated Note that does not bear the legend set forth in Section 502(a) hereof and rescind any restriction on the transfer of such Transfer Restricted Security; and

(ii) in the case of any Transfer Restricted Security represented by a Global Note, such Transfer Restricted Security shall not be required to bear the legend set forth in Section 502(a) hereof if all other interests in such Global Note have been or are concurrently being sold or transferred pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act.

(c) Notwithstanding the foregoing, upon consummation of the Exchange Offer, the Company shall issue and, upon receipt of a Company Order in accordance with Section 303 of the Original Indenture, the Trustee shall authenticate Series B Notes in exchange for Series A Notes accepted for exchange in the Exchange Offer, which Series B Notes shall not bear the legend set

forth in Section 502(a) hereof and shall not provide for Additional Interest, and the Security Registrar shall rescind any restriction on the transfer of such Notes, in each case unless the Holder of such Series A Notes (A) is a broker-dealer tendering Series A Notes acquired directly from the Company or an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company for its own account, (B) is a Person who has an arrangement or understanding with any Person to participate in the "distribution" (within the meaning of the Securities Act) of the Series B Notes, (C) is a Person who is an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company or (D) will not be acquiring the Series B Notes in the ordinary course of such Holder's business. The Company shall identify to the Trustee such Holders of the Notes in a written certification signed by an Officer of the Company and, absent certification from the Company to such effect, the Trustee shall assume that there are no such Holders.

Section 503. REGISTRATION RIGHTS AGREEMENT.

The Company shall perform its obligations under the Registration Rights Agreement and shall comply in all material respects with the terms and conditions contained therein including, without limitation, the payment of Additional Interest.

ARTICLE SIX

Miscellaneous Provisions

Section 6.01. The Indenture, as supplemented and amended by this Supplemental Indenture No. 3, is in all respects hereby adopted, ratified and confirmed.

Section 6.02. This Supplemental Indenture No. 3 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 6.03. THIS SUPPLEMENTAL INDENTURE NO. 3 AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 6.04. If any provision in this Supplemental Indenture No. 3 limits, qualifies or conflicts with another provision hereof which is required to be included herein by any provisions of the Trust Indenture Act, such required provision shall control.

Section 6.05. In case any provision in this Supplemental Indenture No. 3 or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 3 to be duly executed, as of the day and year first written above.

RELIANT ENERGY RESOURCES CORP.

By: /s/ Marc Kilbride

Name: Marc Kilbride
Title: Treasurer

Attest:

/s/ Richard Dauphin

Name: Richard Dauphin
Title: Assistant Treasurer

(SEAL)

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Trustee

By: /s/ Debbie Miller

Name: Debbie Miller
Title: Vice President and Trust Officer

(SEAL)

EXHIBIT A

[FORM OF FACE OF SECURITY]

[Rule 144A Global Note]
[Regulation S Global Note]
[Certificated Note]

[IF THIS SECURITY IS TO BE A GLOBAL NOTE -] THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

[For as long as this Global Security is deposited with or on behalf of The Depository Trust Company it shall bear the following legend.] Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Reliant Energy Resources Corp. or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

RELIANT ENERGY RESOURCES CORP.

8.125% Notes due 2005, Series [A/B]

No. _____

\$ _____
CUSIP No. _____

RELIANT ENERGY RESOURCES CORP., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to

- - - - -
* Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced by this Certificate.

pay to _____, or registered assigns, the principal sum of _____ Dollars on July 15, 2005, and to pay interest thereon from July 6, 2000 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on January 15 and July 15 in each year, commencing January 15, 2001, at the rate of 8.125% per annum, until the principal hereof is paid or made available for payment, PROVIDED that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 8.125% per annum (to the extent permitted by applicable law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on this Security is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. A "Business Day" shall mean, when used with respect to any Place of Payment, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the January 1 or July 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Securities of this series may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the Corporate Trust Office of the Trustee, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer in immediately available funds at such place and to such account as may be designated in writing by the Person entitled thereto as specified in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS SECURITY IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF RELIANT ENERGY RESOURCES CORP. THAT (A) PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE DATE OF ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH RELIANT ENERGY RESOURCES CORP. OR ANY OF ITS AFFILIATES WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) OR SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE"), THIS SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(A) FOR SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN TRANSACTIONS MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR FOR INVESTMENT PURPOSES, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF THIS SERIES OF \$250,000, AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, PROVIDED THAT, PRIOR TO THE TRANSFER, SUCH INSTITUTIONAL ACCREDITED INVESTOR FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS SECURITY (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE), OR (E) IN ACCORDANCE

WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF RELIANT ENERGY RESOURCES CORP. SO REQUESTS), SO LONG AS, PRIOR TO ANY OFFER, SALE OR TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE (C), (D) OR (E) ABOVE, THE SECURITY REGISTRAR RECEIVES A CERTIFICATION OF THE TRANSFEROR AND AN OPINION OF COUNSEL THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (2) TO RELIANT ENERGY RESOURCES CORP. OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THIS SECURITY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE OR SUCH EARLIER TIME AS DETERMINED BY RELIANT ENERGY RESOURCES CORP. IN ACCORDANCE WITH APPLICABLE LAW.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____ RELIANT ENERGY RESOURCES CORP.

By: _____

(SEAL)

Name:
Title:

Attest:

Name:
Title:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

CHASE BANK OF TEXAS,
NATIONAL ASSOCIATION, As Trustee

Dated: _____

By: _____
Authorized Signatory

[FORM OF REVERSE OF SECURITY]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of February 1, 1998 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Chase Bank of Texas, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$325,000,000; PROVIDED, HOWEVER, that the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect.

The Company shall have the right to redeem the Securities of this series, in whole or in part, at its option at any time from time to time at a price equal to (i) 100% of the principal amount thereof plus (ii) accrued and unpaid interest thereon, if any, including Additional Interest, if any, to (but excluding) the Redemption Date plus (iii) the Make-Whole Premium, if any.

The amount of the Make-Whole Premium with respect to any Security of this Series (or portion thereof) to be redeemed will be equal to the excess, if any, of: (i) the sum of the present values, calculated as of the Redemption Date, of: (A) each interest payment that, but for such redemption, would have been payable on the Securities of this series (or portion thereof) being redeemed on each Interest Payment Date occurring after the Redemption Date (excluding any accrued and unpaid interest for the period prior to the Redemption Date); and (B) the principal amount that, but for such redemption, would have been payable at the Maturity Date (or portion thereof) being redeemed; over (ii) the principal amount of the Securities of this series (or portion thereof) being redeemed. The present values of interest and principal payments referred to in clause (i) above will be determined in accordance with generally accepted principles of financial analysis. Such present values will be calculated by discounting the amount of each payment of interest or principal from the date that each such payment would have been payable, but for the redemption, to the Redemption Date at a discount rate equal to the Comparable Treasury Yield (as defined below) plus 25 basis points.

For purposes of determining the Make-Whole Premium, "Comparable Treasury Yield" means a rate of interest per annum equal to the weekly average yield to maturity of United States Treasury Securities that have a constant maturity that corresponds to the remaining term to maturity of the Securities of this series, calculated to the nearest 1/12th of a year (the "Remaining Term"). The Comparable Treasury Yield shall be determined as of the third Business Day immediately preceding the applicable Redemption Date.

The weekly average yields of United States Treasury Securities shall be determined

by reference to the most recent statistical release published by the Federal Reserve Bank of New York and designated "H.15 (519) Selected Interest Rates" or any successor release (the "H.15 Statistical Release"). If the H.15 Statistical Release sets forth a weekly average yield for United States Treasury Securities having a constant maturity that is the same as the Remaining Term, then the Comparable Treasury Yield shall be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield shall be calculated by interpolation, on a straight-line basis, between the weekly average yields on the United States Treasury Securities that have a constant maturity closest to and greater than the Remaining Term and the United States Treasury Securities that have a constant maturity closest to and less than the Remaining Term (in each case as set forth in the H.15 Statistical Release). Any weekly average yields so calculated by interpolation shall be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If weekly average yields for United States Treasury Securities are not available in the H.15 Statistical Release or otherwise, then the Comparable Treasury Yield shall be calculated by interpolation of comparable rates selected by the Independent Investment Banker.

The Securities of this series are not entitled to the benefit of any sinking fund.

The Indenture contains provisions for satisfaction and discharge of the entire indebtedness of this Security upon compliance by the Company with certain conditions set forth in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this

Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof, except pursuant to Section 208 of Supplemental Indenture No. 3 to the Indenture. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

By its acceptance of this Security bearing a legend restricting transfer, each Holder of this Security acknowledges the restrictions on transfer of this Security set forth in the Indenture and such legend and agrees that it will transfer this Security only as provided in the Indenture. In addition to the rights provided to Holders of this Security under the Indenture, Holders shall have all the rights set forth in that certain Registration Rights Agreement, dated as of July 6, 2000, among the Company and the Initial Purchasers, including without limitation the right to receive Additional Interest as described in Section 2.5 thereof.

THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

SCHEDULE A

SCHEDULE OF ADJUSTMENTS

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is _____. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

Date of Adjustment -----	Decrease in Aggregate Principal Amount of Securities -----	Increase in Aggregate Principal Amount of Securities -----	Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase -----	Notation by Security Registrar -----
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EXHIBIT B

FORM OF CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF SECURITIES

Re: 8.125% Notes due 2005, Series A of Reliant Energy Resources Corp.
(the "Company")

This Certificate relates to \$_____ principal amount of
Notes held in *_____ book-entry or *_____ definitive form by
_____ (the "Transferor").

The Transferor has requested the Trustee by written order
to exchange or register the transfer of a Note or Notes.

In connection with such request and in respect of each such
Note, the Transferor does hereby certify that the Transferor is familiar with
the Indenture, dated as of February 1, 1998 (as amended or supplemented to
date, the "Indenture"), between the Company and Chase Bank of Texas, National
Association (the "Trustee") relating to the above-captioned Notes and that
the transfer of this Note does not require registration under the Securities
Act (as defined below) because:*

// Such Note is being acquired for the Transferor's own
account without transfer.

// Such Note is being transferred (i) to a "qualified
institutional buyer" (as defined in Rule 144A under the Securities Act of
1933, as amended (the "Securities Act")), in accordance with Rule 144A under
the Securities Act or (ii) pursuant to an exemption from registration in
accordance with Rule 904 of Regulation S under the Securities Act (and in the
case of clause (ii), based upon an opinion of counsel if the Company or the
Trustee so requests, together with a certification in substantially the form
of Exhibit D to Supplemental Indenture No. 3 to the Indenture).

// Such Note is being transferred (i) pursuant to an exemption
from registration in accordance with Rule 144 under the Securities Act (and
based upon an opinion of counsel if the Company or the Trustee so requests)
or (ii) pursuant to an effective registration statement under the Securities
Act.

// Such Note is being transferred to an institutional
"accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7)
of Regulation D under the Securities Act pursuant to a private placement
exemption from the registration requirements of the Securities Act (and based
upon an opinion of counsel if the Company or the Trustee so requests),
together with a certification in substantially the form of Exhibit C to
Supplemental Indenture No. 3 the Indenture, and, to the knowledge of the
Transferor, such institutional accredited investor to whom such Note is to be
transferred is not an "affiliate" (as defined in Rule 144 under the
Securities Act) of the Company.

- - - - -
* Fill in blank or check appropriate box, as applicable.

// Such Note is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Company or the Trustee so requests).

You are entitled to rely upon this certificate and you are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

[INSERT NAME OF TRANSFEROR]

By: -----

Name:
Title:
Address:

Date: -----

EXHIBIT C

FORM OF TRANSFEREE LETTER OF REPRESENTATION
TO BE DELIVERED BY INSTITUTIONAL ACCREDITED INVESTORS

Reliant Energy Resources Corp.
1111 Louisiana
Houston, Texas 77002
Attention: General Counsel

Ladies and Gentlemen:

In connection with our proposed purchase of \$ _____ aggregate principal amount of 8.125% Notes due 2005, Series A (the "Notes") of Reliant Energy Resources Corp., a Delaware corporation (the "Company"):

1. We understand that the Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under any other applicable securities laws, and may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing the Notes to offer, sell or otherwise transfer such Notes prior to (x) the date which is two years after July 6, 2000 and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto), or (y) the expiration of such shorter period as may be prescribed by Rule 144(k) or any successor provision thereof, under the Securities Act (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement that has been declared effective by the Securities and Exchange Commission (the "SEC") under the Securities Act, (c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") in a transaction meeting the requirements of Rule 144A, (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States in transactions meeting the requirements of Regulation S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act (an "Institutional Accredited Investor") purchasing the Notes for its own account or for the account of another Institutional Accredited Investor, in each case in a minimum principal amount of the Notes of \$250,000, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property and the property of such investor account or accounts be at all times within our or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver to the Company and the Trustee a letter from

the transferee substantially in the form of this letter, which shall provide, among other things, that the transferee is an Institutional Accredited Investor that is acquiring such Notes for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We acknowledge that the Company and the Trustee reserve the right prior to any offer, sale or other transfer pursuant to clause (d), (e) or (f) prior to the Resale Restriction Termination Date to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

2. We are an Institutional Accredited Investor purchasing for our own account or for the account of another Institutional Accredited Investor.

3. We are acquiring the Notes purchased by us for our own account, or for one or more accounts as to each of which we exercise sole investment discretion, for investment purposes and not with a view to, or for offer or sale in connection with any distribution in violation of, the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment in the Notes. We invest in or purchase securities similar to the Notes in the normal course of our business. We are aware that we, and all accounts for which we are acting, may be required to bear the economic risk of an investment in the Notes for an indefinite period of time, and we, and all accounts for which we are acting, are able to bear such risk for an indefinite period.

4. You are entitled to rely upon this letter and you are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

Name of Transferee: _____
By: _____
Date: _____

Upon transfer the Notes would be registered in the name of the new beneficial owner as follows:

Name: _____
Address: _____
Taxpayer ID No: _____

EXHIBIT D

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION
WITH TRANSFERS PURSUANT TO REGULATION S

-----, ----

Chase Bank of Texas, National Association, as Security Registrar
600 Travis, Suite 1150
Houston, Texas 77002
Attention: Global Trust Services

Ladies and Gentlemen:

In connection with our proposed sale of certain 8.125%
Notes due 2005, Series A (the "Notes") of Reliant Energy Resources Corp. (the
"Company"), we represent that:

(i) the offer or sale of the Notes was made in an
"offshore transaction";

(ii) at the time the buy order was originated, the
transferee was outside the United States or we and any person acting on
our behalf reasonably believed that the transferee was outside the
United States;

(iii) no directed selling efforts have been made by us in
the United States in contravention of the requirements of Rule 903(a)
or Rule 904(a) of Regulation S under the U.S. Securities Act of 1933,
as applicable;

(iv) if this transfer of the Note is being made prior to
the expiration of the Distribution Compliance Period, such interest
that is being transferred is held immediately thereafter through The
Euroclear System or Clearstream Banking, societe anonyme; and

(v) the transaction is not part of a plan or scheme to
evade the registration requirements of the U.S. Securities Act of 1933.

You and the Company are entitled to rely upon this letter and you are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S under the U.S. Securities Act of 1933.

Very truly yours,

Name of Transferor:

By: -----

Name:
Title:
Address:

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into this 6th day of July, 2000 among Reliant Energy Resources Corp., a Delaware corporation (the "Company"), and Banc of America Securities LLC ("BofA"), Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. (collectively, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement dated June 29, 2000 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 \$325,000,000 principal amount of the Company's 8.125% Notes due 2005, Series A (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 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.

"Additional Interest" shall have the meaning set forth in Section 2.5 hereof.

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

"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.

"Closing Date" shall mean the Time of Delivery as defined in the Purchase Agreement.

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

"Depository" shall mean The Depository Trust Company, or any other depository for the Securities appointed by the Company; PROVIDED, HOWEVER, that such depository 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" shall mean a registration under the 1933 Act effected 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 8.125% Notes due 2005, Series B 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.

"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 registered 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 Indenture, dated as of February 1, 1998, between the Company and Chase Bank of Texas, National Association, as trustee, as supplemented by Supplemental Indenture No. 3 thereto dated as of July 6, 2000 and 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; 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 which makes a market in the Securities 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 under circumstances in which any legend borne by such Securities relating to restrictions on transferability thereof, under the 1933 Act or otherwise, is removed 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 of legal counsel selected by 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 best efforts (A) to file with the SEC the Exchange Offer Registration Statement not later than 120 calendar 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 180 calendar 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 210 calendar 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, (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) 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 Depository for the Exchange Offer;

(D) 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;

(E) 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

(F) 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 best 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.

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 210 calendar 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 best efforts to cause to be declared effective no later than 210 calendar 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 best 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, or for such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto or (ii) are distributed to the public pursuant to Rule 144 of the Securities Act or are saleable pursuant to Rule 144(k) under the Securities Act without any limitations under clauses (c), (e), (f) and (h) of Rule 144 (or any successor rule thereof); 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(K) 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 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 contemplated by Section 3(K) hereof or is advised in writing by the Company that use of the Prospectus may be resumed; and

(C) use its reasonable best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming a part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, 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 (iii) subject to Section 2.2(B) above, any Prospectus forming a part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

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 best 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 (other than any action specifically permitted by Section 2.2(B) hereof) that would, or omits to take any action 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 120th calendar 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 180th 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 210th 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, except as specifically permitted by Section 2.2(B) hereof, or becomes subject to an effective stop order suspending the effectiveness of such registration statement, in each case, without being succeeded within 30 calendar 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 calendar 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 percent (1.0%) per annum; and PROVIDED, FURTHER, that if the Exchange Offer Registration Statement is not declared effective on or prior to the 180th calendar day following the original issuance of the Securities and the Company shall request Holders of Securities to provide information 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 requested by the Company will not be entitled to any such increase in the interest rate for any calendar day after the 210th calendar 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 best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(B) 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 by the selling Holders thereof (including sales by any Participating Broker-Dealer);

(C) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five Business 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 method selected 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;

(D) use its reasonable best 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(D) 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;

(E) 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(F) 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;

(F) (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 BofA 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 Exchange 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(E), 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 calendar days following the Exchange Offer, save and except during any Suspension Period invoked with respect to such Prospectus 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 by a broker-dealer 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 Exhibit A, (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;

(G) (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;

(H) 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;

(I) 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);

(J) 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 Depository

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;

(K) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(E)(ii), (iii), (v), (vi) and (vii) hereof and subject to the provisions of the paragraph immediately following Section 3(T) hereof, as promptly as practicable after the occurrence of such an event, use its reasonable best 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;

(L) 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 Depository;

(M) unless the Indenture, as it relates to the Exchange Securities or the Registrable Securities, as the case may be, has already been so qualified, use its best 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 best 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;

(N) 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;

(0) 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; 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 designated by the 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;

(P) (i) in the case of an Exchange Offer Registration Statement, 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;

(Q) in the case of a Shelf Registration, use its reasonable best efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, unless the Exchange Securities or the Registrable Securities, as the case may be, are already so rated or unless the Company has obtained such ratings for its long-term debt securities generally;

(R) 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;

(S) 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

(T) 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 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(E)(ii), (iii), (iv) 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(K) 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 Sections 3(E)(ii), (iii), (iv) and (v) hereof, the Company shall be deemed to have used its reasonable best efforts to keep such Registration Statement effective during such Suspension Period provided that the Company shall use its reasonable best 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 calendar 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 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), 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) at the time of sale 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).

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 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 their 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 BofA. The Company shall not be liable to indemnify any Person for any settlement of any such claim effected without the Company's consent. This indemnity agreement will be in addition to any liability, which the Company might otherwise have.

(B) Each Section 4 Person agrees 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), 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.

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 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 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 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 consent. This indemnity agreement will be in addition to any liability which such Section 4 Person might otherwise have.

(C) If recovery is not available under Section 4(A) or 4(B) hereof, for any reason other than as specified therein, the Persons entitled to indemnification by the terms thereof shall be entitled to contribution for liabilities and expenses, except to the extent that contribution is not permitted under Section 11(f) of the 1933 Act. In determining the amount of contribution to which the respective Persons are entitled, there shall be considered (i) the benefits received by the Company, on the one hand, from the offering of the Securities and such Section 4 Person, on the other hand, from the sale of its Securities, Exchange Securities or Registrable Securities, as the case may be, (ii) the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, (iii) the opportunity to correct and prevent any statement or omission and (iv) any other equitable considerations appropriate under the circumstances. The Company and the Section 4 Persons agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Section 4 Persons were treated as one entity for such purpose). No Section 4 Person shall be obligated to make such contribution hereunder which in the aggregate exceeds the total public offering price of its Exchange Securities and/or Registrable Securities registered under the Registration Statement, less the aggregate amount of any damages which such Section 4 Person has otherwise been required to pay in respect of the same claim or any substantially similar claim. Any Section 4 Person's obligations to contribute under this Section 4 are several in proportion to the aggregate principal amount of such Section 4 Person's Registrable or Exchange Securities, as the case may be, that were registered pursuant to such Registration Statement, and not joint.

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.

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 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 REALES. 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.

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.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

RELIANT ENERGY RESOURCES CORP.

By: /s/ Marc Kilbride

Name: Marc Kilbride
Title: Treasurer

CONFIRMED AND ACCEPTED
AS OF THE DATE FIRST ABOVE WRITTEN:

BANC OF AMERICA SECURITIES LLC
CREDIT SUISSE FIRST BOSTON CORPORATION
DEUTSCHE BANK SECURITIES INC.

BY: BANC OF AMERICA SECURITIES LLC

By: /s/ Lynn T. McConnell

Name: Lynn T. McConnell
Title: Managing Director

On behalf of each of the Initial Purchasers

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 operating statistics, financial statements, pro forma financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements), (B) the other financial and statistical information contained or incorporated by reference therein 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 operating statistics, financial statements, pro forma financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements, except to the extent that such notes describe legal or 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 in the Registration Statement or the Prospectus, other than an item that requires that financial statements be provided), (B) the other financial and statistical information contained or incorporated by reference therein 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 operating statistics, financial statements,

pro forma financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements, except to the extent that such notes describe legal or 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 in the Registration Statement or the Prospectus, other than an item that requires that financial statements be provided), (B) the other financial and statistical information contained or incorporated by reference therein 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.

[LETTERHEAD]

November 1, 2000

Reliant Energy Resources Corp.
1111 Louisiana Street
Houston, Texas 77002

Ladies and Gentlemen:

We have acted as counsel for Reliant Energy Resources Corp., a Delaware corporation (the "Company"), in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), on November 1, 2000, relating to the registration under the Act of \$325 million aggregate principal amount of the Company's 8.125% Notes due 2005, Series B (the "New Notes") to be offered by the Company in exchange (the "Exchange Offer") for a like principal amount of its issued and outstanding 8.125% Notes due 2005, Series A (the "Old Notes"). The New Notes are to be issued under an Indenture dated as of February 1, 1998 (the "Indenture"), between the Company and The Chase Manhattan Bank (formerly Chase Bank of Texas, National Association), pursuant to the terms of the New Notes as established pursuant to Supplemental Indenture No. 3 to the Indenture, dated as of July 6, 2000 (the "Supplemental Indenture").

In our capacity as your counsel in the connection referred to above, we have examined the Certificate of Incorporation and Bylaws of the Company, each as amended to date, and the Indenture, as supplemented to date, and have examined the originals, or copies certified or otherwise identified, 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. In giving such opinions, we have relied upon certificates of officers of the Company with respect to the accuracy of the material factual matters contained in such certificates. In making our examination, we have assumed that all signatures on documents examined by us are genuine, that all documents submitted to us as originals are authentic and that all documents submitted to us as certified or photostatic copies conform with the original copies of such documents.

On the basis of the foregoing, and subject to the assumptions, limitations and qualifications set forth herein, we are of the opinion that:

When (i) the Registration Statement has become effective under the Act and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended, and (ii) the New Notes have been duly authorized, executed, authenticated and delivered in accordance with the provisions of the Indenture and the Supplemental Indenture and issued in exchange for Old Notes pursuant to, and in accordance with the terms of, the Exchange Offer as contemplated in the Registration Statement, the New Notes will constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability is subject to the effect of (x) bankruptcy, insolvency, reorganization, moratorium,

[LETTERHEAD]

2

November 1, 2000

fraudulent conveyance or other laws relating to or affecting creditors' rights generally and (y) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The opinions set forth above are limited in all respects to matters of Texas law, Delaware corporate law and the contract law of the State of New York as in effect on the date hereof. At your request, this opinion is being furnished to you for filing as Exhibit 5.1 to the Registration Statement. Additionally, we hereby consent to the reference to our Firm under the caption "Legal Matters" in the prospectus forming a part of the Registration Statement. In giving such consent, we do not thereby concede that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Baker Botts L.L.P.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of Reliant Energy Resources Corp. on Form S-4 of our report dated March 1, 2000, appearing in the Annual Report on Form 10-K of Reliant Energy Resources Corp. for the year ended December 31, 1999 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
November 1, 2000

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) _____

THE CHASE MANHATTAN BANK
(Exact name of trustee as specified in its charter)

13-4994650
(I.R.S. Employer Identification Number)

712 MAIN STREET, HOUSTON, TEXAS 77002
(Address of principal executive offices) (Zip code)

LEE BOOCKER, 712 MAIN STREET, 26TH FLOOR
HOUSTON, TEXAS 77002 (713) 216-2448
(Name, address and telephone number of agent for service)

RELIANT ENERGY RESOURCES CORP.
(Exact name of obligor as specified in its charter)

DELAWARE 76-0511406
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

1111 LOUISIANA
HOUSTON, TEXAS 77002
(Address of principal executive offices) (Zip code)

8.125% NOTES DUE 2005
(Title of indenture securities)

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.

State of New York Banking Department
State of Texas Department of Banking
Federal Deposit Insurance Corporation, Washington, D.C.
Board of Governors of the Federal Reserve System,
Washington, D.C.

- (b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee. (See Note on Page 7.)

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE.

COL. A TITLE OF CLASS -----	COL. B AMOUNT OUTSTANDING -----
-----------------------------------	---------------------------------------

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

- (a) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 4. (CONTINUED)

(b) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(b)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICER OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C
-----	-----	-----	-----

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO THE SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
TITLE OF CLASS	WHETHER THE SECURITIES ARE VOTING OR NONVOTING SECURITIES	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING

INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OR SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS -----	AMOUNT OUTSTANDING -----	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE -----	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C -----

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

COL. A	COL. B	COL. C
NATURE OF INDEBTEDNESS -----	AMOUNT OUTSTANDING -----	DATE DUE -----

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(a) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not, nor has there been, a default with respect to the securities under this indenture. (See Note on Page 7.)

ITEM 13. (CONTINUED)

(b) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There has not been a default under any such indenture or series. (See Note on Page 7.)

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS PART OF THIS STATEMENT OF ELIGIBILITY.

- 1. A copy of the articles of association of the trustee now in effect.
- # 2. A copy of the certificate of authority of the trustee to commence business.
- * 3. A copy of the certificate of authorization of the trustee to exercise corporate trust powers.
- + 4. A copy of the existing bylaws of the trustee.
- 5. Not applicable.
- 6. The consent of the United States institutional trustees required by Section 321(b) of the Act.
- 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.

NOTE REGARDING INCORPORATED EXHIBITS

Effective August 1, 2000, Chase Bank of Texas, National Association merged into The Chase Manhattan Bank, a New York banking corporation. The exhibits incorporated below relate to The Chase Manhattan Bank. The report of condition is that of The Chase Manhattan bank for the third quarter, 2000.

- Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

* The Trustee is authorized to exercise corporate trust powers under the banking law of the State of New York.

+ Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base responsive answers to Items 2 and 13, the answers to said Items are based on incomplete information. Such Items may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

PURSUANT TO THE REQUIREMENTS OF THE TRUST INDENTURE ACT OF 1939 THE TRUSTEE, THE CHASE MANHATTAN BANK, A NEW YORK BANKING CORPORATION AND SUCCESSOR TO CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, HAS DULY CAUSED THIS STATEMENT OF ELIGIBILITY TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO AUTHORIZED, ALL IN THE CITY OF HOUSTON, AND STATE OF TEXAS, ON THE FIRST DAY OF NOVEMBER, 2000.

THE CHASE MANHATTAN BANK,
AS TRUSTEE

By: /s/ Debbie Miller

Debbie Miller
Vice President and Trust Officer

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

The undersigned is successor trustee under an Indenture, as supplemented, between Reliant Energy Resources Corp., formerly known as NorAm Energy Corp., a Delaware corporation, as obligor (the "Company"), and Chase Bank of Texas, National Association, now known as The Chase Manhattan Bank, as Trustee, entered into in connection with the issuance of the Company's 8.125% Notes due 2005.

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned hereby consents that reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

THE CHASE MANHATTAN BANK, as Trustee

By: /s/ Debbie Miller

Debbie Miller
Vice President and Trust Officer

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

The Chase Manhattan 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, 2000, in
accordance with a call made by the Federal Reserve Bank of this
District pursuant to the provisions of the Federal Reserve Act.

ASSETS	DOLLAR AMOUNTS IN MILLIONS
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 15,412
Interest-bearing balances	4,593
Securities:	
Held to maturity securities	613
Available for sale securities	57,372
Federal funds sold and securities purchased under agreements to resell	29,490
Loans and lease financing receivables:	
Loans and leases, net of unearned income	\$142,368
Less: Allowance for loan and lease losses	2,227
Less: Allocated transfer risk reserve	0
Loans and leases, net of unearned income, allowance, and reserve	140,141
Trading Assets	48,079
Premises and fixed assets (including capitalized leases)	3,447
Other real estate owned	27
Investments in unconsolidated subsidiaries and associated companies	259
Customers' liability to this bank on acceptances outstanding	676
Intangible assets	3,994
Other assets	16,373
TOTAL ASSETS	\$320,476 =====

LIABILITIES

Deposits	
In domestic offices	\$103,433
Noninterest-bearing	\$42,054
Interest-bearing	61,379
In foreign offices, Edge and Agreement subsidiaries and IBF's	92,486
Noninterest-bearing	\$ 5,683
Interest-bearing	86,803
Federal funds purchased and securities sold under agree- ments to repurchase	49,016
Demand notes issued to the U.S. Treasury	750
Trading liabilities	32,878
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):	
With a remaining maturity of one year or less	4,298
With a remaining maturity of more than one year through three years	0
With a remaining maturity of more than three years	97
Bank's liability on acceptances executed and outstanding	676
Subordinated notes and debentures	5,430
Other liabilities	12,129
 TOTAL LIABILITIES	 301,193

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	1,211
Surplus (exclude all surplus related to preferred stock)	11,066
Undivided profits and capital reserves	8,165
Net unrealized holding gains (losses)	
on available-for-sale securities	(1,175)
Accumulated net gains (losses) on cash flow hedges.....	0
Cumulative foreign currency translation adjustments	16
TOTAL EQUITY CAPITAL	19,283
 TOTAL LIABILITIES AND EQUITY CAPITAL	 \$320,476 =====

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 the Report of Condition (including the supporting schedules) for this report date 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.)
JOHN R. STAFFORD)DIRECTORS
M. ANTHONY BURNS)

RELIANT ENERGY RESOURCES CORP.

LETTER OF TRANSMITTAL
FOR
TENDER OF ALL OUTSTANDING

8.125% NOTES DUE 2005, SERIES A
IN EXCHANGE FOR
REGISTERED
8.125% NOTES DUE 2005, SERIES B

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____
____, 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN SUCH
EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY
TIME, ON THE EXPIRATION DATE.

DELIVER TO THE EXCHANGE AGENT:

THE CHASE MANHATTAN BANK

BY HAND OR COURIER:

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

BY MAIL (REGISTERED OR CERTIFIED
MAIL RECOMMENDED):

The Chase Manhattan 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:

(214) 468-6464 (Frank Ivins)

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE
OR TRANSMISSION OF INSTRUCTIONS 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 THE LETTER OF TRANSMITTAL
IS COMPLETED.

The undersigned hereby acknowledges receipt and review of the
prospectus dated _____, 2000 of Reliant Energy Resources Corp. (the
"Company") and this letter of transmittal. These two documents together
constitute the Company's offer to exchange its 8.125% Notes due 2005, Series B (the
"New Notes"), the issuance of which has been registered under the Securities
Act of 1933, as amended (the "Securities Act"), for a like principal amount of
its issued and outstanding 8.125% Notes due 2005, Series A (the "Old Notes")
(the "Exchange Offer").

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 the Old Notes is open, at its discretion, in which event the term "Expiration Date" shall mean the latest date to which such Exchange Offer is extended. The Company shall notify The Chase Manhattan Bank (formerly known as Chase Bank of Texas, National Association) (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 Old Notes (i) if certificates of Old Notes are to be forwarded herewith or (ii) if delivery of Old Notes is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (the "DTC") pursuant to the procedures set forth in the prospectus under the caption "The Exchange Offer C Book-Entry Transfer" and an "agent's message" is not delivered as described in the prospectus under the caption "The Exchange Offer C Procedures for Tendering C Tendering Through DTC's Automated Tender Offer Program." Tenders by book-entry transfer may also be made by delivering an agent's message in lieu of this letter of transmittal. Holders of Old Notes whose Old Notes are not immediately available, or who are unable to deliver their Old Notes, this letter of transmittal and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date for the Exchange Offer, or who are unable to complete the procedure for book-entry transfer on a timely basis, must tender their Old Notes according to the guaranteed delivery procedures set forth in the prospectus under the caption "The Exchange Offer C Guaranteed Delivery Procedures." See Instruction 2. DELIVERY OF DOCUMENTS TO THE DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "holder" with respect to the Exchange Offer for Old Notes means any person in whose name such Old Notes are registered on the books of the Company, any person who holds such Old Notes 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 Old Notes and who desires to deliver such Old Notes 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 Old Notes must complete this letter of transmittal in its entirety (unless such Old Notes are to be tendered by book-entry transfer and an agent's message is delivered in lieu hereof).

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 Old Notes to which this letter of transmittal relates. If the space below is inadequate, list the registered numbers and principal amounts on a separate signed schedule and affix the list to this letter of transmittal.

 DESCRIPTION OF OLD NOTES TENDERED

Name(s) and Address(es) of Registered Holder(s) Exactly as Name(s) Appear(s) on Old Notes (Please Fill In, If Blank)	Registered Number(s)*	Aggregate Principal Amount Represented by Note(s)	Principal Amount Tendered**
--	-----------------------	---	-----------------------------

 Total

* Need not be completed by book-entry holders.
 ** Unless otherwise indicated, any tendering holder of Old Notes will be deemed to have tendered the entire aggregate principal amount represented by such Old Notes. All tenders must be in integral multiples of \$1,000.

// CHECK HERE IF TENDERED OLD NOTES ARE ENCLOSED HERewith.
// CHECK HERE AND COMPLETE THE FOLLOWING IF TENDERED OLD NOTES 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 OLD NOTES 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 Old Notes: _____

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(s) (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: _____

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 New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes 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 New Notes; 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.

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 Old Notes indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Old Notes 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 Old Notes tendered for exchange hereby. 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 Old Notes with full power of substitution to (i) deliver such Old Notes, or transfer ownership of such Old Notes on the account books maintained by the DTC, to the Company and deliver all accompanying evidences of transfer and authenticity, and (ii) present such Old Notes for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Old Notes, 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 Old Notes tendered hereby and to acquire the New Notes issuable upon the exchange of such tendered Old Notes, 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.

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) and similar no-action letters (the "Prior No-Action Letters"), that the New Notes issued in exchange for the Old Notes pursuant to the Exchange Offer may be offered for resale, 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 New Notes are acquired in the ordinary course of such holders' business and such holders are not engaging in, do not intend to engage in and have no arrangement or understanding with any person to participate in a distribution of such New Notes. 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 in other circumstances.

The undersigned hereby further represents to the Company that (i) any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes, whether or not the undersigned, (ii) neither the undersigned nor any such other person has an arrangement or understanding with any person to participate in the distribution of the Old Notes or the New Notes within the meaning of the Securities Act and (iii) 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 in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes 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 New Notes; 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. The undersigned acknowledges that if the undersigned is tendering Old Notes in the Exchange Offer with the intention of participating in any manner in a distribution of the New Notes (i) 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 secondary resale transaction of the New Notes, 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 of the SEC, and (ii) failure to comply with such requirements in such instance could result in the undersigned incurring liability under the Securities Act 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 Old Notes tendered hereby, including the transfer of such Old Notes on the account books maintained by the DTC.

For purposes of the Exchange Offer, the Company shall be deemed to have accepted for exchange validly tendered Old Notes when, as and if the Company gives oral or written notice thereof to the Exchange Agent. Any tendered Old Notes 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.

The undersigned acknowledges that the Company's acceptance of properly tendered Old Notes 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 Old Notes tendered hereby.

Unless otherwise indicated under "Special Issuance Instructions," please issue the New Notes issued in exchange for the Old Notes accepted for exchange, and return any Old Notes not tendered or not exchanged, in the name(s) of the undersigned (or, in the case of a book-entry delivery of Old Notes, please credit the account indicated above maintained at the DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail or deliver the New Notes issued in exchange for the Old Notes accepted for exchange and any Old Notes 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 New Notes issued in exchange for the Old Notes accepted for exchange in the name(s) of, and return any Old Notes 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 Old Notes from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Old Notes so tendered for exchange.

SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY (i) if Old Notes in a principal amount not tendered, or New Notes issued in exchange for Old Notes accepted for exchange, are to be issued in the name of someone other than the undersigned, or (ii) if Old Notes tendered by book-entry transfer which are not exchanged are to be returned by credit to an account maintained at the DTC other than the DTC Account Number set forth above. Issue New Notes and/or Old Notes 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 Old Notes in a principal amount not tendered, or New Notes issued in exchange for Old Notes 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 New Notes and/or Old Notes to:

Name: -----

Address: -----

(INCLUDE ZIP CODE)

(Tax Identification or Social Security Number)

(PLEASE TYPE OR PRINT)

/ / Credit unexchanged Old Notes delivered by book-entry transfer to the DTC set forth below:

DTC Account Number: -----

IMPORTANT
PLEASE SIGN HERE WHETHER OR NOT
OLD NOTES ARE BEING PHYSICALLY TENDERED HEREBY
(Complete Accompanying Substitute Form W-9 Below)

- -->

- -->

(Signature(s) of Registered Holder(s) of Old Notes)

Dated _____, 2000

(The above lines must be signed by the registered holder(s) of Old Notes as your name(s) appear(s) on the Old Notes 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 Old Notes 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 of a corporation 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:

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 Institution.

Signature(s) Guaranteed by an
Eligible Institution:

(Authorized Signature)

(Title)

(Name of Firm)

(Address, Include Zip Code)

(Area Code and Telephone Number)

Dated _____, 2000

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND OLD NOTES OR AGENT'S MESSAGE AND BOOK-ENTRY CONFIRMATIONS. All physically delivered Old Notes or any confirmation of a book-entry transfer to the Exchange Agent's account at the DTC of Old Notes 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), 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, or the tendering holder must comply with the guaranteed delivery procedures set forth below. THE METHOD OF DELIVERY OF THE TENDERED OLD NOTES, 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 ASSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTER OF TRANSMITTAL OR OLD NOTES SHOULD BE SENT TO THE COMPANY.

2. GUARANTEED DELIVERY PROCEDURES. Holders who wish to tender their Old Notes and (a) whose Old Notes are not immediately available, (b) who cannot deliver their Old Notes, 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 on a timely basis, must tender their Old Notes according to the guaranteed delivery procedures set forth in the prospectus. Pursuant to such procedures: (i) 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 a 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 Exchange Act (an "Eligible Institution"); (ii) 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 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 Old Notes, the registration number(s) of such Old Notes and the total principal amount of Old Notes 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 Old Notes in proper form for transfer (or a Book-Entry Confirmation) and any other documents required hereby, will be deposited by the Eligible Institution with the Exchange Agent; and (iii) this letter of transmittal (or facsimile hereof or an agent's message in lieu hereof) together with the certificates for all physically tendered Old Notes 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 Old Notes who wishes to tender Old Notes 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 Old Notes 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 holder of Old Notes may tender such Old Notes in the Exchange Offer. Any beneficial holder of Old Notes 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 Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such holder's name or obtain a properly completed bond power from the registered holder.

4. PARTIAL TENDERS. Tenders of Old Notes will be accepted only in integral multiples of \$1,000. If less than the entire principal amount of any Old Notes is tendered, the tendering holder should fill in the principal amount tendered in the fourth column of the box entitled "Description of Old Notes Tendered" above. The entire principal

amount of Old Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Old Notes is not tendered, then Old Notes for the principal amount of Old Notes not tendered and New Notes issued in exchange for any Old Notes accepted will be returned to the holder as promptly as practicable after the Old Notes 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 Old Notes tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Old Notes without alteration, enlargement or any change whatsoever. If this letter of transmittal (or facsimile hereof) is signed by a participant in the DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the Old Notes.

If this letter of transmittal (or facsimile hereof) is signed by the registered holder(s) of Old Notes listed and tendered hereby and the New Notes issued in exchange therefor are to be issued (or any untendered principal amount of Old Notes is to be reissued) to the registered holder(s), the said holder(s) need not and should not endorse any tendered Old Notes, nor provide a separate bond power. In any other case, such holder(s) must either properly endorse the Old Notes 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.

If this letter of transmittal (or facsimile hereof) or any Old Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations 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 OLD NOTES TENDERED HEREIN (OR BY A PARTICIPANT IN THE DTC WHOSE NAME APPEARS ON A SECURITY POSITION LISTING AS THE OWNER OF THE TENDERED OLD NOTES) AND THE NEW NOTES ARE TO BE ISSUED DIRECTLY TO SUCH REGISTERED HOLDER(S) (OR, IF SIGNED BY A PARTICIPANT IN THE DTC, DEPOSITED TO SUCH PARTICIPANT'S ACCOUNT AT THE DTC) AND NEITHER THE BOX ENTITLED "SPECIAL DELIVERY INSTRUCTIONS" NOR THE BOX ENTITLED "SPECIAL REGISTRATION INSTRUCTIONS" HAS BEEN COMPLETED, OR (ii) SUCH OLD NOTES 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 INSTITUTION.

6. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS. Tendering holders should indicate, in the applicable box or boxes, the name and address to which New Notes or substitute Old Notes 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 Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at the DTC as such noteholder may designate hereon. If no such instructions are given, such Old Notes 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 all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, New Notes or Old Notes 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 Old Notes tendered hereby, or if tendered Old Notes 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 Old Notes 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 New Notes 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 Old Notes or New Notes 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 may be subject to a \$50 penalty imposed by the Internal Revenue Service and backup withholding of 31% on interest payments on the New Notes.

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), 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 New Notes will be registered in more than one name or will not be in the name of the actual owner, consult the instructions on Internal Revenue Service Form W-9, which may be obtained from the Exchange Agent, for information on which TIN to report.

Certain foreign individuals and entities will not be subject to backup withholding or information reporting if they submit a Form W-8, signed under penalties of perjury, attesting to their foreign status. A Form W-8 can be obtained from the Exchange Agent.

If such holder does not have a TIN, such holder should consult the instructions on Form W-9 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.

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, time of receipt, acceptance and withdrawal of tendered Old Notes 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 Old Notes not properly tendered or any Old Notes the Company's acceptance of which might, in the opinion of the Company's 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 Old Notes. 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 Old Notes 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 Old Notes 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 Old Notes will be accepted.

12. MUTILATED, LOST, STOLEN OR DESTROYED OLD NOTES. Any holder whose Old Notes 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 lost, stolen or destroyed Old Notes 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 OLD NOTES 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 EXPIRATION DATE.

SUBSTITUTE
FORM W-9

PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT
RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

SOCIAL SECURITY NUMBER
OR

EMPLOYER IDENTIFICATION NUMBER

PART 2 -- CERTIFICATION -- UNDER
PENALTIES OF PERJURY, I CERTIFY THAT:

PART 3 --

(1) THE NUMBER SHOWN ON THIS FORM
IS MY CORRECT TAXPAYER
IDENTIFICATION NUMBER (OR I
HAVE CHECKED THE BOX IN PART 3
AND EXECUTED THE CERTIFICATE OF
AWAITING TAXPAYER
IDENTIFICATION NUMBER BELOW)
AND

AWAITING TIN / /

(2) I AM NOT SUBJECT TO BACKUP WITHHOLDING
EITHER BECAUSE I HAVE NOT BEEN NOTIFIED BY
THE INTERNAL REVENUE SERVICE ("IRS") THAT
I AM SUBJECT TO BACKUP WITHHOLDING AS A
RESULT OF FAILURE TO REPORT ALL INTEREST
OR DIVIDENDS, OR BECAUSE THE IRS HAS
NOTIFIED ME THAT I AM NO LONGER SUBJECT TO
BACKUP WITHHOLDING.

PLEASE COMPLETE THE CERTIFICATE OF
AWAITING TAXPAYER IDENTIFICATION
NUMBER BELOW.

NAME

ADDRESS (NUMBER AND STREET)

CITY, STATE AND ZIP CODE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE

PAYOR'S REQUEST FOR TAXPAYER
IDENTIFICATION NUMBER (TIN)

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).

SIGNATURE _____ DATE _____, 2000

FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING
OF 31% OF ANY PAYMENTS MADE TO YOU WITH RESPECT TO THE NEW NOTES.

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 TO THE PAYOR WITHIN 60 DAYS, 31% OF ALL REPORTABLE PAYMENTS MADE TO ME THEREAFTER WILL BE WITHHELD UNTIL I PROVIDE A NUMBER.

SIGNATURE

_____, 2000
DATE

RELIANT ENERGY RESOURCES CORP.

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF ALL OUTSTANDING

8.125% NOTES DUE 2005, SERIES A
IN EXCHANGE FOR
REGISTERED

8.125% NOTES DUE 2005, SERIES B

This form, or one substantially equivalent hereto, must be used by a holder to accept the Exchange Offer of Reliant Energy Resources Corp. (the "Company") and to tender 8.125% Notes due 2005, Series A (the "Old Notes") to the Exchange Agent pursuant to the guaranteed delivery procedures described in "The Exchange Offer -- Guaranteed Delivery Procedures" of the Company's prospectus dated _____, 2000 and in Instruction 2 to the related letter of transmittal. Any holder who wishes to tender Old Notes pursuant to such guaranteed delivery procedures must ensure that The Chase Manhattan Bank (formerly known as Chase Bank of Texas, National Association), as exchange agent (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 WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____, 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN SUCH EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

The Exchange Agent for the Exchange Offer is:
THE CHASE MANHATTAN BANK

BY HAND OR COURIER:
The Chase Manhattan Bank
2001 Bryan Street, 9th Floor
Registered Bond Processing Dept.
Dallas, Texas 75201

BY MAIL (REGISTERED OR CERTIFIED
MAIL RECOMMENDED):
The Chase Manhattan 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:
(214) 468-6464 (Frank Ivins)

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED 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 the Company's 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 Old Notes 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 Old Notes listed below:

Certificate Number(s) (if known) of Old Notes or Account Number at the DTC	Aggregate Principal Amount Represented	Aggregate Principal Amount Tendered*
--	---	---

PLEASE SIGN AND COMPLETE

Names of Record Holder(s): _____ Signature(s): _____

Address _____

Area Code and Telephone Number(s): _____

DATED: _____, 2000

* Unless otherwise indicated, any tendering holder of Old Notes will be deemed to have tendered the entire aggregate principal amount represented by such Old Notes. All tenders must be in integral multiples of \$1,000.

THIS NOTICE OF GUARANTEED DELIVERY MUST BE SIGNED BY THE REGISTERED HOLDER(S) OF OLD NOTES EXACTLY AS THE NAME(S) OF SUCH PERSON(S) APPEAR(S) ON CERTIFICATES FOR OLD NOTES OR ON A SECURITY POSITION LISTING AS THE OWNER OF OLD NOTES, 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 securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or a 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, 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 Old Notes of the series tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Old Notes into the Exchange Agent's account at the DTC described in the prospectus under the caption "The Exchange Offer -- 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: _____

(AUTHORIZED SIGNATURE)

Address: _____

(INCLUDE ZIP CODE)

Name: _____

Title: _____

(PLEASE TYPE OR PRINT)

Area Code and Telephone Number: _____

Date: _____, 2000

DO NOT SEND OLD NOTES WITH THIS FORM. ACTUAL SURRENDER OF OLD NOTES 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 Old Notes must be received by the Exchange Agent at its address set forth herein prior to the Expiration Date of the Exchange Offer. Delivery of such notice of guaranteed delivery may be made by facsimile transmission, mail or hand delivery. 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, the holders may wish to consider using an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure 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 Old Notes referred to herein, the signature(s) must correspond exactly with the name(s) as written on the face of the Old Notes without alteration, enlargement or any change whatsoever. If this notice of guaranteed delivery (or facsimile hereof) is signed by a participant in the DTC whose name appears on a security position listing as the owner of the Old Notes, the signature must correspond with the name as it appears on the security position listing as the owner of the Old Notes.

If this notice of guaranteed delivery (or facsimile hereof) is signed by a person other than the registered holder(s) of any Old Notes listed or a participant of the 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 Old Notes or signed as the name(s) of the participant appears 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 of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit herewith 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.

RELIANT ENERGY RESOURCES CORP.
 LETTER TO DEPOSITORY TRUST COMPANY PARTICIPANTS
 FOR
 TENDER OF ALL OUTSTANDING
 8.125% NOTES DUE 2005, SERIES A
 IN EXCHANGE FOR
 REGISTERED
 8.125% NOTES DUE 2005, SERIES B

 THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____,
 2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN SUCH EXCHANGE
 OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON
 THE EXPIRATION DATE.

To Depository Trust Company Participants:

We are enclosing a prospectus dated _____, 2000 of Reliant Energy Resources Corp. (the "Company") and the related letter of transmittal. These two documents constitute the Company's offer to exchange its 8.125% Notes due 2005, Series B (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 8.125% Notes due 2005, Series A (the "Old Notes") (the "Exchange Offer"). Additionally, we have included a notice of guaranteed delivery and a letter that may be sent to your clients for whose account you hold Old Notes in your name or in the name of your nominee, with space provided for obtaining such client's instruction with regard to the Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange Offer will expire on the Expiration Date unless extended.

The Exchange Offer for Old Notes is not conditioned upon any minimum aggregate principal amount of Old Notes being tendered for exchange.

Pursuant to the letter of transmittal, each holder of Old Notes will represent to the Company that (i) any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes, (ii) such person does not have an arrangement or understanding with any person to participate in the distribution of the Old Notes or the New Notes within the meaning of the Securities Act and (iii) such person is not 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. In addition, each holder of Old Notes will represent to the Company that (i) if such person is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of New Notes and (ii) if such person is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it will deliver a prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Old Notes 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 persons (other than the Exchange Agent) in connection with the solicitation of tenders of Old Notes pursuant to the Exchange Offer. The

Company will pay or cause to be paid any transfer taxes payable on the transfer of Old Notes 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 the undersigned.

Very truly yours,

THE CHASE MANHATTAN BANK

RELIANT ENERGY RESOURCES CORP.

LETTER TO CLIENTS
FOR
TENDER OF ALL OUTSTANDING

8.125% NOTES DUE 2005, SERIES A
IN EXCHANGE FOR
REGISTERED

8.125% NOTES DUE 2005, SERIES B

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____,
2000, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN SUCH EXCHANGE
OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON
THE EXPIRATION DATE.

To Our Clients:

We are enclosing with this letter a prospectus dated _____, 2000 of Reliant Energy Resources Corp. (the "Company") and the related letter of transmittal. These two documents together constitute the Company's offer to exchange its 8.125% Notes due 2005, Series B (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 8.125% Notes due 2005, Series A (the "Old Notes") (the "Exchange Offer").

The Exchange Offer for Old Notes is not conditioned upon any minimum aggregate principal amount of Old Notes being tendered for exchange.

We are the holder of record of Old Notes held by us for your own account. A tender of such Old Notes can be made only by us as the record holder and pursuant to your instructions. The accompanying letter of transmittal is furnished to you for your information only and cannot be used by you to tender Old Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Old Notes held by us for your account pursuant to 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.

Pursuant to the letter of transmittal, each holder of Old Notes will represent to the Company that (i) any New Notes received are being acquired in the ordinary course of business of the person receiving such New Notes, (ii) such person does not have an arrangement or understanding with any person to participate in the distribution of the Old Notes or the New Notes within the meaning of the Securities Act and (iii) such person is not 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. In addition, each holder of Old Notes will represent to the Company that (i) if such person is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of New Notes and (ii) if such person is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it will deliver a prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus, it will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

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 PRIOR TO THE APPLICABLE EXPIRATION DATE.

INSTRUCTION TO
BOOK-ENTRY TRANSFER PARTICIPANT

To Participant of the DTC:

The undersigned hereby acknowledges receipt and review of the prospectus dated _____, 2000 of Reliant Energy Resources Corp. (the "Company") and the related letter of transmittal. These two documents together constitute the Company's offer to exchange its 8.125% Notes due 2005, Series B (the "New Notes"), the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 8.125%, Series A Notes (the "Old Notes") (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 Old Notes held by you for the account of the undersigned.

The aggregate principal amount of the Old Notes held by you for the account of the undersigned is (FILL IN AMOUNT):

Title of Series	Principal Amount
8.125% Notes due 2005, Series A	

WITH RESPECT TO THE EXCHANGE OFFER, THE UNDERSIGNED HEREBY INSTRUCTS YOU (CHECK APPROPRIATE BOX):

- / / TO TENDER ALL OLD NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.
- / / TO TENDER THE FOLLOWING AMOUNT OF OLD NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED:

Title of Series	Principal Amount Tendered
8.125% Notes due 2005, Series A	

- / / NOT TO TENDER ANY OLD NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

IF NO BOX IS CHECKED, A SIGNED AND RETURNED INSTRUCTION TO BOOK-ENTRY TRANSFER PARTICIPANT WILL BE DEEMED TO INSTRUCT YOU TO TENDER ALL OLD NOTES HELD BY YOU FOR THE ACCOUNT OF THE UNDERSIGNED.

If the undersigned instructs you to tender the Old Notes 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 (i) any New Notes received are being acquired in the ordinary course of business of the undersigned; (ii) the undersigned does not have an arrangement or understanding with any person to participate in the distribution of the Old Notes or the New Notes within the meaning of the Securities Act; (iii) the undersigned is not 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; (iv) if the undersigned is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of New Notes and (v) if the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other

trading activities, it will deliver a prospectus in connection with any resale of such New Notes; 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.

SIGN HERE

Name of beneficial owner(s):

Signature(s):

Name(s) (please print):

Address:

Telephone Number:

Taxpayer Identification or Social Security Number:

Date: