

INFORMATION STATEMENT TO IRS BY SHAREHOLDERS

Statement of shareholders receiving a distribution of stock in Reliant Resources, Inc. (a controlled corporation), pursuant to Regs. § 1.355-5(b).

1. The undersigned, a shareholder owning shares of CenterPoint Energy, Inc. (formerly known as Reliant Energy, Incorporated) as of September 30, 2002, received a distribution of stock in a controlled corporation pursuant to Section 355.
2. The names and addresses of the corporations involved are:

Parent:	CenterPoint Energy, Inc. 1111 Louisiana Houston, Texas 77002
Controlled Corporation:	Reliant Resources, Inc. 1111 Louisiana Houston, Texas 77002
3. No stock or securities in CenterPoint Energy, Inc. were surrendered by the undersigned.
4. _____ common shares of Reliant Resources, Inc. were received.
5. By letter dated January 28, 2002, the Internal Revenue Service ruled that the distribution of shares of Reliant Resources, Inc. was a nontaxable Section 355 corporate separation. By letter dated July 30, 2002, the Internal Revenue Service updated and extended the ruling of the January 28, 2002, letter.

Shareholder

NOTE TO SHAREHOLDER:

Please fill in the blank on line 4 indicating the number of shares received, then sign and attach this form to your 2002 federal income tax return.

October 1, 2002

Important U.S. Federal Income Tax Information for the Reliant Resources, Inc. Spin-Off

To CenterPoint Energy, Inc. Shareholders of Record as of September 20, 2002:

Owners of CenterPoint Energy common stock on the September 20, 2002, Record Date received a distribution of 0.788603 shares of Reliant Resources, Inc. common stock for each share of CenterPoint Energy common stock owned on the Record Date. The Distribution was made on September 30, 2002.

This tax information memorandum contains information concerning the allocation of your tax basis in CenterPoint Energy common stock between your shares of CenterPoint Energy common stock and Reliant Resources common stock, including fractional shares. This tax information memorandum is also posted on our web site at www.CenterPointEnergy.com.

Background

On August 31, 2002, Reliant Energy, Incorporated (“REI”) merged with an indirect subsidiary of CenterPoint Energy, Inc. (“CenterPoint”). As a result of the merger between REI and the CenterPoint subsidiary (the “Merger”), REI shareholders received one share of CenterPoint common stock in exchange for each share of REI common stock that they held before the Merger.

On September 30, 2002 (the “Distribution Date”), CenterPoint distributed the stock of its subsidiary, Reliant Resources, Inc. (“RRI”), to the CenterPoint shareholders. Holders of CenterPoint common stock as of the close of business on September 20, 2002 (the “Record Date”), received a distribution (the “Distribution”) of 0.788603 shares of RRI common stock with respect to each share of CenterPoint common stock owned as of the close of business on the Record Date.

On January 28, 2002, the Internal Revenue Service (the “IRS”) issued a private letter ruling to REI regarding the U.S. federal income tax consequences of the Distribution to the CenterPoint shareholders. On July 30, 2002, the IRS issued a private letter ruling updating and extending the January 28, 2002, ruling. Based on representations made by REI, the IRS ruled that the CenterPoint shareholders would not recognize gain or loss upon receiving shares of RRI as a result of the Distribution. Therefore, all CenterPoint shareholders must allocate the pre-distribution tax basis of their CenterPoint common stock between their CenterPoint common stock and the RRI common stock they received in the Distribution.

Pre-Distribution Tax Basis of CenterPoint Common Stock

If you have not already done so, you will need to calculate the pre-distribution tax basis of your CenterPoint common stock.

- The tax basis of the shares of CenterPoint common stock that you received in the Merger is equal to the tax basis of the shares of REI common stock that you held prior to the Merger.

- If you purchased your CenterPoint shares or received them in the Merger in exchange for shares of REI that you purchased, your pre-distribution tax basis will be equal to the sum of the following amounts:
 1. the initial purchase price of your REI shares (including commissions),
 2. the initial purchase price of any CenterPoint shares that you purchased (including commissions), and
 3. any dividends reinvested (including commissions).

This type of information can be found on bank or brokerage statements, dividend reinvestment statements, purchase confirmations, or your personal records.

- If you did not actually purchase your CenterPoint (or REI) shares because, for example, you received the shares as a gift or an inheritance, or as a result of the exercise of stock options, or as a distribution from an employee benefits plan, consult with your tax advisor to determine your tax basis.

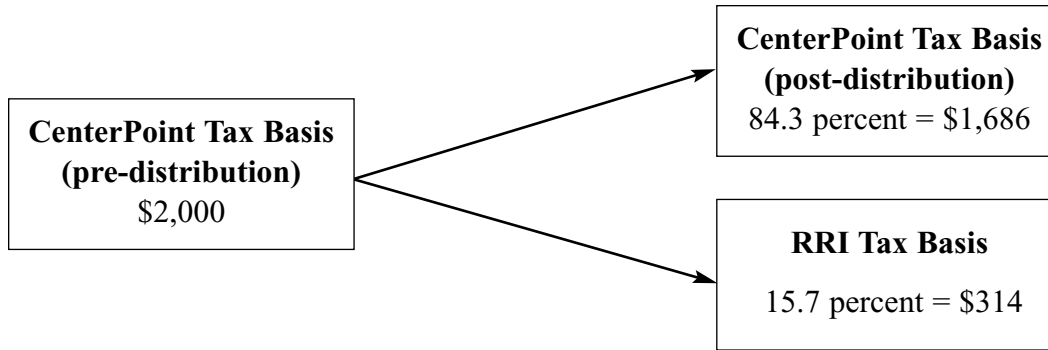
Tax Basis Allocation Between CenterPoint and RRI

After you determine the pre-distribution tax basis of your CenterPoint common stock, you must allocate it between the CenterPoint common stock that you held following the Distribution and the RRI common stock that you received in the Distribution. This allocation must be made in proportion to the relative fair market values of CenterPoint common stock and RRI common stock on the Distribution Date. For federal income tax purposes, the fair market value of a publicly traded stock is generally the average of its high and low trading price on the valuation date. Based upon this rule, the fair market value of a share of RRI common stock on September 30, 2002, was \$1.88 per share. The fair market value of a share of CenterPoint common stock (after accounting for the RRI distribution) on September 30, 2002, was \$7.95 per share.

Based upon the allocation method just described and the 0.788603 distribution ratio, 84.3 percent of your basis would be allocated to your CenterPoint common stock, and the remaining 15.7 percent would be allocated to any RRI common stock that you received in the Distribution (including any fractional shares). You should consult your tax advisor regarding the application of this calculation to your particular circumstances. However, the example that follows may help you understand the allocation method.

Example:

Assume that individual A purchased 100 shares of CenterPoint common stock at \$20 per share. A's pre-distribution tax basis in the CenterPoint shares was \$2,000. In the Distribution, A was entitled to receive 0.788603 shares of RRI common stock with respect to each share of CenterPoint common stock A owned as of the close of business on the Record Date. As a result, A received a total of 78 full shares of RRI common stock and a check for the sale of the 0.8603 fractional share. The tax basis of a fractional share is proportional to the basis of a whole share. Based on the allocation percentages calculated in the previous paragraph, 84.3 percent of the \$2,000 is allocated to CenterPoint common stock and 15.7 percent to RRI common stock. See the chart that follows.



The per share tax basis would then be obtained by dividing the new tax basis by the number of shares, as follows:

CenterPoint Tax Basis \$1,686	Number of Shares 100	CenterPoint per Share Tax Basis \$16.86
RRI Tax Basis \$314	Number of Shares 78.8603	RRI per Share Tax Basis \$3.98

If you acquired CenterPoint shares on more than one occasion, you will need to perform this calculation separately for each group of shares.

Fractional Share Sale

You will not receive fractional shares of RRI in the Distribution. Instead, CenterPoint Energy Investor Services (the Distribution Agent) has been instructed to aggregate the fractional shares and sell them through an independent broker-dealer on the open market as soon as practicable after the Distribution Date. We expect to mail checks for the fractional share liquidation within 10 days of the distribution date of September 30, 2002.

Your receipt of cash resulting from the sale of a fractional share will result in the recognition of gain or loss for U.S. federal income tax purposes. This is measured by the difference between the cash you receive for the fractional share and your tax basis in the fractional share.

The following illustration uses the information from the example above. Assume the 0.8603 fractional share was sold for \$1.88 net per share and you received a check for \$1.62.

RRI Tax Basis per Share	\$3.98	Sale Proceeds	\$1.62
Multiplied by Shares Sold	<u>x 0.8603</u>	Fractional Share Basis	<u>-3.42</u>
Fractional Share Basis	\$3.42	Gain (Loss) on Fractional Share	\$(1.80)

Holding Period

For capital gains purposes, you will determine the holding period of your RRI shares by reference to the holding period of your CenterPoint common stock (including the holding period

of your REI common stock which converted into CenterPoint common stock) with respect to which the Distribution was made. So long as you held the CenterPoint stock as a capital asset on the Distribution Date, the RRI common stock that you received in the Distribution will have the same holding period as the CenterPoint common stock with respect to which the RRI common stock was distributed.

Retain This Information

In the event you sell your CenterPoint or RRI common stock, you will need this information in order to calculate the amount of gain or loss you recognized from the sale. In addition, you may need to establish the appropriateness of your basis allocation for United States federal income tax purposes. Under the income tax regulations, when you file your U.S. federal income tax return for the year in which you received the RRI common stock (2002), you must attach a statement setting forth certain prescribed information about the Distribution. In order to assist you in complying with this tax requirement, we are attaching a sample statement.

Consult Your Tax Advisor

The information in this letter represents our understanding of existing United States federal income tax law, including legislation, regulations, administrative rulings and court decisions, as in effect on the date hereof, all of which are subject to change, possibly with retroactive effect. This summary is not a substitute for an individual analysis of the tax consequences of the Distribution to a particular CenterPoint shareholder and does not constitute tax advice. Each CenterPoint shareholder should consult a tax advisor as to the U.S. federal income tax consequences of the transaction, including any such consequences arising from the particular facts and circumstances of the CenterPoint shareholder, and as to any estate, gift, state, local or foreign tax consequences of the transaction.