



CENTERPOINT ENERGY

Investor Update

October 2, 2018



Cautionary Statement

This presentation and the oral statements made in connection herewith contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this presentation and the oral statements made in connection herewith are forward-looking statements made in good faith by CenterPoint Energy, Inc. (“CenterPoint Energy” or the “Company”) and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995, including statements concerning CenterPoint Energy’s expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings, growth, costs, prospects, capital investments or performance or underlying assumptions (including future regulatory filings and recovery, liquidity, capital resources, balance sheet, cash flow, capital investments and management, financing costs and rate base or customer growth) and other statements that are not historical facts. You should not place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

Examples of forward-looking statements in this presentation include statements about our intentions with respect to our pending acquisition of Vectren Corporation (“Vectren”) (the “Merger”) (including potential strategic opportunities, rate base growth and expectations, operating income, equity earnings, growth and capabilities of the combined company and the anticipated transaction and financing timeline), our anticipated sources of funds and uses under the Merger financing plan, anticipated credit ratings, outlooks and other metrics (including adjusted funds from operations to debt), anticipated external financing relating to potential restructuring of CERC Corp. related to our ownership interest in Enable Midstream Partners, LP, among other statements. We have based our forward-looking statements on our management’s beliefs and assumptions based on information currently 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.

Risks Related to the Merger

Important factors that could cause actual results to differ materially from those indicated by the provided forward-looking information include risks and uncertainties relating to: (1) the risk that CenterPoint Energy or Vectren may be unable to obtain governmental and regulatory approvals required for the proposed transactions, or that required governmental and regulatory approvals or agreements with other parties interested therein may delay the proposed transactions or may be subject to or impose adverse conditions or costs, (2) the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed transactions or could otherwise cause the failure of the proposed transactions to close, (3) the risk that a condition to the closing of the proposed transactions or the committed financing may not be satisfied, (4) the failure to obtain, or to obtain on favorable terms, any equity, debt or other financing necessary to complete or permanently finance the proposed transactions and the costs of such financing, (5) the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the proposed transactions, (6) the receipt of an unsolicited offer from another party to acquire assets or capital stock of Vectren that could interfere with the proposed transactions, (7) the timing to consummate the proposed transactions, (8) the costs incurred to consummate the proposed transactions, (9) the possibility that the expected cost savings, synergies or other value creation from the proposed transactions will not be realized, or will not be realized within the expected time period, (10) the risk that the companies may not realize fair values from properties that may be required to be sold in connection with the merger, (11) the credit ratings of the companies following the proposed transactions, (12) disruption from the proposed transactions making it more difficult to maintain relationships with customers, employees, regulators or suppliers and (13) the diversion of management time and attention on the proposed transactions.

The foregoing list of factors is not all inclusive because it is not possible to predict all factors. Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include but are not limited to the timing and impact of future regulatory, legislative and Internal Revenue Service decisions, financial market conditions, future market conditions, economic and employment conditions, customer growth, Enable’s performance and ability to pay distributions and other factors described in CenterPoint Energy’s Form 10-K for the fiscal year ended December 31, 2017 under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Certain Factors Affecting Future Earnings,” CenterPoint Energy’s Form 10-Q for the quarter ended March 31, 2018 under “Risk Factors” and in other filings with the Securities and Exchange Commission (“SEC”) by the Company, which can be found on the SEC’s website at www.sec.gov.

This presentation contains time sensitive information that is accurate as of the date hereof (unless otherwise specified as accurate as of another date). Some of the information in this presentation is unaudited and may be subject to change. We undertake no obligation to update the information presented herein except as required by law. Investors and others should note that we may announce material information using SEC filings, press releases, public conference calls, webcasts and the Investor Relations page of our website. In the future, we will continue to use these channels to distribute material information about the Company and to communicate important information about the Company, key personnel, corporate initiatives, regulatory updates and other matters. Information that we post on our website could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website.

Additional Information

Use of Non-GAAP Financial Measures

In addition to presenting its financial results in accordance with generally accepted accounting principles (“GAAP”), including presentation of net income and diluted earnings per share, the Company also provides guidance based on adjusted net income and adjusted diluted earnings per share, which are non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company’s historical or future financial performance that excludes or includes amounts that are not normally excluded or included in the most directly comparable GAAP financial measure. The Company’s adjusted net income and adjusted diluted earnings per share calculation excludes from net income and diluted earnings per share, respectively, the impact of ZENS and related securities and mark-to-market gains or losses resulting from the Company’s Energy Services business.

A reconciliation of net income and diluted earnings per share to the basis used in providing 2018 guidance is provided in this presentation on slide 18. The Company is unable to present a quantitative reconciliation of forward-looking adjusted net income and adjusted diluted earnings per share because changes in the value of ZENS and related securities and mark-to-market gains or losses resulting from the Company’s Energy Services business are not estimable.

Management evaluates the Company’s financial performance in part based on adjusted net income and adjusted diluted earnings per share. We believe that presenting these non-GAAP financial measures enhances an investor’s understanding of the Company’s overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods. Management believes the adjustments made in these non-GAAP financial measures exclude or include items, as applicable, to most accurately reflect the Company’s business performance. These excluded or included items, as applicable, are reflected in the reconciliation table on slide 18. The Company’s adjusted net income and adjusted diluted earnings per share non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, net income and diluted earnings per share, which respectively are the most directly comparable GAAP financial measures. These non-GAAP financial measures also may be different than non-GAAP financial measures used by other companies.

2018 Earnings Per Share Guidance Assumptions

CenterPoint Energy’s earnings per share guidance is inclusive of Enable’s net income guidance of \$375–\$445 million as stated during Enable’s Q2 2018 earnings call on August 2, 2018. The guidance range also assumes ownership of 54% of the common units representing limited partner interests in Enable and includes the amortization of CenterPoint Energy’s basis differential in Enable and effective tax rates. CenterPoint Energy does not include other potential Enable impacts on guidance, such as any changes in accounting standards or unusual items. Further, the guidance range considers utility operations performance to date and certain significant variables that may impact earnings, such as weather, throughput, commodity prices, effective tax rates, financing activities (other than those to fund the pending merger with Vectren), and regulatory and judicial proceedings to include regulatory action as a result of recent tax reform legislation. In providing this guidance, CenterPoint Energy uses a non-GAAP financial measure of adjusted diluted earnings per share that does not consider other potential impacts, such as changes in accounting standards or unusual items, earnings or losses from the change in the value of the ZENS securities and the related stocks or the timing effects of mark-to-market accounting in the company’s energy services business.

Additional Information and Where to Find It

Certain information in this presentation has been provided to us by Vectren, but we have not independently verified the accuracy of this information. Investors are able to obtain free copies of the documents filed by Vectren with the SEC at <http://www.sec.gov>, the SEC’s website. Security holders may also read and copy any reports, statements and other information filed by Vectren with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC’s website for further information on its public reference room.

CenterPoint Energy Vision and Strategy



Our Vision: **Lead the nation in delivering energy, service and value**

Our Strategy: **Operate, Serve, Grow**

- Ensure safe, reliable, efficient and environmentally responsible energy delivery businesses
- Utilize new and innovative technology to enhance performance



- Add value to energy delivery through superior customer service, new technology and innovation
- Provide leadership in the communities we serve

- Develop a diverse and capable employee base
- Invest in core energy delivery businesses
- Deliver new products and services

CenterPoint Energy – Vectren Strategic Rationale



- **Growth**
 - More rate-regulated investment
 - More customers for existing products and services
 - Additional products and services for existing customers
- **Complementary Capabilities**
 - Combining CenterPoint Energy's and Vectren's utilities positions the Company as a customer-centric, technology-focused, energy delivery company of the future
- **Reduces Business Risk⁽¹⁾**
 - Increases scale, geographic and business diversity in attractive jurisdictions and economies
 - Creates opportunities for operating efficiencies and potentially lower cost of capital
 - Increases percentage of utility earnings and provides enhanced certainty of consolidated earnings and cash flows

⁽¹⁾ As determined by the rating agencies

Recent Offerings

	Series A Preferred Stock	Common Stock	Mandatory Convertible Preferred Stock
Pricing Date (2018)	Aug 15 th	Sept 25 th	Sept 25 th
Amount Issued (\$ in millions)	\$800	\$1,898 ⁽¹⁾	\$978 ⁽¹⁾
Equity Credit	50%	100%	100%
Dividend	6.125%	\$1.11 ⁽²⁾	7%
Conversion Premium	n/a	n/a	20%

- **These offerings conclude our equity financing needs for the Vectren merger**
- **Strong demand provided the opportunity to upsize each offering**
 - \$3.3 billion of equity raised will reduce debt necessary to finance the merger versus the original \$2.5 billion anticipated equity, and is anticipated to result in improved credit metrics

⁽¹⁾ Includes amounts issued from the exercise by the underwriters of their over-allotment option on September 28, 2018

⁽²⁾ If annualized

CenterPoint Energy Anticipated Sources and Uses⁽¹⁾



(\$ in millions)

Sources of Funds		Uses of Funds	
Assumption of Vectren debt ⁽²⁾	\$2,500	Assumption of Vectren debt ⁽²⁾	\$2,500
Series A Preferred Stock	800	Acquisition of Vectren common shares outstanding	5,982
Series B Preferred Stock ⁽³⁾	978		
Common Stock ⁽³⁾	1,897		
Debt ⁽⁴⁾ and cash on hand	2,307		
Bridge Facility ⁽⁵⁾	-		
Total sources of funds	\$8,482	Total uses of funds	\$8,482

⁽¹⁾ Excludes fees and expenses, including underwriting discounts, commitment fees, legal, accounting and other fees and expenses associated with the completion of the Vectren Merger and the financing transactions

⁽²⁾ It is anticipated that Vectren and its subsidiaries will have approximately \$2.5 billion of outstanding short-term and long-term debt as of December 31, 2018

⁽³⁾ Includes amounts issued from the exercise by the underwriters of their over-allotment option on September 28, 2018

⁽⁴⁾ CenterPoint Energy intends to issue a combination of debt securities and commercial paper as a source of the remaining Acquisition Financing for Vectren common shares outstanding based on then market conditions

⁽⁵⁾ CenterPoint Energy has obtained committed financing in the form of a \$5.0 billion senior unsecured bridge term loan facility (Bridge Facility) from Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc. and a syndicate of lenders. However, CenterPoint Energy anticipates financing the Vectren Merger through its completed issuances of Series A Preferred Stock, common stock, mandatory convertible equity securities, and expected issuances of debt securities and commercial paper, subject to then current market conditions, as well as cash on hand.

Combined 2020 EPS Potential

<i>(in millions, except per share amounts)</i>	2020
CenterPoint Net Income Forecast <i>(High-end of \$1.50 - \$1.60 2018 guidance basis EPS range assuming 5 - 7% growth in 2019 and 2020)⁽¹⁾</i>	\$764 - \$794
Vectren Net Income Forecast <i>(Midpoint of \$2.80 - \$2.90 2018 guidance basis EPS range assuming 6 - 8% growth in 2019 and 2020)⁽²⁾</i>	\$266 - \$276
Combined Net Income Forecast	\$1,030 - \$1,070
Potential Commercial Opportunities + Cost Savings, After-tax <i>(\$50 - \$100 million, pre-tax)⁽³⁾</i>	\$39 - \$78
Potential Additional Interest Expense, After-tax <i>(\$3.5 billion at 4%)</i>	(\$109)
Potential Net Income Total	\$960 - \$1,039
Potential Share Count* <i>(434 million plus 90 - 110 million new common including if converted shares)</i>	524 - 544
Potential Combined Earnings Per Share	\$1.76 - \$1.98

*Potential share count

- Includes the entirety of the equity financing for the acquisition of Vectren stock. CenterPoint does not intend to sell Enable common units as a source of financing for the Vectren acquisition
- Also includes modest equity requirements post merger for rate base investment. As previously stated, sales of Enable common units could be a source of funds for these equity requirements

⁽¹⁾ On a guidance basis and excluding certain one-time costs associated with the Vectren merger in 2018 and 2019

⁽²⁾ As provided in Vectren's first quarter 2018 earnings materials on May 2, 2018

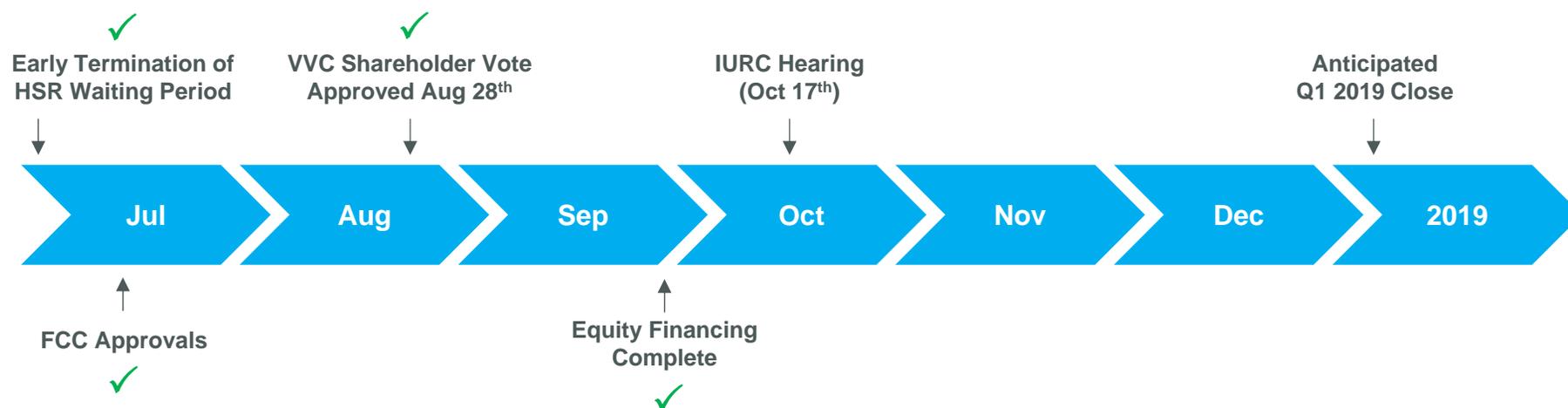
⁽³⁾ Cost savings include both regulated and unregulated cost savings. In years beyond 2020, we anticipate additional commercial opportunities

Note: Information on this slide was first presented in CenterPoint Energy's first quarter earnings call on May 4, 2018. By including this slide in this presentation, management is not updating or refreshing any of the information contained in this slide.

CenterPoint Energy – Vectren Merger Details and Timeline



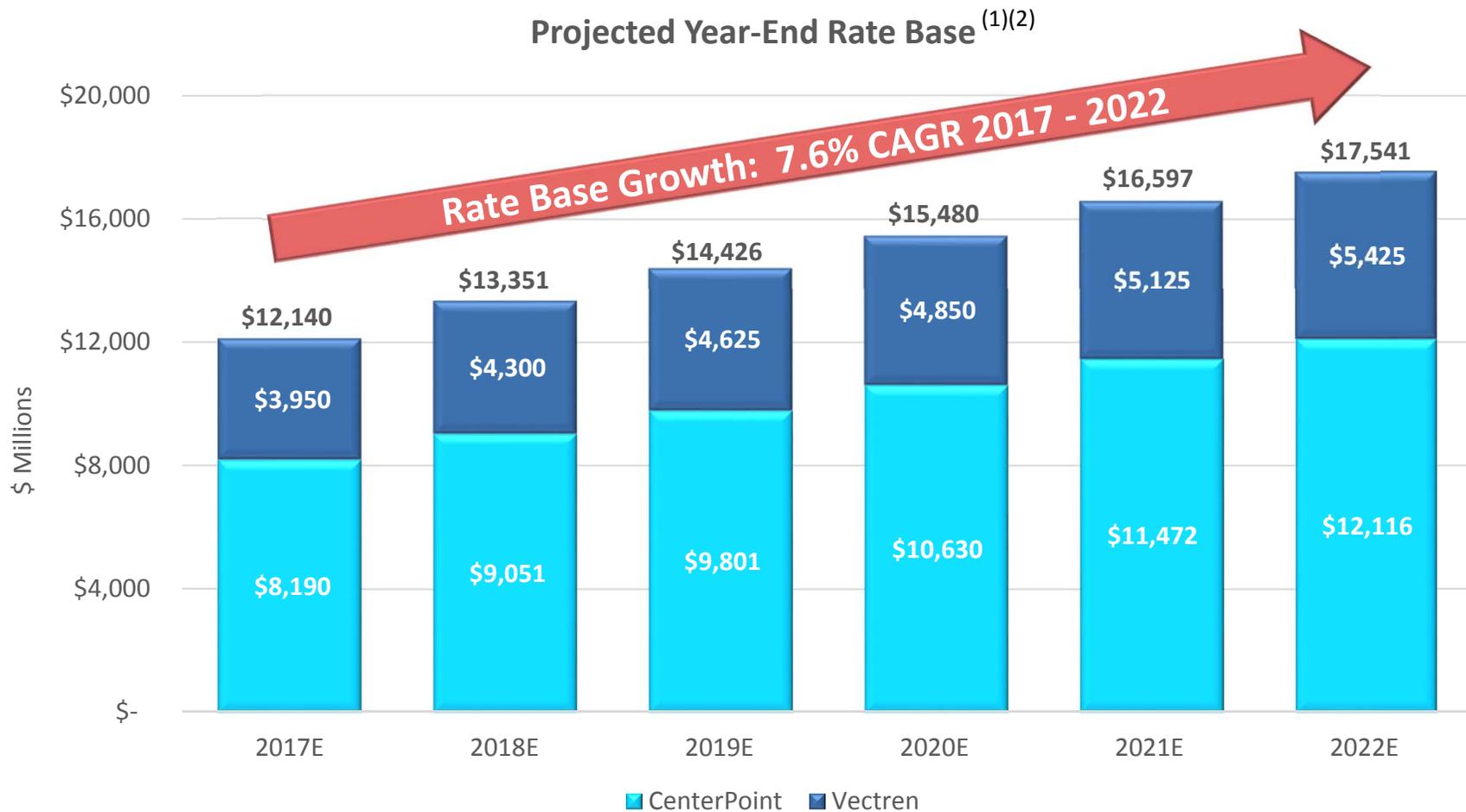
- CenterPoint Energy and Vectren: \$28 billion total enterprise value⁽¹⁾
 - Cash consideration of \$72 per share, plus assumed debt
 - Approximately 83.1 million Vectren shares outstanding
- Nearly \$29 billion in combined assets and more than 7 million total customers at year-end 2017



- Informational filings have been made in both Indiana and Ohio
- Submitted the FERC filing in June; no objections were filed prior to the deadline

FCC – Federal Communications Commission; HSR – Hart Scott Rodino; IURC – Indiana Utility Regulatory Commission; FERC – Federal Energy Regulatory Commission
⁽¹⁾ As of September 20, 2018; comprised of CenterPoint Energy, Inc. market value + CenterPoint Energy, Inc. and Subsidiaries debt outstanding + Assumed permanent financing + Assumed Vectren debt

Combined Company Rate Base Growth



Note: CenterPoint rate base numbers are based upon the capital plan included in the 2017 Form 10-K; Vectren rate base numbers as provided on slide 15 of Vectren's Q2 2018 Financial Review published on August 2, 2018

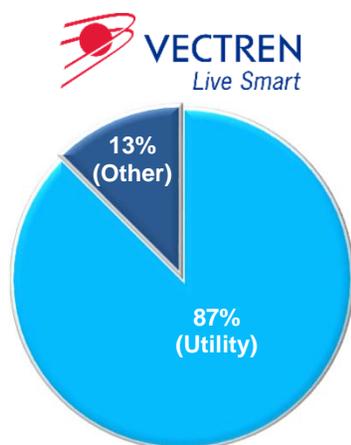
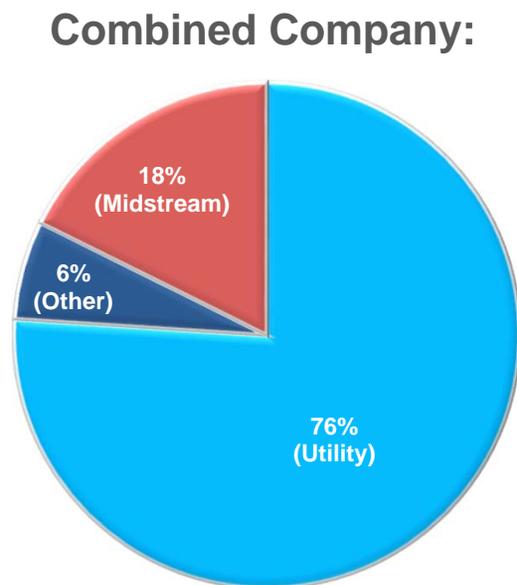
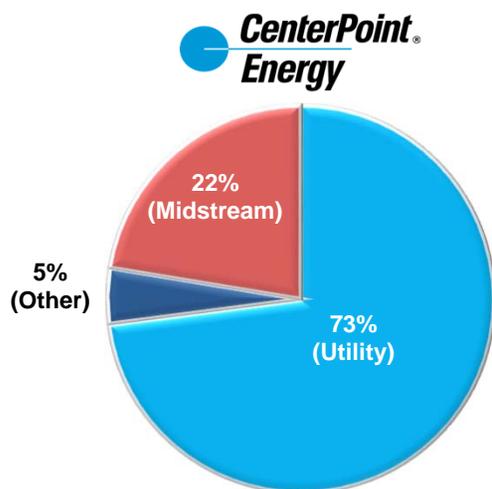
⁽¹⁾ The projected year-end rate base is subject to change depending on actual capital investment and deferred taxes, the time frame over which excess deferred taxes are returned to customers, and the actual rate base authorized

⁽²⁾ Projected year-end rate base is the total rate base for the year and not just the amount that has been reflected in rates

CenterPoint Energy – Vectren Combined Business Profile



Combined 2017 Operating Income and Equity Earnings⁽¹⁾



Increased percentage of utility earnings provides greater confidence in long-term earnings

- Vectren infrastructure services (part of Vectren “Other”) driven primarily by infrastructure enhancement projects across the LDC market
- Midstream relative contribution has decreased

⁽¹⁾ Excludes transition and system restoration bonds and mark-to-market at CenterPoint Energy Services

CenterPoint Energy has Demonstrated Commitment to Solid Investment Grade Credit



CenterPoint Energy remains committed to solid investment grade credit quality, targeting BBB or better credit ratings for publicly rated debt securities at the close of the pending merger with Vectren

- Financing plan sized to achieve anticipated consolidated adjusted FFO/total debt of 15% or better by 2020 as determined by the rating agencies' methodology
- Reduced business risk profile as determined by the rating agencies

Current Ratings and Outlook

Company/Instrument	Moody's		S&P		Fitch	
	Rating	Outlook ⁽¹⁾	Rating	CreditWatch ⁽²⁾	Rating	Outlook ⁽³⁾
CenterPoint Energy Senior Unsecured Debt	Baa1	Negative	BBB+	Negative	BBB	Stable
Houston Electric Senior Secured Debt	A1	Stable	A	Negative	A+	Stable
CERC Corp. Senior Unsecured Debt	Baa1	Positive	A-	Negative	BBB+	Stable

⁽¹⁾ A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term

⁽²⁾ An S&P credit watch assesses the potential direction of a short-term or long-term credit rating

⁽³⁾ A Fitch rating outlook indicates the direction a rating is likely to move over a one- to two-year period

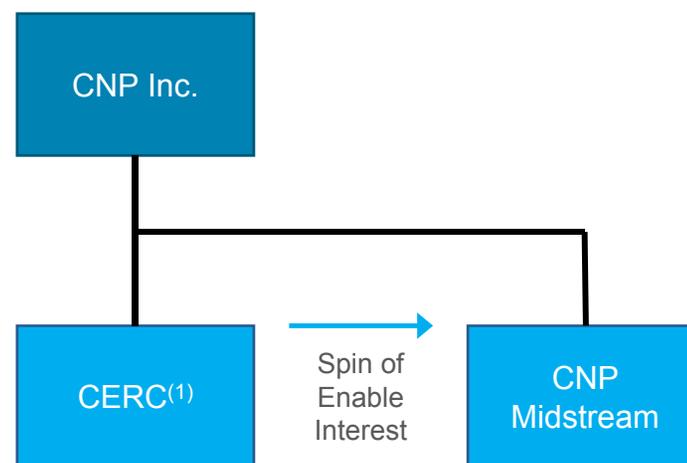
CERC Reorganization Activities

Internal Spin of Midstream Investment out of CERC



Objectives

- Move CERC toward a pure natural gas LDC company; providing better visibility of earnings and simplifying structure
- CERC's pro-forma capital structure would reflect the weighted average capital structure used in rates for its utilities, approximately 52% / 48% equity/debt
- Anticipate external financing will be complete prior to year end 2018



⁽¹⁾ Forecasted year end 2018 rate base of \$3.3 billion; \$2.2 billion of long term debt as of June 30, 2018

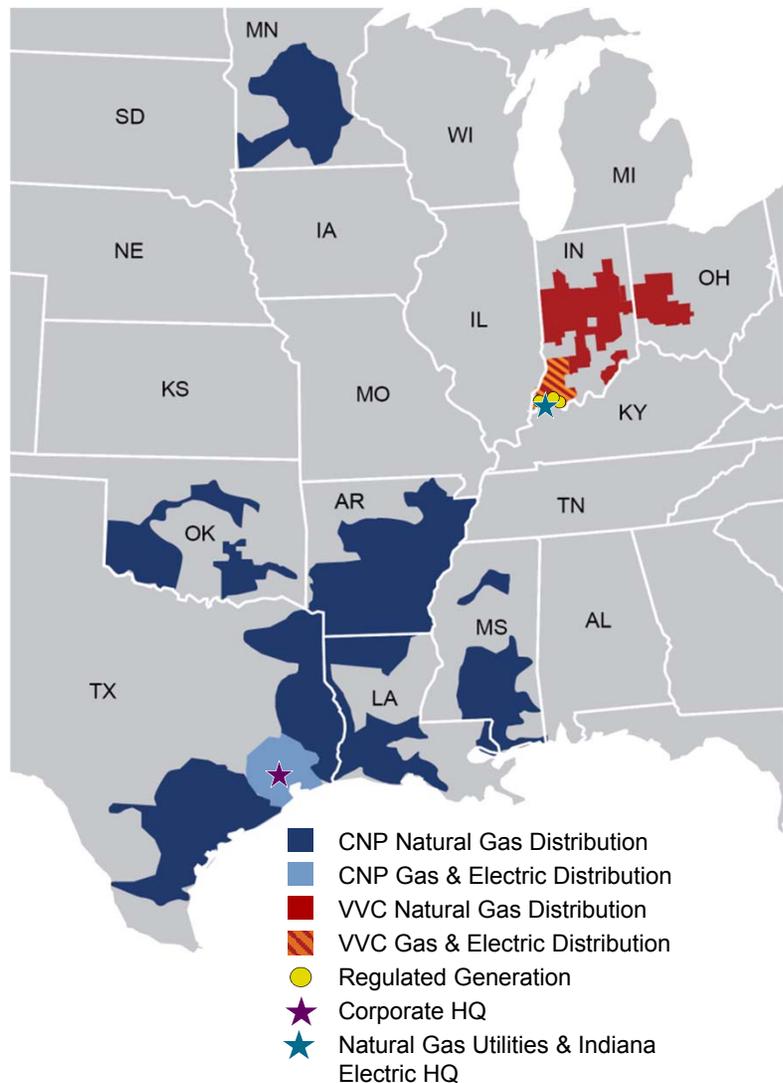
Summary

- CenterPoint Energy's pending merger with Vectren advances its vision to lead the nation in delivering energy, service and value
- Expect higher percentage of regulated utility earnings with 7.6% compound annual rate base growth assuming current capital plans
- Increased geographic and business-line diversity reduces business risk as determined by the rating agencies
- CNP Midstream internal spin expected to provide greater clarity of earnings and reduce CERC risk

Appendix



Post-Merger CenterPoint Energy at a Glance⁽¹⁾ 7+ Million Customers



Electric Utility Services

- Electric transmission and distribution operations with ~2.4 million metered customers across ~5,000 sq. miles in and around Houston, Texas
- Electric generation, transmission, and distribution to ~145,000 metered customers in southwestern Indiana

Gas Utility Services

- Regulated gas distribution jurisdictions in eight states with ~4.5 million customers

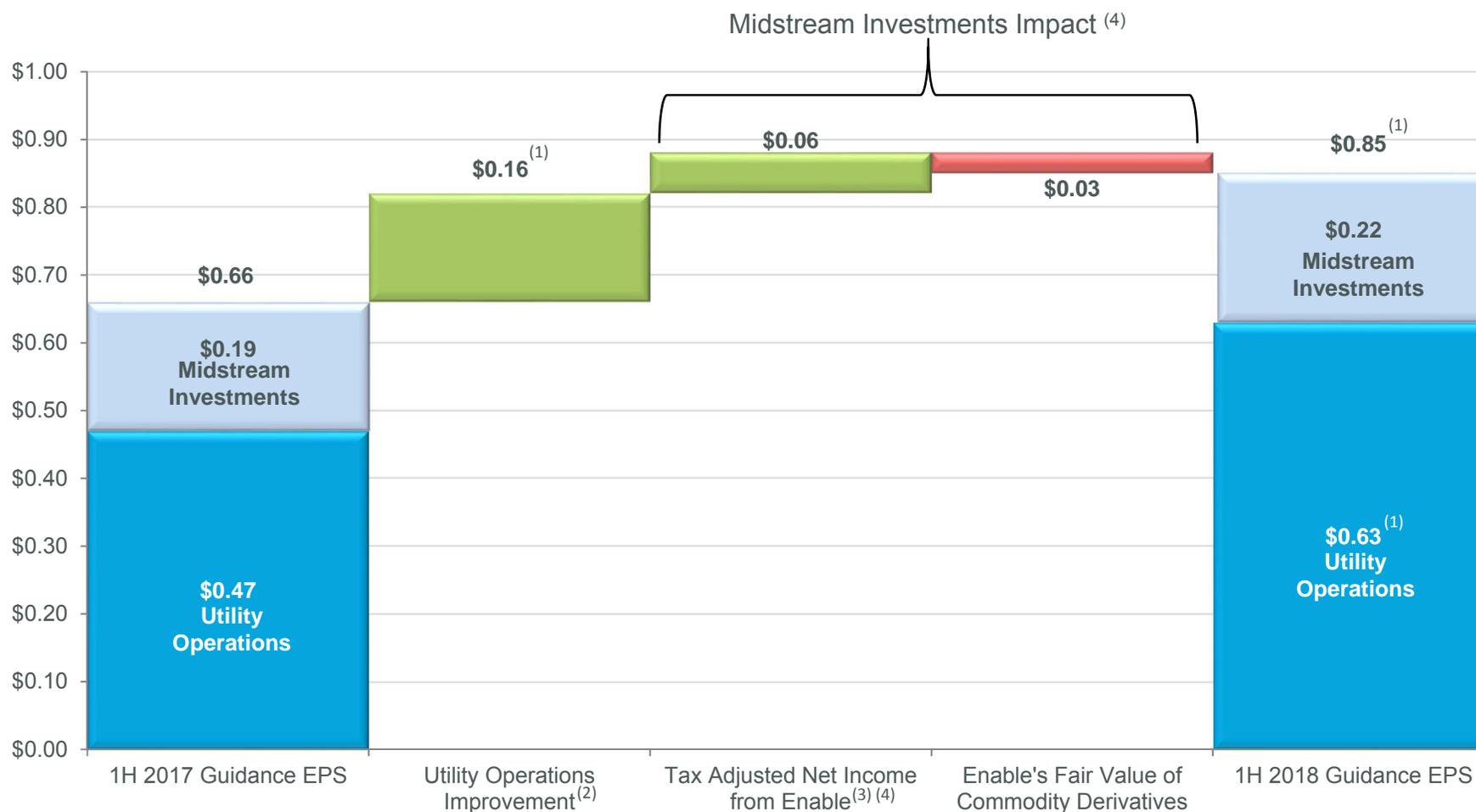
Non Rate-Regulated Businesses

- CenterPoint Energy Services (CES) serves ~31,000⁽²⁾ commercial and industrial customers across 33 states
- Vectren's Infrastructure Services division is a major U.S. provider of underground construction and repair services to Local Distribution Companies (LDC)
- Vectren's Energy Services division provides energy performance contracting and sustainable infrastructure, such as renewables, distributed generation, and combined heat and power projects

⁽¹⁾ Operational data based on information as of December 31, 2017

⁽²⁾ Does not include approximately 72,000 natural gas customers as of December 31, 2017 that are under residential and small commercial choice programs invoiced by their host utility

Consolidated Adjusted Diluted EPS Drivers Six Months Ended June 30, 2017 vs June 30, 2018 (Guidance Basis)⁽¹⁾



⁽¹⁾ Excluding \$34 million of pre-tax costs (\$27 million of operating income and \$7 million of interest) associated with the pending merger with Vectren; Utility Operations EPS includes all earnings except those related to Midstream Investments (Utility Operations EPS includes the Enable Series A Preferred Units)

⁽²⁾ Includes Utility Operations improvement of \$0.16 in Q1 2018 vs Q1 2017 and \$0.00 in Q2 2018 vs Q2 2017

⁽³⁾ Uses a limited partner interest (excluding Series A Preferred Units) ownership percentage of 54.1% for Q2 2017 and 54.0% for Q2 2018

⁽⁴⁾ Midstream Investments components including the decreased tax rate associated with TCJA

Note: Refer to slide 18 for reconciliation to GAAP measures and slide 3 for information on non-GAAP measures

Reconciliation: Net Income and Diluted EPS to Adjusted Net Income and Adjusted Diluted EPS Used in Providing Annual Earnings Guidance



	Six Months Ended			
	June 30, 2018		June 30, 2017	
	Net Income (in millions)	Diluted EPS	Net Income (in millions)	Diluted EPS
Consolidated net income and diluted EPS as reported				
Midstream Investments	\$ 90	\$ 0.21	\$ 327	\$ 0.75
Utility Operations ⁽¹⁾	(96)	(0.22)	(82)	(0.19)
	<u>(6)</u>	<u>(0.01)</u>	<u>245</u>	<u>0.56</u>
Timing effects impacting CES ⁽²⁾:				
Mark-to-market (gains) losses (net of taxes of \$17 and \$8) ⁽³⁾	55	0.13	(13)	(0.03)
ZENS-related mark-to-market (gains) losses:				
Marketable securities (net of taxes of \$5 and \$23) ⁽³⁾⁽⁴⁾	(18)	(0.04)	(44)	(0.10)
Indexed debt securities (net of taxes of \$57 and \$8) ⁽³⁾⁽⁵⁾	215	0.49	15	0.04
Utility operations earnings on an adjusted guidance basis	<u>\$ 246</u>	<u>\$ 0.57</u>	<u>\$ 203</u>	<u>\$ 0.47</u>
Adjusted net income and adjusted diluted EPS used in providing earnings guidance:				
Utility Operations on a guidance basis	\$ 246	\$ 0.57	\$ 203	\$ 0.47
Midstream Investments	96	0.22	82	0.19
Consolidated on a guidance basis	<u>\$ 342</u>	<u>\$ 0.79</u>	<u>\$ 285</u>	<u>\$ 0.66</u>
Costs associated with the Vectren merger (net of taxes of \$8) ⁽³⁾	26	0.06	-	-
Utility Operations on a guidance basis, excluding costs associated with the Vectren merger	\$ 272	\$ 0.63	\$ 203	\$ 0.47
Midstream Investments	96	0.22	82	0.19
Consolidated on a guidance basis, excluding costs associated with the Vectren merger	<u>\$ 368</u>	<u>\$ 0.85</u>	<u>\$ 285</u>	<u>\$ 0.66</u>

⁽¹⁾ CenterPoint earnings excluding Midstream Investments

⁽²⁾ Energy Services segment

⁽³⁾ Taxes are computed based on the impact removing such item would have on tax expense

⁽⁴⁾ As of June 14, 2018, comprised of AT&T Inc. and Charter Communications, Inc. Prior to June 14, 2018, comprised of Time Warner Inc. and Charter Communications, Inc. Results prior to January 31, 2018 also included Time Inc.

⁽⁵⁾ 2018 includes amounts associated with the acquisition of Time Warner Inc. by AT&T Inc. as well as the Meredith tender offer for Time Inc. common stock