First Quarter 2017 Earnings Conference Call
May 5, 2017

David Mordy – Director of Investor Relations

Thank you, Thea. Good morning, everyone. Welcome to our first quarter 2017 earnings conference call. Scott Prochazka, president and CEO, and Bill Rogers, executive vice president and CFO, will discuss our first quarter 2017 results and provide highlights on other key areas. Along with us this morning are Tracy Bridge, executive vice president and president of our Electric Division; Scott Doyle, senior vice president of Natural Gas Distribution; and Joe Vortherms, senior vice president of Energy Services. Tracy, Scott and Joe will be available during the Q&A portion of our call.

In conjunction with our call, we will be using slides which can be found under the Investors' section on our website, CenterPointEnergy.com. For a reconciliation of the non-GAAP measures used in providing earnings guidance in today's call, please refer to our earnings news release and our slides. They have been posted on our website, as has our Form 10-Q.

Please note that we may announce material information using SEC filings, news releases, public conference calls, webcasts and posts to the Investors' section of our website. In the future, we will continue to use these channels to communicate important information and encourage you to review the information on our website.

Today, management will discuss certain topics containing projections and forward-looking information that are based on management's beliefs, assumptions and information currently available to management. These forward-looking statements are subject to risks or uncertainties. Actual results could differ materially based upon factors, including weather variations, regulatory actions, economic conditions and growth, commodity prices, changes in our service territories, and other risk factors noted in our SEC filings.

We will also discuss our guidance for 2017. The guidance range considers Utility Operations performance to date and certain significant variables that may impact earnings, such as weather, regulatory and judicial proceedings, throughput, commodity prices, effective tax rates, and financing activities. In providing this guidance, the company uses a non-GAAP measure of adjusted diluted earnings per share that does not include other potential impacts, such as changes in accounting standards or unusual items, earnings or losses from the change in the value of the Zero-Premium Exchangeable Subordinated Notes or ZENS securities and the related stocks, or the timing effects of mark-to-market accounting in the company's Energy Services business. The company does not include other potential impacts such as changes in accounting standards or Enable Midstream's unusual items. The guidance range also considers such factors as Enable's most recent public forecast and effective tax rates.

Before Scott begins, I would like to mention that this call is being recorded. Information on how to access the replay can be found on our website.

And now I would like to turn the call over to Scott.

Scott Prochazka – President & CEO

Thank you, David and good morning ladies and gentlemen. Thank you for joining us today, and thank you for your interest in CenterPoint Energy. I will begin on slide 4. This morning we reported first quarter 2017 net income of $192 million, or 44 cents per diluted share, compared with net income of $154 million, or 36 cents per diluted share in the same quarter of last year.

On a guidance basis, first quarter 2017 adjusted earnings were $160 million, or 37 cents per diluted share, compared with adjusted earnings of $138 million, or 32 cents per diluted share in the same quarter last year. Increases resulted from rate relief, customer growth, midstream investment's contribution, lower interest expense and a full quarter benefit from our investment in Enable preferred units. These benefits were partially offset by reductions in usage primarily due to milder weather, higher depreciation and lower equity return.

Utility Operations and Midstream Investments both performed well this quarter. The key takeaways from our first quarter results are clear: We exceeded our 2016 earnings performance this quarter despite a very mild winter in our southern service territories and we remain on track to meet our earnings guidance of $1.25 - $1.33 for the full year. Our various business segments continue to implement their strategies, which are focused on safely addressing the growing needs of our customers, while enhancing financial performance.

Next I will cover business highlights, starting with Houston Electric on slide 5.

Despite experiencing the warmest winter on record, electric transmission and distribution core operating income in the first quarter of 2017 was $58 million, compared to $59 million in the same quarter last year.

We continue to see strong growth in our electric service territory. We added more than 49,000 metered customers since the first quarter of 2016, representing 2% customer growth. We continue to forecast 2% growth for all of 2017, which equates to approximately $25 to $30 million in incremental base revenue.

In February, we received approval for our Transmission Cost of Service, or TCOS filing, which provides a $7.8 million annual increase in revenue. Additionally, in April, Houston Electric made a Distribution Cost Recovery Factor, or DCRF, filing with the Public Utility Commission of Texas which proposes a $44.6 million annual increase in revenue. New rates are expected to go into effect in September. For a complete overview of Houston Electric's year-to-date regulatory developments, please see slide 17.

Also in April, we submitted a proposal to the Electric Reliability Council of Texas, also known as ERCOT, requesting its endorsement of a transmission project to support continued load growth for the petrochemical industry in the Freeport, Texas area. The proposed project includes capital expenditures of approximately $250 million, which would be incremental to the five-year capital plan that we provided on our earnings call this past February. We anticipate a decision from ERCOT later this year. If approved, we will then make the necessary filings to seek approval from the PUCT. We anticipate the majority of capital expenditures will occur in 2019, 2020 and 2021.

Turning to slide 6, Natural Gas Distribution operating income in the first quarter of 2017 was $164 million compared to $160 million in the same quarter last year. Natural Gas

Distribution's performance was strong despite an extremely warm winter, similar to that experienced by Houston Electric. The decoupling pilot in Minnesota and the weather normalization adjustments in every other state except for Texas helped us offset some of the reduced usage caused by the milder winter.

We continue to see solid customer growth of approximately 1%, with more than 28,000 customers added since the first quarter of 2016.

On the regulatory front, we reached a settlement in April for our Texas Gulf rate case. The settlement includes an annual increase of $16.5 million and a 9.6% return on equity on a 55.15% equity capital structure. We expect the judge's proposed decision on the settlement shortly and a final order from the Railroad Commission later in the month.

We made our first Arkansas Formula Rate Plan, or FRP, filing in April requesting a $9.3 million annual increase. New rates from the FRP filing are expected to go into effect in October. Additionally, we submitted GRIP filings in our South Texas and Beaumont/East Texas jurisdictions in March for a total annual increase of $7.6 million. New rates from these GRIP filings are expected to go into effect in July. For a complete overview of Natural Gas Distribution's year-to-date regulatory developments, please see slides 18 and 19.

Turning to slide 7, Energy Services operating income was $20 million in the first quarter of 2017, compared to $15 million in the same quarter last year, excluding a mark-to-market gain of $15 million and loss of $9 million, respectively. We benefited from increased customer count and throughput primarily related to the acquisitions of Atmos Energy Marketing, or AEM, and the energy services business of Continuum. We continue to anticipate solid performance from Energy Services in 2017, with projected operating income of $45 to $55 million. The AEM acquisition is expected to be modestly accretive this year, even after accounting for integration expenses.

Slide 8 shows some of the highlights from Enable's first quarter earnings call on May 3. Midstream Investments contributed 10 cents per diluted share in the first quarter of 2017 compared to 9 cents per diluted share in the same period last year. Enable performed well operationally this quarter. Daily volumes of gas gathered, processed and transported were all higher than the same quarter last year. Additionally, Enable recently announced two new projects, Project Wildcat, which will provide premium market outlets for growing production out of the SCOOP and STACK plays in the Anadarko Basin and add 400 million cubic feet per day of processing capacity, as well as a 10-year, 205 million cubic feet per day firm natural gas transportation agreement with Newfield Exploration Company to transport Newfield's production out of the Anadarko Basin. We continue to believe Enable is well positioned for success in their industry.

Turning to slide 9, given our strong start to the year and expected growth in both Utility Operations and Midstream Investments, we are reaffirming our 2017 earnings guidance range of $1.25 to $1.33 per share.

Finally, as we previously disclosed, we expect to update you on the review of our Midstream Investment ownership alternatives on or before our second quarter 2017 earnings call. I'd now like to turn the call over to Bill.

Bill Rogers – EVP & CFO

Thank you, Scott. I will provide a quarter to quarter operating income walk for our Electric T&D and Natural Gas Distribution segments, followed by EPS drivers for Utility Operations and our consolidated business on a guidance basis.

Beginning on slide 11, Houston Electric performed well during the first quarter. Rate relief translated into $14 million of favorable variance for the quarter and 2% customer growth provided $8 million of positive variance. Usage accounted for $4 million in unfavorable variance. This was primarily a result of milder weather while depreciation and other taxes accounted for an unfavorable variance of $9 million. But our Electric T&D segment was disciplined on O&M expenses this quarter and remains focused on limiting O&M growth in the future. As we have previously disclosed, we expect equity return to be lower in 2017 relative to 2016; the decline this quarter relative to first quarter 2016 was $6 million. Excluding the decrease in equity income, the Electric Segment's operating income increased from 46 to 51 million dollars on a quarter to quarter basis. Overall, Houston Electric is on track with our expectations.

Turning to slide 12, Natural Gas Distribution also performed well for the quarter. The business benefitted primarily from rate relief providing a positive $13 million variance. Customer growth of one per cent provided two million dollars in positive variance. The business had $15 million of lower usage primarily due to milder weather, after adjusting for decoupling and weather normalization adjustments. We would expect to recover some additional amounts later in the year through our normalization mechanisms. The largest share of the weather impact was in Texas. This is a result of the warmest winter on record and that Texas is the only state where we operate without a decoupling or a weather adjustment mechanism. Our Gas Distribution segment also remained disciplined on O&M, which was nearly flat for the quarter, excluding certain expenses that have revenue offsets. The segment did benefit from a one-time property tax refund in Minnesota, as included in the taxes other than income taxes line item on the income statement. In summary, the Gas Distribution segment's operating income increased from 160 to 164 million dollars on a quarter to quarter basis. Despite a very mild winter in our southern service territories, we are on track with our expectations.

Energy Services first quarter operating income was $20 million, excluding mark-to-market adjustments. This represents a $5 million improvement over the first quarter of 2016. This segment's recent acquisitions are contributing to operating income as expected. As we've previously disclosed, we expect Energy Services to deliver 45 to 55 million dollars in operating income in 2017.

Our quarter to quarter earnings per share walk on a guidance basis begins on page 13. We start with the twenty-three cents in utility operations EPS and add two cents of improvement from core operating income, excluding equity return. Next, we add three cents of improvement from lower interest expense and our full quarter of distribution from the Enable preferred investment. The decline in equity return in the electric segment resulted in a one cent loss per share on a quarter to quarter basis. In summary, Utility Operations had an approximate 17% improvement on a quarter to quarter basis, with guidance EPS increasing from 23 to 27 cents per share.

Our consolidated guidance earnings per share comparison is on page 14. With the Utility Operations increase of four cents and the Midstream increase of one cent, we had approximately 16% quarter to quarter improvement on a guidance basis, or thirty-seven cents per share in this quarter versus the thirty-two cents per share in the first quarter of 2016. With this five cent improvement for the first quarter and a number of positive factors expected to continue, including rate relief, interest expense savings and the improved midstream environment, we have strong momentum for the remainder of 2017.

I will end my prepared remarks on slide 15. As we have previously disclosed, we expect to invest $7 billion on behalf of our customers over the next five years. Actual investment will be guided by customer and load growth. Our recent proposal to ERCOT for approximately $250 million of additional transmission investment to support industrial customer investment near Freeport, Texas is an example of this growth. As disclosed in earlier calls, our anticipated net incremental borrowing needs in 2017 are between $200 and $500 million, inclusive of the funding of our purchase of AEM earlier this year. And, we are not forecasting a need for equity in either 2017 or 2018. I will close by reminding you of the 26.75 cents per share quarterly dividend declared by our Board of Directors on April 27th which represents a 4% increase over last year's dividend.

David Mordy – Director of Investor Relations

Thank you, Bill. We will now open the call to questions. In the interest of time, I will ask you to limit yourself to one question and a follow up. Thea?

Operator:	The first question will come from Greg Gordon with Evercore ISI.
Greg Gordon:	Thanks. Two questions. So, assuming the anticipated decision from ERCOT later in 2017 on the $250 million project. What's the time horizon for actually executing on that capital investment, and when would you think that that transmission line would be in operation? And then, I have a follow-up.
Scott Prochazka:	Greg, good morning. This is Scott. The process we would have to step through and that we are stepping through is having ERCOT review our proposal and assuming that they're supportive of this, the next step would be to file with the commission. Given all those steps and the timing for each of those steps, we would anticipate that the construction period would be between 2019 and 2021.
Greg Gordon:	Would you earn AFUDC on that during construction?
Scott Prochazka:	Yes we would.

Greg Gordon: And then, forgive me, if I was distracted earlier and missed it, but can you give us an update at all on the process of the strategic review on Enable?

Scott Prochazka: Yeah. My comment earlier was that that we are continuing that. We had mentioned that on our first quarter call, we anticipate providing an update on our –I'm sorry, on our fourth quarter call that we anticipate providing an update on our second quarter call. So, we're still on track to do that, and we're still in discussions with other parties and evaluating alternatives. So, sit tight we'll provide an update on or before our second quarter call.

Greg Gordon: Is it fair to assume that the decision process is banded around some sort of tax -efficient like kind exchange versus a spin through a C Corp?

Scott Prochazka: Yeah. Well, it's certainly, one of the options, but it's not the only one that's being considered.

Operator: The next question will come from John Edwards with Credit Suisse.

John Edwards: Thanks for taking my question. You just answered my question. I was going to ask also about what's the plan for Enable? And it sounds like, it's still being considered. I guess, the only thing I would add to that question would be, is one of the options just keeping it?

Scott Prochazka: Yes, John. One of the options is to keep it. We've talked about the list of options being a sale, a spin or keep. And even under the keep situation, we continue to work on things that would reduce the variability associated with our ownership of Enable, and a lot of that activity is happening at the Enable level with the nature of the contracts and the deals they're putting together.

John Edwards: Okay. And then just on the guidance. You indicated you expect to be at the high-end of the 4% to 6% earnings growth range for 2018. And then, also as far as the ranges for this year, what are some of the things you're looking at that would put you at the high-end versus the low-end? If you could just maybe provide a little color, and if you already commented on it, I apologies, I had to jump on late.

Bill Rogers: John, good morning this is Bill. With respect to 2017, we are still in the first quarter and first quarter, we've done well. First quarter and third quarter are our big quarters of the year and weather influences both of those. But we are confident we are on track, certainly, within the EPS guidance for the 2017 year. Many of the factors that we discussed in our prepared remarks for 2017 both apply to 2018 as well, including the momentum that we have in the Midstream segment.

John Edwards: Okay. So it sounds – are you leaning towards the high-end for 2017 as well at this point?

Bill Rogers: Given that it's just the first quarter, we are not in a position to guide either or within the range of the 2017 EPS guidance.

Operator: The next question will come from Michael Lapides with Goldman Sachs.

Michael Lapides: Hey, guys. Just curious, and thank you for taking my questions. In your 2017 guidance, what do you assume for your earned returns on rate base, both on the gas side and the electric side?

Scott Prochazka: Michael, good morning, this is Scott. We have historically performed in the range between 9.5% and 10% for our utilities and our expectations are that that will continue this year as well.

Michael Lapides:	Got it. And is that what's baked into your multi-year guidance, your growth rate guidance?
Scott Prochazka:	Yes, it is.
Michael Lapides:	Okay. And then, one or two housekeeping items. Bill, just curious the property tax refund, so people should back that out of next year, I assume, and that shows up in taxes other than income taxes?
Bill Rogers:	Yes.
Michael Lapides:	Okay. And then in the quarter, depreciation – and it didn't look like – and this is not a huge thing, but depreciation was a tailwind, but it doesn't look like it happened at the utility, at CEHE or at the gas utility. Is there something at the parent that drove that or something along the amortization that drove that change year over year?
Bill Rogers:	Michael, that's related to two things - allocation of depreciation expense and AMR in transition bonds.
Operator:	The next question will come from Ali Agha with SunTrust.
Ali Agha:	Good morning. Scott, I wanted to get an update, what's your current thoughts on utility consolidation? And to the extent there are opportunities there, is CenterPoint poised to be a player, or are you completely focused on the internal five year growth?
Scott Prochazka:	Well, I think my thoughts are perhaps as similar to others based on observation. It appears that Utility M&A has slowed a little bit. It could be for a number of factors. But our interest in M&A is the same as it's always been and that is that we really focus our energy around investment in our utilities. We look at the opportunity to invest up to and perhaps in excess of $7 billion in our utilities over the next five years knowing the timeliness and the returns we can get based on investment in our jurisdictions and we have to compare that to the quality of investment

through M&A and our emphasis remains on organic investment.

Ali Agha: Yeah. But to the extent opportunities come up, fair to say that you still would be looking more contiguous or close to your service territories, no interest in going afar from your current portfolio?

Scott Prochazka: Yeah, I think that's a fair characterization. Look, we are fundamentally a utility company, we believe we run utilities well and if we found an opportunity that made sense to get it – make our utilities larger in a way that created value for our customers, we would certainly consider it.

Ali Agha: Ok. And then, Bill, you mentioned no plans to issue equity 2017 and 2018, does that imply – would 2019 be the earliest year you think that equity could potentially come into the equation given that $7 billion plus CapEx plan or what is it, could it be even further afield than that?

Bill Rogers: Ali, I think it’s premature for us to comment on 2019 and beyond with respect to equity plans. It is certainly our intent to manage our level of investment, our dividends and our financing in order to maintain our existing credit quality and credit ratings, provide the right investment on behalf of our customers in our growing service territories, and not to dilute our shareholders.

Ali Agha: Okay. But you're not saying – just want to be clear, you're not saying that the entire $7 billion can be funded without equity or can you say that?

Bill Rogers: We have not made any comment on that.

Operator: The next question will come from Steve Fleishman of Wolfe Research.

Steve Fleishman: Hi, Scott. So just to go back to the last quarter you mentioned that the – you were thinking on the 2018 to be at the high-end of your 4% to 6%, is that still good?

Scott Prochazka: Yes. That's still correct, Steve.

Steve Fleishman: Okay. And harking back to the days with Gary, I'll have to ask this question of now that Oncor potentially back on the block, is that something – and they seem to want a Texas-based owner. Is that something that could become more viable or interesting to you again?

Scott Prochazka: Steve, I think you know, it's not our real practice to comment on specific opportunities. But it is interesting watching this proceeding unfold. It's my understanding it's not yet closed. So, like you all we're just watching this thing unfold and seeing what we can glean from the outcomes.

Steve Fleishman: Okay. And then just lastly on the new transmission project opportunities, is this – I mean, there just seems to be a new industrial facility of some sort or energy facility kind of getting announced in your region pretty much every month or so. So, I'm just curious kind of are there more of these kind of incremental behind it that could pop up?

Scott Prochazka: I think it's possible. I mean, there have been several announcements made and many of these announcements, it's still not clear yet on the siting. So, as they get firmed up on siting, it may create more opportunity. But the project that we had submitted to ERCOT was based on committed projects by the customers. So it's possible that others could step in and propose and ultimately get approval and pursue and to the extent that were to happen that may well represent additional investment opportunity for us.

Operator: The next question will come from Greg Gordon with Evercore ISI.

Greg Gordon: Hey, guys. Quick follow-up. With regard to Enable, obviously, the keeping it if you don't get a reasonable offer is that clearly an obvious choice, so is packaging it up and spinning it? And I know that the outlook for Enable has improved dramatically over the last year. But is that improved outlook in and of itself even if that were to continue for some period of time enough to increase your desire to keep it or do you still feel that there is a structural dissonance between the long-term volatility and the potential contribution for that business versus what your core investor base wants from the underlying utility investment that they own. Wondering if I could get your thoughts on that?

Scott Prochazka: Yeah. So, let me just share some thoughts on that front. So, the improvement we've seen in the industry and at Enable are certainly great to see. And much of what they have been doing, the nature of their contracts have been going down the path of creating less volatility, which is one of the objectives we were seeking. So, in that regard, it is moving in the direct direction. But it is still fundamentally a different industry. It's still the midstream space, whereas the rest of our investment is in utility. So, our process will continue to its natural conclusion. And then, we'll move forward from there. But I think it's fair to say as you commented that improvements in the industry and changes that are occurring at Enable are both favorable for us from an ongoing ownership perspective.

Operator: The next question will come from Lason Johong of Auvila Research.

Lasan Johong: Thank you, happy Cinco de Mayo, hope you guys get some margaritas after this. So I don't want to hop on Enable too much, but Enable is a commodity-driven business, volume and price, and so by limiting the volatility, isn't a kind of countermanding the ability to sell and maybe narrowing your pool of potential buyers?

Scott Prochazka: No. I don't – look, this is probably a question that may make sense to ask Enable as well, but I don't see that as affecting the value of the company. The value of the company is going to be predicated on their opportunity to invest and grow in that space. And taking some of the volatility out of their financial performance, I don't see that as deterring from the value of the company.

Lasan Johong: Great. Next question, Energy Services, if you look at the map that you guys have on the presentation, it is very impressive. But for the small matter of the Northeast and Florida, the two biggest consuming areas of natural gas in this country are not covered. So, I'm wondering if there is a strategy in place to try and get a presence there or if by design CenterPoint does not want to be in those two areas?

Bill Rogers: I would say the current focus for our CES business is to integrate these recent acquisitions, increase offerings to customers and customer retention rates, and find opportunities on the supply side of that to help us with our margins. So, that would be the current focus. Should opportunities present themselves in other geographies or within existing geographies, we'll take a look at that, but that's not an active strategy at this time.

Lasan Johong: So it's not an active strategy to stay away from those areas, it's just you have better things to do with your time and money than to chase after acquisitions before you fully integrate all the businesses.

Scott Prochazka: Well said.

David Mordy: Thank you, everyone. Thank you for your interest in CenterPoint Energy. We look forward to seeing many of you at the upcoming AGA conference and we now conclude our first quarter 2017 earnings call. Have a great day.

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Operator: This concludes CenterPoint Energy's first quarter 2017 earnings conference call. Thank you for your participation. You may now disconnect.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution and energy services operations. The company serves more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. The company also owns a 54.1 percent limited partner interest in Enable Midstream Partners, a publicly traded master limited partnership it jointly controls with OGE Energy Corp., which owns, operates and develops natural gas and crude oil infrastructure assets. With more than 7,700 employees, CenterPoint Energy and its predecessor companies have been in business for more than 140 years. For more information, visit the website at www.CenterPointEnergy.com.

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon assumptions of management which are believed to be reasonable at the time made and are subject to significant risks and uncertainties. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Any statements in this news release regarding future earnings, and future financial performance and results of operations, including, but not limited to earnings guidance, targeted dividend growth rate and any other statements that are not historical facts are forward-looking statements. Each forward-looking statement contained in this news release speaks only as of the date of this release. Factors that could affect actual results include (1) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy's businesses (including the businesses of Enable Midstream Partners (Enable Midstream)), including, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform, tax legislation, and actions regarding the rates charged by CenterPoint Energy's regulated businesses; (2) state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (3) recording of non-cash goodwill, long-lived asset or other than temporary impairment charges by or related to Enable Midstream; (4) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment; (5) the timing and outcome of any audits, disputes or other proceedings related to taxes; (6) problems with construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates; (7) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns; (8) the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, and the effects of geographic and seasonal commodity price differentials, and the impact of commodity changes on producer related activities; (9) weather variations and other natural phenomena, including the impact on operations and capital from severe weather events; (10) any direct or indirect effects on CenterPoint Energy's facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt its businesses or the businesses of third parties, or other catastrophic events; (11) the impact of unplanned facility outages; (12) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (13) changes in interest rates or rates of inflation; (14) commercial bank and financial market conditions, CenterPoint Energy's access to capital, the cost of such capital, and the results of its financing and refinancing efforts, including availability of funds in the debt capital markets; (15) actions by credit rating agencies; (16) effectiveness of CenterPoint Energy's risk management activities; (17) inability of various counterparties to meet their obligations; (18) non-payment for services due to financial distress of

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CenterPoint Energy's and Enable Midstream's customers; (19) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc.), a wholly owned subsidiary of NRG Energy, Inc., and its subsidiaries to satisfy their obligations to CenterPoint Energy and its subsidiaries; (20) the ability of retail electric providers, and particularly the largest customers of the TDU, to satisfy their obligations

to CenterPoint Energy and its subsidiaries; (21) the outcome of litigation; (22) CenterPoint Energy's ability to control costs, invest planned capital, or execute growth projects; (23) the investment performance of pension and postretirement benefit plans; (24)

potential business strategies, including restructurings, joint ventures, and acquisitions or dispositions of assets or businesses, for which no assurance can be given that they will be completed or will provide the anticipated benefits to CenterPoint Energy; (25) acquisition and merger activities and successful integration of such activities, involving CenterPoint Energy or its competitors; (26) the ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (27) future economic conditions in regional and national markets and their effects on sales, prices and costs; (28) the performance of Enable Midstream, the amount of cash distributions CenterPoint Energy receives from Enable Midstream, and the value of its interest in Enable Midstream, and factors that may have a material impact on such performance, cash distributions and value, including certain of the factors specified above and: (A) the integration of the operations of the businesses contributed to Enable Midstream; (B) the achievement of anticipated operational and commercial synergies and expected growth opportunities, and the successful implementation of Enable Midstream's business plan; (C) competitive conditions in the midstream industry, and actions taken by Enable Midstream's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable Midstream; (D) the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly natural gas and natural gas liquids, the competitive effects of the available pipeline capacity in the regions served by Enable Midstream, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable Midstream's interstate pipelines; (E) the demand for crude oil, natural gas, NGLs and transportation and storage services; (F) changes in tax status; (G) access to growth capital; and (H) the availability and prices of raw materials for current and future construction projects; (29) effective tax rate; (30) the effect of changes in and application of accounting standards and pronouncements; (31) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.

Use of Non-GAAP Financial Measures by CenterPoint Energy in Providing Guidance

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, CenterPoint Energy 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. CenterPoint Energy'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, mark-to-market gains or losses resulting from the company's Energy Services business and adjustments for impairment charges. CenterPoint Energy 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, mark-to-market gains or losses resulting from the company's Energy Services business and impairment charges 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 CenterPoint Energy's overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods. The adjustments made in these non-GAAP financial measures exclude items that Management believes does not most accurately reflect the company's fundamental business performance. These excluded items are reflected in the reconciliation tables of this news release, where applicable. CenterPoint Energy'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.

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