# Second Quarter 2012 Earnings Conference Call
# August 2, 2012

**Carla Kneipp – Vice President of Investor Relations**

Thank you very much, Sara.

Good morning, everyone. This is Carla Kneipp, vice president of Investor Relations for CenterPoint Energy. I'd like to welcome you to our second quarter 2012 earnings conference call. Thank you for joining us today.

David McClanahan, president and CEO, and Gary Whitlock, executive vice president and chief financial officer, will discuss our second quarter 2012 results and Greg Harper, senior vice president and group president of our Pipelines and Field Services businesses will provide highlights on two recent midstream acquisitions. In addition, we have other members of management with us who may assist in answering questions following the prepared remarks.

Our earnings press release and Form 10-Q filed earlier today are posted on our Web site, which is CenterPointEnergy.com under the Investors' section.

I remind you that any projections or forward-looking statements made during this call are subject to the cautionary statements on forward-looking information in the company's filings with the SEC.

Before David begins, I would like to mention that a replay of this call will be available through 6 p.m., Central time Thursday, August Ninth, two thousand and twelve. To access the replay, please call 855-859-2056, or 404-537-3406, and enter the conference ID number 91655009. You can also listen to an online replay of the call through the Web site that I just mentioned. We will archive the call on CenterPoint Energy's Web site for at least one year.

And with that, I will now turn the call over to David.

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**David McClanahan – President and CEO**

Thank you, Carla. Good morning ladies and gentlemen. Thank you for joining us today, and thank you for your interest in CenterPoint Energy.

This quarter was a good one for the company. We had a solid quarter from both a financial and operating standpoint.

This morning we reported net income of 126 million dollars, or 29 cents per diluted share. This compares to net income of 119 million dollars, or 28 cents per diluted share, for the same quarter of 2011.

Operating income for the second quarter was 302 million dollars compared to 303 million dollars last year.

Houston Electric had a solid quarter despite milder weather compared to 2011. We reported operating income of 153 million dollars, which was the same as the second quarter of 2011. Operating income benefited from the growth of more than 43,000 customers since the second quarter of last year. This represents a growth rate of 2 percent which we believe will continue for the remainder of the year. We also benefited from the ongoing recognition of deferred equity returns associated with the company's recovery of true-up proceeds and an increase in miscellaneous revenues, primarily from grants of right-of-way easements. Offsetting these benefits was a 15 million dollar impact from the rate changes implemented in September 2011, and higher net transmission costs.

In May, Houston Electric substantially completed the deployment of our advanced metering system having installed approximately 2.2 million smart meters. We completed this 660 million dollar project on time and on budget and I am very proud of the many employees who contributed to the success of this deployment.

Houston Electric is now focused on implementing our intelligent grid project which will bring substantial automation and new functionality to our distribution system. This project, other system improvements and robust growth in our Houston service territory should drive capital expenditures of 500 to 600 million dollars per year contributing to rate base growth of approximately 4 percent annually.

Our natural gas distribution business reported nine million dollars of operating income in the second quarter of 2012, which was 4 million dollars less than last year, primarily due to the impacts of milder weather. We continue to focus on productivity gains and operating efficiencies to offset the impact of extremely mild weather this year. Annual rate adjustments in a number of our jurisdictions continue to help us recover new investments, as well as to offset reductions in usage, without the necessity of a major rate proceeding. This significantly reduces the amount of regulatory lag which we would typically experience.

We also continue to be focused on system reliability through the replacement of infrastructure, as well as upgrading our systems to enhance service to our customers. These investments, together with normal load growth and system maintenance are expected to require capital expenditures of 300 to 400 million dollars annually and produce rate base growth of approximately 6 percent a year.

Now let me turn to our midstream businesses.

Our interstate pipelines unit recorded operating income of 52 million dollars compared to 60 million dollars for the same quarter of 2011. The decline was primarily the result of an expired backhaul contract and the associated loss of compressor efficiency.

We continue to pursue opportunities to serve customers on or near our pipelines with special focus on power generation customers and producers in western Oklahoma looking for access to interstate markets.

Equity income from SESH, our joint venture with Spectra, was 6 million dollars compared to 5 million dollars in the same quarter of 2011, reflecting the benefit of a new contract started in January of this year.

Our field services unit reported operating income of 51 million dollars compared to 39 million dollars for the same quarter of 2011. The increase in operating income was primarily the result of long-term agreements in the Haynesville and Fayetteville shale plays partially offset by lower prices that we received from selling retained gas.

Gathering throughput increased approximately 18 percent compared to the second quarter of last year, but has declined about 2 percent since last quarter. We expect our overall system throughput to average approximately 2.6 billion cubic feet per day through 2012. As we have discussed in the past, our investments in the shale plays are backed by throughput or rate of return guarantees, which reduce our sensitivity to throughput volumes.

In our largest gathering area, Haynesville, our producer customers have a backlog of well completions and one rig operating. Based on their guidance, we expect Haynesville throughput to remain about one bcf per day for the remainder of the year. Additionally, since we have moved from the construction phase to full operating phase in Haynesville, we are realizing better efficiency and expense management.

In addition to operating income, we also recorded equity income of 2 million dollars from our jointly-owned Waskom facilities compared to 3 million dollars last year. This quarter, Waskom experienced lower volumes due to upstream supply disruptions and lower commodity prices.

Greg will discuss the details of our two recent mid-stream acquisitions in a few minutes.

Our competitive natural gas sales and services business reported an operating loss of 4 million dollars compared to operating income of 3 million dollars in the same quarter of last year. After adjusting for mark-to-market accounting, results for the second quarter of 2012 increased one million dollars compared to the second quarter of 2011. We experienced increases in both retail customers and sales volumes. Our focus continues to be on the expansion of our commercial and industrial customer base, rationalizing our fixed costs, and increasing our product and service offerings.

In summary, despite the impact of mild weather and a challenging energy environment, the company delivered solid operating and financial results. I think this once again demonstrates the value of our balanced portfolio of electric and natural gas businesses.

Now, let me turn to the use of the remaining true-up proceeds. In our last call, I indicated I would provide clarity around the use of these funds. Since that time we have invested over 360 million dollars in two mid-stream acquisitions bringing the total use of the true-up proceeds to about one billion dollars after taking into account the debt reductions we made earlier this year.

The two recent acquisitions have boosted our confidence that we can successfully execute on attractive mid-stream opportunities in this highly competitive market. We are currently in active discussions with producers in the Mississippi Lime, Cana Woodford and Tuscaloosa Marine shale plays to build new gathering and processing facilities for natural gas and crude oil production. In several cases we are responding to RFP's by these producers. We have also had some success in getting into areas outside our midcontinent footprint. Pursuant to a letter of intent with a major producer, we recently began preliminary survey and right of way work for a potential crude gathering system in the Bakken shale. Our goal is to execute a gathering agreement with them by year-end.

Besides these mid-stream opportunities, we are very interested in expanding our regulated investments and believe it is important to maintain a balance of regulated and unregulated assets.

Given these opportunities, we have no plans for a stock buyback at this time. We believe we can deploy the remaining proceeds in good investment opportunities over the next 18 months or so.

Let me conclude by discussing a recent change in our executive management team. Earlier this week, we named Scott Prochazka to a newly formed position of executive vice president and chief operating officer. In this new capacity, Scott will be a member of the company's Executive Committee and each of our business units will report to him. In turn he will report to me.

Scott has been with CenterPoint since 2001. His most recent assignment was the president of Houston Electric. He has also served in leadership roles in Strategic Planning, Customer Service, and Gas Distribution. Prior to coming to CenterPoint, he spent twelve years at Dow Chemical.

Scott has an excellent mix of both regulated and unregulated business experience. While Scott has not previously had operational responsibilities in the midstream businesses, he shares my views of the importance of these businesses to the overall CenterPoint portfolio. Scott will be a great contributor as we strive to grow our regulated and competitive businesses and enhance the value of CenterPoint to our Shareholders.

I'll now turn the call over to Gary.

**Gary Whitlock - Executive Vice President and CFO**

Thank you, David, and good morning to everyone. Today, I would like to discuss a few items with you.

First, I would like to discuss our 2012 earnings guidance. This morning in our earnings release, we increased our earnings estimate to the range of one dollar and thirteen cents to one dollar and twenty three cents per diluted share. This is up from previously provided guidance of one dollar and eight cents to one dollar and twenty cents per diluted share.

This revision in guidance reflects an increase in earnings for 2012 of approximately three cents per diluted share associated with our two recent mid-stream acquisitions. Greg will describe these acquisitions and their earnings potential in more detail in his comments.

In addition to the items I just mentioned, we have developed our earnings guidance range based on performance to date and by using a number of variables that may impact earnings such as commodity prices, throughput volume, weather, regulatory proceedings, and effective tax rates. We have taken into account the benefit of debt reductions; however, we have not assumed additional earnings from use of the remaining cash.

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Our revised guidance excludes a non-recurring pre-tax gain of approximately one hundred and thirty million dollars. This gain will be recorded in the third quarter and is the result of re-measuring to fair value, our original 50 percent interest in the Waskom assets.

As the year progresses, we will keep you updated on our earnings outlook.

We continue to receive questions about the financing strategy of our midstream business, especially, whether or not we have made a decision to form an MLP. We have 600 to 700 million dollars of available cash on hand so there is no immediate need for financing. However, our confidence in our ability to make midstream investments over the long term continues to increase and I expect this unit will ultimately need financing to support its expanding activities. Significant ongoing investments would make an MLP attractive. Of course, the capital and financing requirements of the company's other subsidiaries will play a role in this decision.

Also, I wanted to mention that last week we were very pleased to learn that Moody's upgraded the ratings outlook at both the parent company and Houston Electric, from stable to positive. This is a reflection of the consistent improvement in our credit metrics and the overall financial strength of the company.

We look forward to building from our strong base of assets and continuing our track record of strong performance for our shareholders. Finally, I'd like to remind you of the twenty and a quarter cent per share quarterly dividend declared by our Board of Directors on July 26th. We believe our dividend actions continue to demonstrate a strong commitment to our shareholders and the confidence the Board of Directors has in our ability to deliver sustainable earnings and cash flow.

I'll now turn the call over to Greg.

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**Greg Harper – Senior Vice President and Group President, Pipelines and Field Services**

Thank you Gary.

I'm pleased to report on two recent acquisitions that not only provide near term earnings benefits as Gary mentioned, but more importantly positions our Field Services and Interstate Pipelines businesses very well for the future.

First, you may recall that in June we signed an agreement with Martin Midstream to acquire their 50 percent interest in the Waskom joint venture assets and several of their Prism Gas assets for approximately 275 million dollars. This transaction closed on July 31st and we now own 100 percent of Waskom and are the operator of the facility.

The purchase also includes Prism's Woodlawn gathering and processing system, and three smaller gathering systems - McLeod, Hallsville and Darco.

The Waskom assets include a recently expanded 320 million cubic feet per day, natural gas processing facility with 14,500 barrels per day of fractionation capacity, along with the Harrison gathering system, a 75 million cubic feet per day gathering system connected to the Waskom processing plant. Woodlawn is a 30 million cubic feet per day gathering and processing system located in Harrison County, Texas. The three smaller gathering systems combine to gather and treat more than 40 million cubic feet per day of natural gas and are located near our other newly acquired assets in east Texas and northwest Louisiana.

The majority of the throughput from the new gathering systems is connected to the Waskom plant with access to its extensive natural gas liquids markets and the gulf coast and mid-continent pipeline infrastructure.

This acquisition, which positions us as the operator of key processing assets, will provide a significant boost to our commercial efforts in the area. In particular, we have seen an increase in producer activity due to the improved economics of producing liquids-rich natural gas in the Cotton Valley field as well as other nearby formations, which is expected to enhance the inlet stream into the Waskom plant.

Waskom provides a competitive market for natural gas liquids, without the additional cost of transportation to the fractionation capacity at Mont Belvieu. Waskom also provides several take-away options for natural gas including our CEGT pipeline and access to our Carthage-to-Perryville pipeline and our Perryville hub. Furthermore, the railroad loading facility that was completed in late 2011, provides our customers optionality and increased access to premium natural gas liquids markets.

In our new role as owner and operator of the Prism facilities, in conjunction with our existing assets in the area, we expect to realize significant commercial and operational synergies.

Additionally, in May, we acquired Encana's Amoruso gathering and treating assets for approximately 89 million dollars concurrently we entered into a long-term gathering agreement for their Amoruso and Hilltop field production located in Robertson and Leon Counties in east Texas.

Encana has been an excellent partner for us since we entered into our first agreement with them in the Haynesville shale in September, 2009.

The gathering agreement has a term of fifteen years and includes an initial volume commitment, as well as a dedication of Encana's future production from the covered area. The contract also provides a guaranteed return on all future capital deployed to gather production within the dedicated acreage.

While drilling in dry gas areas like this one has slowed recently, the contracted volume commitments alone provide returns that meet our investment criteria. However, the ultimate recoverable reserves are significant in the dedicated area and when drilling levels improve, we will be in a great position to benefit from the increased production. As important, this transaction gives us a presence in the area and allows us to pursue liquids-rich and crude oil plays that producers are developing in that part of east Texas.

Now let me address the transactions from a financial perspective.

With the synergies we anticipate to capture around the Prism assets, the increase in liquids-rich gas volumes we expect at the Waskom plant, and our producers' current production profiles, we estimate that we paid approximately 7 times 2013 EBITDA for the Amoruso and Prism assets combined. On an operating income basis, we expect Amoruso to contribute 9 to 12 million dollars per year over the next several years and Prism to contribute 28 to 33 million dollars of operating income per year.

Finally, the Prism and Amoruso assets, in conjunction with our existing assets in our footprint, strategically position us as a key gathering, processing and transportation service provider in the region, serving as a foundation for significant growth in the years ahead.

Now, let me turn the call over to Carla.

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**Carla Kneipp – Investor Relations**

Thank you, Greg, we will now open the call to questions. And in the interest of time, I would ask you to please limit yourself to one question and a follow-up. Sara, would you please give the instructions on how to ask a question?

Operator: At this time we will begin taking questions. If you wish to ask a question, please press star one on your touchtone keypad. To withdraw your question, press the pound key. The company requests that when asking a question, callers pick up their telephone handsets. Thank you. Our first question is from Carl Kirst with BMO Capital Markets.

Carl Kirst Thanks, good morning, everybody. If I could just follow-up on - Greg, on that last comment you made and appreciate the additional detail. Is that 7 times EBITDA - and I guess this is really more for Prism, the 28 million to 33 million of targeted income, is the confidence in that coming from the level of synergies that you see that you can take out? Or is it more coming - or equally coming from an ongoing expected activity ramp, drilling ramp in the area?

Greg Harper: Yes, I think with definitely the three components that I pointed out, Carl, it's definitely the synergies. We expect to see significant synergies as we operate these amongst our - the interstate pipelines we have and, obviously, the existing field services facilities in the area. But we are also seeing a richer gas stream already coming into the plant than what we saw last year and at the beginning of this year. We expect that to continue to increase in richness based on some of the deals that we're negotiating and will be coming on by the end of the year. Plus the producers that we are in concert with have given us their production profiles through 2013, so we see that ramp-up coming in, and we expect the plant to be full by year end.

Carl Kirst: To be full by year end. Okay, thank you. And then one other question, if I could, just the comment - make sure I heard it correctly - that looking at a Bakken Crude oil gathering line, and recognizing we might be still in negotiating phase, but I'd be curious if you could give us more color. Both how - since you're not sort of currently a crude gathering player, how that came about, as well as what type of investment size might we be dealing with?

Greg Harper: Yes, I'll take the first part and I'll let Dave address the investment size if we can. This is a relationship-oriented deal. A very large producer - major, asked us to take a look at that with them as their sole source gatherer if we can negotiate it with them. As far as crude versus natural gas liquids versus natural gas gathering, a few of the specs are a little bit different based on codes - DOT codes, but other than that, it's welding pipe and operating a system. It's some pumps versus compression. We have the technical capabilities in house.

I'd also say that the Prism acquisition was very strategic since we're picking up employees that actually have experience in that area, as well. So we feel very good about it, I feel very confident in our ability to execute on the capital. This preliminary survey and investigation process is to confirm our capital that we anticipate, so that's actually why we're doing it. We want to make sure that what we thought we could do on a preliminary basis is what we can go out there and execute on, and David, on the investment size?

David McClanahan: You know, I think it is going to depend in part on our confirmation through this right-of-way and survey work, but it's between 100 million and 200 million dollars is the relative size for just this particular system. Now, of course, our long-term desire is to be able to expand that system and serve other customers in the area, as well. But certainly this individual - just this project would be in that range.

Carl Kirst: Great. Thanks a lot, guys.

Operator: Your next question comes from the line of Andrew Weisel with Macquarie Capital.

Andrew Weisel: Thanks, appreciate all the detail on the transactions. One thing that I'm a little bit unsure of, though, is the commodity risk. So when you think about these two deals and your plans to invest organically around them, how do you think of the mix of fee-based arrangement versus percentage of proceeds?

Greg Harper: Well, as you know, we were already 50 percent owners of Waskom so we just doubled our commodity exposure. I think David and I have addressed on several calls before that nearly 50 percent of the Waskom inlet is based on fee based, and we also have the right - if liquids prices go extremely down, we have the right to convert all of the volumes to fee based. So the right balance, I think we have a very good balance right now with what we're taking on.

We've added - again, the Amoruso transaction is a volume-commitment transaction - so that gives us guaranteed revenues with that stream. So I think as we go and balance our field services portfolio, we're looking at solid fee-based investments with some investments that have maybe a moderate level of commodity exposure.

Andrew Weisel: Okay.

David McClanahan: And I don't have anything to add there. I think we're comfortable that with this amount of commodity exposure and the fact that we can move it into fixed fee if we decide that's what we want to do.

Andrew Weisel: Great, thank you, and then just one other question is, you talked about the desire to keep the balance between the regulated and more unregulated businesses. A lot of the commentary, it sounds like you have a ton of opportunity to invest in these non-regulated businesses. But historically, the electric utility has been about half of operating earnings, becomes about two-thirds regulated when you add the gas distribution. Any high-level thoughts on maybe what those percentages might look like in two, three years or so?

David McClanahan: You know it's hard to say. We're spending a lot more money now just organically in our electric and gas distribution business than we did in the past. I expect that we're gonna have more opportunities just in our current footprint to increase those investments, and we are going to - we continue to look at, at things outside of our footprint. But when I think about our regulated side - and I include the, the interstate pipes in that, certainly that's going to represent 75 percent or more of our earnings for the next three to five years. We do expect field services to become a more important component, but our regulated business is going to be our predominant asset and business for our company for the long term.

Andrew Weisel: Very good. Thanks a lot.

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| Operator: | Please remember, if you wish to ask a question, press star one. Thank you for your cooperation. Our next question is from Ali Agha with SunTrust Robinson. |
| Ali Agha: | Thank you, good morning. David, first of all, just to flesh out a little more of your comments, I think I heard you say that the remaining cash that you have currently sitting, which I think is just north of 700 million dollars on the true up, you would expect to deploy that over the next 18 months - did I hear that right? And when should we see returns on that and how should we be quantifying or thinking about returns of that cash being put to use? |
| David McClanahan: | Yes, you know, I think that by the end of next year we'll have - I'm confident we'll have deployed that cash and I think as we make these investments, we'll start realizing the benefit of many of those investments. To the extent it's in organic new regulated investments, which some of it will be, there is a little lag associated with that. We do have trackers, both on the electric side and gas side. So, there could be a little lag, but it's not going to be very much lag at all with these investments, even on the regulated side. So it will occur over the - between now and the end of next year. |
| Ali Agha: | Okay. And my second question, if I think about the implication of that investment to the underlying earnings growth power of your company. Could you give us some sense of how we should think about, let's take the 2012 base. What should be the earnings - annual earnings growth for the company, A, organically and then as this cash is being deployed? How should we be thinking about the incremental change as that is happening? |

David McClanahan: Let's think about it from 2011 base on a normalized basis, which is kind of the way we've described in the past. Our goal is to be able to grow earnings for the company in the 4 to 6 percent range annually. We're - and that will not necessarily be smooth - it'll be a little lumpy, but that's on a five-year basis. We have plenty of growth in our rate base, as you've heard us say, for Houston Electric and our gas LDCs. And then the big growth is gonna have to come from our field services side and our midstream businesses, and what we're indicating this morning is we have a fair amount of confidence that we're going to be able to do that. That the recent acquisitions, plus just the amount of activity we're involved with gives us confidence we're going to be able to do that.

Ali Agha: Again, sorry, one thing, to be clear on that. So the 4 to 6 percent, would be there whether you deploy this excess cash or not? The cash deployment is not changing that equation?

David McClanahan: That's - our objective is to grow at that rate. Right, whether - and so we're gonna be deploying some of this cash in that process - but that's our long-term growth potential. Near term, because of the amount of cash that we have in, in our regulated utilities, the amount of investments, it will not necessarily be just straight line, it could be a little lumpy, but that's our long- term goal.

Ali Agha: Thank you.

Operator: Your next question comes from the line of John Edwards with Credit Suisse.

John Edwards: Yeah, good morning, everybody. If I could just, you know, follow up on the last question, maybe ask a different way. As far as the excess cash, what's your expectation for the incremental growth from deploying that cash?

David McClanahan: I'm trying to figure out another way to say it.

John Edwards: I mean, 1 percent, 2 percent? I mean, on top of your 4 to 6 percent objective, would you expect that your investment opportunity set or landscape that you're looking at, would you expect 1 to 2 percent on top of your 5 percent objective? Or how should we think about that?

David McClanahan: Yeah, you know, the fact that we have cash on our balance sheet doesn't change our opportunity set. What it does is it provides us a very good financing amount of dollar, we don't have to pay any incremental costs to this. We just have to put it to work. I think we're gonna be able to do that. So I think that we do factor in the fact that we don't have to pay any incremental costs for this 600 to 700 million dollars of cash we have on our balance sheet. So from that standpoint there's clearly an upside there. But the fact that we have the cash on our balance sheet really doesn't change our opportunity set and we'd be going after these same investments whether we had the money or not.

John Edwards: Okay, all right. And then if we could just revisit the MLP issue briefly. In terms of your thought process there, I guess there's some sort of a critical mass or sustainability you're trying to achieve and maybe if you could just review that issue?

David McClanahan: What we said this morning is that we're more and more confident that we're going to be able to invest regularly in this business. We've said, I think in the past, that we need to see visibility of 300 to 400 million dollars of ongoing annual capital expenditures in these businesses and we're giving more and more confident we're going to be able to achieve that. And so, as Gary said, the MLP becomes very attractive from a financing standpoint as we see that come to fruition. So certainly the MLP is still on the table, we're - and whenever we get to the point where we need financing we will absolutely look at it.

John Edwards: Okay, great. Thank you very much.

Operator: Your next question comes from the line of Faisel Kahn with Citigroup.

Faisel Khan: Good morning. David, I was wondering if you could differentiate if there's a different skill set that's needed between building and operating gathering and processing facilities for crude oil versus just natural gas and natural gas liquids?

David McClanahan: Well, I think you need - there is a different skill set. I don't think it's necessarily harder or not harder, but you have to know what you're doing. I've actually spent a fair amount of time with Greg on this very subject talking with him about, do we have the skill sets, do we have the talent? And we have people on staff that have done this before, they're very familiar with it. And as Greg said, we have some folks that we are acquiring as part of this recent acquisition that is going to further add to our internal capabilities. So yes, you need different skill sets, but I think we are - we have them and we can acquire those that we don't have.

Faisel Khan: Is it any more riskier to run crude oil gathering and pipeline systems than it is to run just natural gas and NGL systems?

David McClanahan: The - our internal staff does not believe it is.

Faisel Khan: Okay, and then last question would be just on the same topic. A lot of producers seem to want to hold on to their crude oil gathering, and processing systems while they seem okay handing off the NGL and natural gas gathering systems to the midstream companies. Is there any reason why, that you think a lot of these companies are holding onto those assets, or building out their own infrastructure rather than handing it off to someone like you?

David McClanahan: The only thing I'd say - I'm not sure we can answer that, but we've responded to RFPs that have a crude component in it and then we've talked to you about the one project that we're pursuing right now. So, you may be correct, but our experience is that they're not necessarily holding onto the crude part of this. And I think as commodity prices have fallen you've seen producers want to let somebody else handle the infrastructure. And whether that continues or not, we'll just have to wait and see.

Faisel Khan: Okay. Sorry, on Waskom, the fractionator there, now that you control 100 percent of it, is there any desire to expand that fractionation unit or expand that entire system?

Greg Harper: I think that our anticipation is that based on some producer profile curves we'll be hopefully looking at expansion in the near term, but I'm not quite sure if the fractionation capacity is able to put in a whole new train.

Faisel Khan: Okay, got it. Thanks, guys.

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Operator: Your next question comes from the line of Steve Fleishman with Bank of America Merrill Lynch.

Steve Fleishman: Yeah, hi, good afternoon. Just on the - I guess this might be for Greg. On the acquisition details, the numbers that you gave for Prism and for the two projects, were those EBITDA or income numbers - the 28 million to 30 million dollars and the 9 million to 12 million dollars?

Greg Harper: Yes, the 9 million to 12 million dollars operating income for Amoruso was operating income.

Steve Fleishman: Okay.

Greg Harper: And 28 million to 33 million dollars is operating income for Prism.

Steve Fleishman: Okay.

Greg Harper: And the multiple that I mentioned, the seven times 2013, was on an EBITDA basis, though.

Steve Fleishman: Okay, and that's off the 360 million dollar spend?

Greg Harper: Correct.

Steve Fleishman: Okay. And that's obviously, for an acquisition, this sector seems very attractive given where most of the other types of properties trade. When you're looking at these other potential opportunities, are you seeing the potential to be able to get stuff in that area or?

Greg Harper: I think the deals that David mentioned are going to be greenfield-type build outs, so hopefully we would be building those at 4 to 6 times is what you typically try to build out new facilities at.

Steve Fleishman: Okay.

David McClanahan: But Steve, I think when it goes to acquisitions, I think this is on the low side, but it really goes to the fact that we had facilities and operations in and around our Prism assets, and with this acquisition, we're gonna be able to do more with the combination of all these that somebody that wasn't in our position couldn't do. We were in a unique position to be able to do this, and so that's what we're trying to capitalize on here. If it was in an area that we didn't operate in, for us to get this kind of multiple would probably be pretty hard.

Greg Harper: I would actually also add that we have very good relationships, both with Martin Midstream and also, as I mentioned in my remarks, with Encana. These deals come about through those types of relationships as opposed of them taking these assets out to bid.

Steve Fleishman: Okay, great. And then just in thinking about this, ‘13 is the first full year I'm not sure you'll have gotten - will you have essentially the full benefit from these investments in ‘13, or would there be some additional benefit after that?

Greg Harper: Yes. I think one of the reasons why we give 2013 that is full - first full operational year, we think, obviously, we'll have integration expenses here through the balance of this year, plus we're ramping up production. I think it's going to take two full years for all the synergies to play out for a fullest effect, but 2013's going to be a good representation.

Steve Fleishman: Okay, thank you.

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Operator: Your next question comes from the line of Carl Kirst with BMO Capital.

Carl Kirst: Thanks. Sorry, just two clean-up questions, actually, on the second quarter specifically. One, I didn't know and appreciate the weather impact on the LDC side. May was pretty hot down here, as you guys know. Did CEHE get a weather bump, as well? It looks like it was 14 percent warmer than normal but I don't know if we got a bump in the EBIT?

David McClanahan: Yes, let me explain that. The LDC impact was in April, and it was - there's usually some weather, especially in Minnesota in some of our northern areas, and we just got -we didn't get any weather, and so that was a 4 million or 5 million dollar impact on the LDC. Certainly May and June didn't impact the LDC.

On the other hand, last year at Houston Electric, the second quarter was really warm and so when you compare this year to last year we were behind probably 8, 9 million dollars. We made up that. Now compared to normal, though, we were ahead. We were ahead of normal weather probably in that same range, 8 to 10 million dollars.

Carl Kirst: Okay. So net collectively we probably had a small weather benefit for the quarter?

David McClanahan: Compared to normal.

Carl Kirst: Compared to normal, right.

David McClanahan: That's right, that's right.

Carl Kirst: And then the second question if I could, just to kind of dot the i's, the midstream volumes for the second quarter, can we continue to split that out via legacy and shale?

Greg Harper: It's starting to get tougher, Carl. Most of our - especially as we add in these new assets going forward, but – 36 percent was traditional this past quarter. But still, it's looking like 60/40 and it's going to try to hold there.

David McClanahan: Yeah, you know as I've tried look at the quarter compared to the previous quarter, our traditional plays, we still saw some erosion of volumes there. We're offsetting those volumes with the Amoruso and Prism, but it's probably in the 1 to 2 percent decline range from last quarter, our traditional basins, and that will continue unless we get some drilling in those areas.

Carl Kirst: Right, okay.

David McClanahan: But it's not get - it's not a real steep decline, because once these things get through the first - the big steep decline the first year or two then it's an annual decline but a much slower rate.

Carl Kirst: Okay. That 1 to 2 percent was what I was trying to get at, so I very much appreciate the color.

Operator: Your next question comes from the line of Ali Agha with SunTrust Robinson.

Ali Agha: Hey, David, just one follow-up question. In the past you've told us - you're obviously not a traditional utility company, given your mix you're more of a conglomerate of assets. So when you look at your mix right now, the cash sitting on your balance sheet, do you believe that the public equity market is correctly valuing your stock, or is there a scenario to unlock shareholder value by separating out the company? I understand the argument on the financing need, but forgetting that for a second, just from unlocking the shareholder value, do you think you're being properly priced in the market today, or could there be some shareholder value unlocked if you were to look it yourselves as two separate companies?

David McClanahan: A fair question, Ali. I would say that we try to provide enough clarity around all of our businesses that you can do a sum of the parts valuation and get full value. I think conglomerates, if that's what you want to call it, typically don't - they always trade at a little bit of a discount. There's value some in conglomerates. We talk about the value of our balanced portfolio of electric and natural gas and we truly see that as a value to our shareholders, but we continue to look for ways to unlock value. Some people have said MLPs will do that, we certainly are sensitive to that and continue to study that, but we want to make sure our company's trading at full value. I would say that our view is that we still have some up-side in it, and we continue to try to make sure there's enough information in the market that the market can properly value us.

Ali Agha: One follow-up on that. In that context, as you're looking at your investment opportunities, when you're looking at potentially investing in your own stock from a return perspective, if your stock in your mind is not being properly valued today, shouldn't share buybacks have a higher degree in your scheme of investments?

David McClanahan: Good question, again. I would say that our analysis of that based on the alternative, which is to invest in these kind of projects, it's better to invest than buy back stock, that's been our conclusion, or we'd be - I guess it's obvious, we'd be buying back stock if we didn't think that.

Ali Agha: Thank you.

Carla Kneipp: Since we do not have any further questions, I will now turn the call back to David for a few comments.

David McClanahan: All right, thank you, Carla. Let me close this morning by acknowledging a colleague of mine who is gonna be retiring. I think many of you know this. Marianne Paulsen has been the head of our Investor Relations group since we formed CenterPoint 10 years ago. She's interfaced with most of the people on this call, some more frequently than others, but I know you've all talked to her and her staff. Marianne has done a - simply an outstanding job for the company. She's a wonderful representative of the company, and as you know, she's the consummate IR professional. And, of course, she's always sought to answer all of your questions as clearly and as frankly as possible, and in our early days, just explaining some of the nomenclature was a challenge. You remember the ECOM days, in those days not very much fun.

We're going to miss Marianne a lot here at CenterPoint and I know you will all join me in wishing Marianne a wonderful retirement as she relocates to Florida with her husband. Marianne, thank you for your dedicated service to the company and for being such a good friend to all of us. With that, I want to thank everybody for participating today. We appreciate your support very much. Have a good day.

# Second Quarter 2012 Earnings Conference Call
# August 2, 2012

This information includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Statements regarding the earnings outlook for 2012, future financial performance and results of operations, , expected customer growth rates, anticipated capital expenditures, anticipated growth in rate base, the expected need and timing for future rate cases, expected gathering throughput volumes, future opportunities for the construction of new gathering and processing facilities, the expected timing for deployment of the remaining true-up proceeds, expectations regarding the impact to future earnings of the recent acquisitions by the field services business, including anticipated commercial and operational synergies, and related future growth opportunities, and any other statements that are not historical facts are forward-looking statements. Each forward-looking statement contained herein speaks only as of August 2, 2012, and we undertake no obligation to publicly update or revise any forward-looking statements except as required by law. . 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, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform and tax legislation; (2) state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (3) timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment; (4) the timing and outcome of any audits, disputes or other proceedings related to taxes; (5) 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; (6) 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; (7) 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, including the effects of these circumstances on re-contracting available capacity on CenterPoint Energy's interstate pipelines; (8) the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by CenterPoint Energy's field services business and transporting by its interstate pipelines, including the impact of natural gas and natural gas liquids prices on the level of drilling and production activities in the regions served by CenterPoint Energy; (9) competition in CenterPoint Energy's mid-continent region footprint for access to natural gas supplies and to markets; (10) weather variations and other natural phenomena; (11) 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; (12) the impact of unplanned facility outages; (13) timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters; (14) changes in interest rates or rates of inflation; (15) commercial bank and financial market conditions, CenterPoint Energy's access to capital, the cost of such capital, and the results of our financing and refinancing efforts, including availability of funds in the debt capital markets; (16) actions by credit rating agencies; (17) effectiveness of CenterPoint Energy's risk management activities; (18) inability of various counterparties to meet their obligations; (19) non-payment for services due to financial distress of CenterPoint Energy's customers; (20) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc.) and its subsidiaries to satisfy their obligations to CenterPoint Energy and its subsidiaries; (21) the ability of retail electric providers, and particularly the two largest customers of the TDU, to satisfy their obligations to CenterPoint Energy and its subsidiaries; (22) the outcome of litigation brought by or against CenterPoint Energy; (23) CenterPoint Energy's ability to control costs; (24) the investment performance of pension and postretirement benefit plans; (25) potential business strategies, including restructurings, acquisitions or dispositions of assets or businesses; (26) acquisition and merger activities involving CenterPoint Energy or its competitors; and (27) other factors discussed in CenterPoint Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, CenterPoint Energy's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, and June 30, 2012, and other reports CenterPoint Energy or its subsidiaries may file from time to time with the Securities and Exchange Commission.