

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 1-31447

CenterPoint Energy, Inc.

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

74-0694415

(I.R.S. Employer Identification No.)

1111 Louisiana

Houston, Texas 77002

(Address and zip code of principal executive offices)

(713) 207-1111

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 24, 2018, CenterPoint Energy, Inc. had 431,473,292 shares of common stock outstanding, excluding 166 shares held as treasury stock.

CENTERPOINT ENERGY, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2018

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GLOSSARY

AEM	Atmos Energy Marketing, LLC, previously a wholly-owned subsidiary of Atmos Energy Holdings, Inc., a wholly-owned subsidiary of Atmos Energy Corporation
AMA	Asset Management Agreement
AMS	Advanced Metering System
APSC	Arkansas Public Service Commission
ARP	Alternative revenue program
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
AT&T	AT&T Inc.
AT&T Common	AT&T common stock
Bcf	Billion cubic feet
Bond Companies	Wholly-owned, bankruptcy remote entities formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds
Brazos Valley Connection	A portion of the Houston region transmission project between Houston Electric's Zenith substation and the Gibbons Creek substation owned by the Texas Municipal Power Agency
CenterPoint Energy	CenterPoint Energy, Inc., and its subsidiaries
CERC Corp.	CenterPoint Energy Resources Corp.
CERC	CERC Corp., together with its subsidiaries
CES	CenterPoint Energy Services, Inc., a wholly-owned subsidiary of CERC Corp.
Charter Common	Charter Communications, Inc. common stock
CIP	Conservation Improvement Program
COLI	Corporate-owned life insurance
Continuum	The retail energy services business of Continuum Retail Energy Services, LLC, including its wholly-owned subsidiary Lakeshore Energy Services, LLC and the natural gas wholesale assets of Continuum Energy Services, LLC
DCRF	Distribution Cost Recovery Factor
EDIT	Excess deferred income taxes
EECR	Energy Efficiency Cost Recovery
EECRF	Energy Efficiency Cost Recovery Factor
Enable	Enable Midstream Partners, LP
EPA	Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FERC	Federal Energy Regulatory Commission
Fitch	Fitch, Inc.
Form 10-Q	Quarterly Report on Form 10-Q
FRP	Formula Rate Plan
Gas Daily	Platts gas daily indices
GenOn	GenOn Energy, Inc.
GRIP	Gas Reliability Infrastructure Program
GWh	Gigawatt-hours
Houston Electric	CenterPoint Energy Houston Electric, LLC and its subsidiaries
Interim Condensed Financial Statements	Unaudited condensed consolidated interim financial statements and notes
IRS	Internal Revenue Service
kV	Kilovolt
LIBOR	London Interbank Offered Rate
Meredith	Meredith Corporation

GLOSSARY

Merger	The merger of Merger Sub with and into Vectren on the terms and subject to the conditions set forth in the Merger Agreement, with Vectren continuing as the surviving corporation and as a wholly-owned subsidiary of CenterPoint Energy, Inc.
Merger Agreement	Agreement and Plan of Merger, dated as of April 21, 2018, among CenterPoint Energy, Vectren and Merger Sub
Merger Sub	Pacer Merger Sub, Inc., an Indiana corporation and wholly-owned subsidiary of CenterPoint Energy
MGP	Manufactured gas plant
MLP	Master Limited Partnership
MMBtu	One million British thermal units
Moody's	Moody's Investors Service, Inc.
MPSC	Mississippi Public Service Commission
MPUC	Minnesota Public Utilities Commission
NGD	Natural gas distribution business
NGLs	Natural gas liquids
NOPR	Notice of Proposed Rulemaking
NRG	NRG Energy, Inc.
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
OCC	Oklahoma Corporation Commission
OGE	OGE Energy Corp.
PBRC	Performance Based Rate Change
PRPs	Potentially responsible parties
PUCT	Public Utility Commission of Texas
Railroad Commission	Railroad Commission of Texas
Reliant Energy	Reliant Energy, Incorporated
REP	Retail electric provider
Revised Policy Statement	Revised Policy Statement on Treatment of Income Taxes
ROE	Return on equity
RRA	Rate Regulation Adjustment
RRI	Reliant Resources, Inc.
RSP	Rate Stabilization Plan
SEC	Securities and Exchange Commission
Securitization Bonds	Transition and system restoration bonds
Series A Preferred Units	Enable's 10% Series A Fixed-to-Floating Non-Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Enable
S&P	Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies
TBD	To be determined
TCEH Corp.	Formerly Texas Competitive Electric Holdings Company LLC, predecessor to Vistra Energy Corp. whose major subsidiaries include Luminant and TXU Energy
TCJA	Tax reform legislation informally called the Tax Cuts and Jobs Act of 2017
TCOS	Transmission Cost of Service
TDU	Transmission and distribution utility
Time	Time Inc.
Time Common	Time common stock

GLOSSARY

<i>Transition Agreements</i>	Services Agreement, Employee Transition Agreement, Transitional Seconding Agreement and other agreements entered into in connection with the formation of Enable
<i>TW</i>	Time Warner Inc.
<i>TW Common</i>	TW common stock
<i>TW Securities</i>	As of March 31, 2018, consisted of Charter Common and TW Common and as of December 31, 2017, consisted of Charter Common, Time Common and TW Common
<i>Vectren</i>	Vectren Corporation, an Indiana corporation
<i>VIE</i>	Variable interest entity
<i>Vistra Energy Corp.</i>	Texas-based energy company focused on the competitive energy and power generation markets
<i>ZENS</i>	2.0% Zero-Premium Exchangeable Subordinated Notes due 2029
<i>2017 Form 10-K</i>	Annual Report on Form 10-K for the year ended December 31, 2017

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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.

We have based our forward-looking statements on our management’s beliefs and assumptions based on information reasonably available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

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

- the performance of Enable, the amount of cash distributions we receive from Enable, Enable’s ability to redeem the Series A Preferred Units in certain circumstances and the value of our interest in Enable, and factors that may have a material impact on such performance, cash distributions and value, including factors such as:
 - competitive conditions in the midstream industry, and actions taken by Enable’s customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable;
 - the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly prices of natural gas and NGLs, the competitive effects of the available pipeline capacity in the regions served by Enable, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable’s interstate pipelines;
 - the demand for crude oil, natural gas, NGLs and transportation and storage services;
 - environmental and other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing;
 - recording of non-cash goodwill, long-lived asset or other than temporary impairment charges by or related to Enable;
 - changes in tax status;
 - access to debt and equity capital; and
 - the availability and prices of raw materials and services for current and future construction projects;
- industrial, commercial and residential growth in our service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns;
- timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment;
- future economic conditions in regional and national markets and their effect on sales, prices and costs;
- weather variations and other natural phenomena, including the impact of severe weather events on operations and capital;
- state and federal legislative and regulatory actions or developments affecting various aspects of our businesses (including the businesses of Enable), including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses;
- tax reform and legislation, including the effects of the TCJA and uncertainties involving state commissions’ and local municipalities’ regulatory requirements and determinations regarding the treatment of EDIT and our rates;
- our ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms;
- the timing and extent of changes in commodity prices, particularly natural gas, and the effects of geographic and seasonal commodity price differentials;
- actions by credit rating agencies;
- changes in interest rates and their impact on our costs of borrowing and the valuation of our pension benefit obligation;

- problems with regulatory approval, 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;
- local, state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change;
- the impact of unplanned facility outages;
- any direct or indirect effects on our or Enable's facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt our businesses or the businesses of third parties, or other catastrophic events such as fires, earthquakes, explosions, leaks, floods, droughts, hurricanes, pandemic health events or other occurrences;
- our ability to invest planned capital and the timely recovery of our investment in capital;
- our ability to control operation and maintenance costs;
- the sufficiency of our insurance coverage, including availability, cost, coverage and terms;
- the investment performance of our pension and postretirement benefit plans;
- commercial bank and financial market conditions, our 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;
- changes in rates of inflation;
- inability of various counterparties to meet their obligations to us;
- non-payment for our services due to financial distress of our customers;
- the extent and effectiveness of our risk management and hedging activities, including, but not limited to our financial and weather hedges;
- timely and appropriate regulatory actions allowing securitization for any future hurricanes or natural disasters or other recovery of costs, including costs associated with Hurricane Harvey;
- our or Enable's potential business strategies and strategic initiatives, including restructurings, joint ventures and acquisitions or dispositions of assets or businesses (including a reduction of our interests in Enable, if any, whether through our decision to sell all or a portion of the Enable common units we own in the public equity markets or otherwise, subject to certain limitations), which we cannot assure you will be completed or will have the anticipated benefits to us or Enable;
- the expected timing, likelihood and benefits of completion of the Merger, including the timing, receipt and terms and conditions of any required approvals by Vectren's shareholders and governmental and regulatory agencies that could reduce anticipated benefits or cause the parties to delay or abandon the Merger, as well as the ability to successfully integrate the businesses and realize anticipated benefits, the possibility that long-term financing for the Merger may not be put in place before the closing of the Merger and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect;
- acquisition and merger activities involving us or our competitors, including the ability to successfully complete merger, acquisition and divestiture plans;
- our or Enable's ability to recruit, effectively transition and retain management and key employees and maintain good labor relations;
- the outcome of litigation;
- the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., formerly known as TCEH Corp., to satisfy their obligations to us and our subsidiaries;
- the ability of GenOn (formerly known as RRI Energy, Inc., Reliant Energy and RRI), a wholly-owned subsidiary of NRG, and its subsidiaries, currently the subject of bankruptcy proceedings, to satisfy their obligations to us, including indemnity obligations;
- changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation;
- the timing and outcome of any audits, disputes and other proceedings related to taxes;
- the effective tax rates;
- the effect of changes in and application of accounting standards and pronouncements; and

- other factors we discuss in “Risk Factors” in Item 1A of Part I of our 2017 Form 10-K and in Item 1A of Part II of this Form 10-Q, which are incorporated herein by reference, and other reports we file from time to time with the SEC.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to update or revise any forward-looking statements.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(In Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Utility revenues	\$ 1,894	\$ 1,546
Non-utility revenues	1,261	1,189
Total	3,155	2,735
Expenses:		
Utility natural gas	637	450
Non-utility natural gas	1,273	1,129
Operation and maintenance	569	543
Depreciation and amortization	314	226
Taxes other than income taxes	111	96
Total	2,904	2,444
Operating Income	251	291
Other Income (Expense):		
Gain on marketable securities	1	44
Loss on indexed debt securities	(18)	(10)
Interest and other finance charges	(78)	(78)
Interest on Securitization Bonds	(16)	(20)
Equity in earnings of unconsolidated affiliate, net	69	72
Other, net	3	—
Total	(39)	8
Income Before Income Taxes	212	299
Income tax expense	47	107
Net Income	\$ 165	\$ 192
Basic Earnings Per Share	\$ 0.38	\$ 0.45
Diluted Earnings Per Share	\$ 0.38	\$ 0.44
Dividends Declared Per Share	\$ —	\$ 0.2675
Weighted Average Shares Outstanding, Basic	431	431
Weighted Average Shares Outstanding, Diluted	434	433

See Notes to Unaudited Condensed Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(In Millions)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 165	\$ 192
Other comprehensive income:		
Adjustment to pension and other postretirement plans (net of tax of \$1 and \$1)	1	1
Net deferred gain (loss) from cash flow hedges (net of tax of \$1 and \$-0-)	4	(1)
Total	5	—
Comprehensive income	\$ 170	\$ 192

See Notes to Unaudited Condensed Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In Millions)
(Unaudited)

ASSETS

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Current Assets:		
Cash and cash equivalents (\$181 and \$230 related to VIEs, respectively)	\$ 219	\$ 260
Investment in marketable securities	944	960
Accounts receivable (\$86 and \$73 related to VIEs, respectively), less bad debt reserve of \$23 and \$19, respectively	1,081	1,000
Accrued unbilled revenues	275	427
Natural gas inventory	81	222
Materials and supplies	176	175
Non-trading derivative assets	84	110
Prepaid expenses and other current assets (\$37 and \$35 related to VIEs, respectively)	189	241
Total current assets	<u>3,049</u>	<u>3,395</u>
Property, Plant and Equipment:		
Property, plant and equipment	19,294	19,031
Less: accumulated depreciation and amortization	6,089	5,974
Property, plant and equipment, net	<u>13,205</u>	<u>13,057</u>
Other Assets:		
Goodwill	867	867
Regulatory assets (\$1,455 and \$1,590 related to VIEs, respectively)	2,213	2,347
Non-trading derivative assets	52	44
Investment in unconsolidated affiliate	2,467	2,472
Preferred units – unconsolidated affiliate	363	363
Other	194	191
Total other assets	<u>6,156</u>	<u>6,284</u>
Total Assets	<u>\$ 22,410</u>	<u>\$ 22,736</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)
(In Millions, except share amounts)
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2018	December 31, 2017
Current Liabilities:		
Short-term borrowings	\$ —	\$ 39
Current portion of VIE Securitization Bonds long-term debt	444	434
Indexed debt, net	119	122
Current portion of other long-term debt	50	50
Indexed debt securities derivative	674	668
Accounts payable	712	963
Taxes accrued	176	181
Interest accrued	77	104
Dividends accrued	—	120
Non-trading derivative liabilities	21	20
Other	343	368
Total current liabilities	2,616	3,069
Other Liabilities:		
Deferred income taxes, net	3,160	3,174
Non-trading derivative liabilities	12	4
Benefit obligations	723	785
Regulatory liabilities	2,505	2,464
Other	361	357
Total other liabilities	6,761	6,784
Long-term Debt:		
VIE Securitization Bonds, net	1,260	1,434
Other long-term debt, net	6,916	6,761
Total long-term debt, net	8,176	8,195
Commitments and Contingencies (Note 13)		
Shareholders' Equity:		
Cumulative preferred stock, \$0.01 par value, 20,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 431,471,369 shares and 431,044,845 shares outstanding, respectively	4	4
Additional paid-in capital	4,208	4,209
Retained earnings	708	543
Accumulated other comprehensive loss	(63)	(68)
Total shareholders' equity	4,857	4,688
Total Liabilities and Shareholders' Equity	\$ 22,410	\$ 22,736

See Notes to Unaudited Condensed Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(In Millions)
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net income	\$ 165	\$ 192
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	314	226
Amortization of deferred financing costs	6	6
Deferred income taxes	(17)	85
Unrealized gain on marketable securities	(1)	(44)
Loss on indexed debt securities	18	10
Write-down of natural gas inventory	1	—
Equity in earnings of unconsolidated affiliate, net of distributions	(9)	(72)
Pension contributions	(62)	(2)
Changes in other assets and liabilities, excluding acquisitions:		
Accounts receivable and unbilled revenues, net	39	114
Inventory	139	74
Taxes receivable	—	16
Accounts payable	(209)	(122)
Fuel cost recovery	64	(6)
Non-trading derivatives, net	64	(32)
Margin deposits, net	(28)	(46)
Interest and taxes accrued	(32)	(82)
Net regulatory assets and liabilities	42	15
Other current assets	(15)	(5)
Other current liabilities	1	(27)
Other assets	(3)	(4)
Other liabilities	5	15
Other, net	2	6
Net cash provided by operating activities	<u>484</u>	<u>317</u>
Cash Flows from Investing Activities:		
Capital expenditures	(362)	(312)
Acquisitions, net of cash acquired	—	(132)
Distributions from unconsolidated affiliate in excess of cumulative earnings	14	74
Proceeds from sale of marketable securities	16	—
Other, net	1	(2)
Net cash used in investing activities	<u>(331)</u>	<u>(372)</u>
Cash Flows from Financing Activities:		
Decrease in short-term borrowings, net	(39)	(35)
Proceeds from (payments of) commercial paper, net	(837)	227
Proceeds from long-term debt, net	997	298
Payments of long-term debt	(165)	(405)
Debt issuance costs	(7)	(2)
Payment of dividends on common stock	(120)	(115)
Distribution to ZENS note holders	(16)	—
Other, net	(5)	(4)
Net cash used in financing activities	<u>(192)</u>	<u>(36)</u>
Net Decrease in Cash, Cash Equivalents and Restricted Cash	<u>(39)</u>	<u>(91)</u>
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	<u>296</u>	<u>381</u>
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 257</u>	<u>\$ 290</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Background and Basis of Presentation

General. Included in this Form 10-Q are the Interim Condensed Financial Statements of CenterPoint Energy. The Interim Condensed Financial Statements are unaudited, omit certain financial statement disclosures and should be read with the 2017 Form 10-K.

Background. CenterPoint Energy, Inc. is a public utility holding company. CenterPoint Energy's operating subsidiaries own and operate electric transmission and distribution and natural gas distribution facilities, supply natural gas to commercial and industrial customers and electric and natural gas utilities and own interests in Enable as described below. CenterPoint Energy's indirect, wholly-owned subsidiaries include:

- Houston Electric, which engages in the electric transmission and distribution business in the Texas Gulf Coast area that includes the city of Houston;
- CERC Corp., which owns and operates natural gas distribution systems in six states; and
- CES, which obtains and offers competitive variable and fixed-price physical natural gas supplies and services primarily to commercial and industrial customers and electric and natural gas utilities in 33 states.

As of March 31, 2018, CenterPoint Energy also owned an aggregate of 14,520,000 Series A Preferred Units in Enable, which owns, operates and develops natural gas and crude oil infrastructure assets, and CERC Corp. owned approximately 54.0% of the common units representing limited partner interests in Enable.

As of March 31, 2018, CenterPoint Energy had VIEs consisting of the Bond Companies, which it consolidates. The consolidated VIEs are wholly-owned, bankruptcy-remote, special purpose entities that were formed specifically for the purpose of securitizing transition and system restoration-related property. Creditors of CenterPoint Energy have no recourse to any assets or revenues of the Bond Companies. The bonds issued by these VIEs are payable only from and secured by transition and system restoration property, and the bondholders have no recourse to the general credit of CenterPoint Energy.

Basis of Presentation. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CenterPoint Energy's Interim Condensed Financial Statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the respective periods. Amounts reported in CenterPoint Energy's Condensed Statements of Consolidated Income are not necessarily indicative of amounts expected for a full-year period due to the effects of, among other things, (a) seasonal fluctuations in demand for energy and energy services, (b) changes in energy commodity prices, (c) timing of maintenance and other expenditures and (d) acquisitions and dispositions of businesses, assets and other interests.

For a description of CenterPoint Energy's reportable business segments, see Note 15.

(2) New Accounting Pronouncements

The following table provides an overview of recently adopted or issued accounting pronouncements applicable to CenterPoint Energy.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2014-09- Revenue from Contracts with Customers (Topic 606) and related amendments	This standard provides a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. Transition method: modified retrospective	January 1, 2018	CenterPoint Energy added a revenue recognition footnote (Note 3) to address the disclosure requirements, and it did not identify significant changes to revenue recognition. A substantial amount of CenterPoint Energy's revenues are tariff and derivative based, which were not significantly impacted by these ASUs.
ASU 2017-05- Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets	This standard clarifies when and how to apply ASC 610-20, which was issued as part of ASU 2014-09. It amends or supersedes the guidance in ASC 350 and ASC 360 on determining a gain or loss recognized upon the derecognition of nonfinancial assets. Transition method: modified retrospective	January 1, 2018	ASU 2017-05 eliminates industry specific guidance, including ASC 360-20 Property, Plant, and Equipment - Real Estate Sales, for the recognition of gains or losses upon the sale of in-substance real estate. CenterPoint Energy elected to apply the practical expedient upon adoption to only evaluate transactions that were not determined to be complete as of the date of adoption. Subsequent to adoption, gains or losses on sales or dilution events in CenterPoint Energy's investment in Enable may result in gains or losses recognized in earnings. See Note 8 for further discussion.
ASU 2016-01-Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ASU 2018-03-Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	This standard requires equity investments that do not result in consolidation and are not accounted for under the equity method to be measured at fair value and to recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. It does not change the guidance for classifying and measuring investments in debt securities and loans. It also changes certain disclosure requirements and other aspects related to recognition and measurement of financial assets and financial liabilities. Transition method: cumulative-effect adjustment to beginning retained earnings, and two features prospective	January 1, 2018	The adoption of this standard did not have an impact on CenterPoint Energy's financial position, results of operations or cash flows. CenterPoint Energy elected the practicability exception for investments without a readily determinable fair value to be measured at cost for the Series A Preferred Units in Enable, which were previously accounted for under the cost method. See Note 8 for further discussion.
ASU 2016-15- Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments	This standard provides clarifying guidance on the classification of certain cash receipts and payments in the statement of cash flows and eliminates the variation in practice related to such classifications. Transition method: retrospective	January 1, 2018	The adoption did not have a material impact on CenterPoint Energy's financial position, results of operations or disclosures. However, the statement of cash flows reflects an increase in investing activities and a corresponding decrease in operating activities of \$-0- and \$2 million for the three months ended March 31, 2018 and 2017, respectively, due to the requirement that cash proceeds from COLI policies be classified as cash inflows from investing activity.
ASU 2016-18- Statement of Cash Flows (Topic 230): Restricted Cash	This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. As a result, the statement of cash flows will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. Transition method: retrospective	January 1, 2018	The adoption of this standard did not have an impact on CenterPoint Energy's financial position, results of operations or disclosures. However, the statement of cash flows is reconciled to cash, cash equivalents and restricted cash, resulting in a decrease in investing activities of \$2 million and an increase in investing activities of \$4 million for the three months ended March 31, 2018 and 2017, respectively.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2017-01- Business Combinations (Topic 805): Clarifying the Definition of a Business	This standard revises the definition of a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, then under ASU 2017-01, the asset or group of assets is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs to be more closely aligned with how outputs are described in ASC 606. Transition method: prospective	January 1, 2018	The adoption of this revised definition will reduce the number of transactions that are accounted for as a business combination, and therefore may have a potential impact on CenterPoint Energy's accounting for future acquisitions.
ASU 2017-04- Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	This standard eliminates Step 2 of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Transition method: prospective	January 1, 2018	The adoption of this standard will have an impact on CenterPoint Energy's future calculation of goodwill impairments if an impairment is identified.
ASU 2017-07- Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	This standard requires an employer to report the service cost component of the net periodic pension cost and postretirement benefit cost in the same line item(s) as other employee compensation costs arising from services rendered during the period; all other components will be presented separately from the line item(s) that includes the service cost and outside of any subtotal of operating income. In addition, only the service cost component will be eligible for capitalization in assets. Transition method: retrospective for the presentation of the service cost component and other components; prospective for the capitalization of the service cost component	January 1, 2018	The adoption of this standard did not have a material impact on CenterPoint Energy's financial position, results of operations, cash flows or disclosures; however, it resulted in an increase to operating income and a corresponding decrease to other income of \$14 million and \$17 million in the three months ended March 31, 2018 and 2017, respectively. Other components previously capitalized in assets will be recorded as regulatory assets in CenterPoint Energy's rate-regulated businesses, prospectively.
ASU No. 2017-09- Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting	This standard clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as a modification. Entities will apply the modification accounting guidance if the value, vesting conditions or classification of the award changes. Transition method: prospective	January 1, 2018	The adoption of this standard will have an impact on CenterPoint Energy's accounting for future changes to share-based payment awards.

Issued, Not Yet Effective Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2016-02- Leases (Topic 842) and related amendments	ASU 2016-02 provides a comprehensive new lease model that requires lessees to recognize assets and liabilities for most leases and would change certain aspects of lessor accounting. Transition method: modified retrospective	January 1, 2019 Early adoption is permitted	CenterPoint Energy will elect the practical expedient on existing easements provided by ASU 2018-01 and is evaluating other available transitional practical expedients. CenterPoint Energy is in the process of reviewing contracts to identify leases as defined in ASU 2016-02 and expects to recognize on the statements of financial position right-of-use assets and lease liabilities for the majority of its leases that are currently classified as operating leases. CenterPoint Energy is continuing to assess the impact that adoption of these standards will have on its financial position, results of operations, cash flows and disclosures.
ASU 2018-01- Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842	ASU 2018-01 allows entities to elect not to assess whether existing land easements that were not previously accounted for in accordance with ASC 840 Leases under ASC 842 Leases when transitioning to the new leasing standard.		
ASU 2017-12- Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	This standard expands an entity's ability to hedge nonfinancial and financial risk components and reduce complexity in fair value hedges of interest rate risk. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness, eases certain documentation and assessment requirements and updates the presentation and disclosure requirements. Transition method: cumulative-effect adjustment for elimination of the separate measurement of ineffectiveness; prospective for presentation and disclosure	January 1, 2019 Early adoption is permitted	CenterPoint Energy is currently assessing the impact that adoption of this standard will have on its financial position, results of operations, cash flows and disclosures.

Issued, Not Yet Effective Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2018-02-Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	This standard allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA and requires entities to provide certain disclosures regarding stranded tax effects. Transition method: either in the period of adoption or retrospective	January 1, 2019 Early adoption is permitted	The adoption of this standard will allow CenterPoint Energy to reclass stranded deferred tax adjustments primarily related to benefit plans from other comprehensive income to retained earnings. CenterPoint Energy is currently assessing the impact that adoption of this standard will have on its financial position and disclosures.

Management believes that other recently adopted standards and recently issued standards that are not yet effective will not have a material impact on CenterPoint Energy's financial position, results of operations or cash flows upon adoption.

(3) Revenue Recognition

CenterPoint Energy adopted ASC 606 and all related amendments on January 1, 2018 using the modified retrospective method for those contracts that were not completed as of the date of adoption. Application of the new revenue standard did not result in a cumulative effect adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not have a material impact on CenterPoint Energy's financial position, results of operations or cash flows.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which CenterPoint Energy expects to be entitled to receive in exchange for these goods or services. Contract assets and liabilities are not material.

The following tables disaggregate revenues by major source:

Three Months Ended March 31, 2018					
	Electric Transmission & Distribution (1)	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total
(in millions)					
Revenue from contracts	\$ 761	\$ 1,186	\$ 178	\$ 1	\$ 2,126
Derivatives income	(4)	—	1,107	—	1,103
Other (3)	(6)	(33)	—	3	(36)
Eliminations	—	(10)	(28)	—	(38)
Total revenues	\$ 751	\$ 1,143	\$ 1,257	\$ 4	\$ 3,155

Three Months Ended March 31, 2017					
	Electric Transmission & Distribution (1)	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total
(in millions)					
Revenue from contracts	\$ 644	\$ 925	\$ 142	\$ 1	\$ 1,712
Derivatives income	1	—	1,054	—	1,055
Other (3)	(6)	(9)	—	3	(12)
Eliminations	—	(9)	(11)	—	(20)
Total revenues	\$ 639	\$ 907	\$ 1,185	\$ 4	\$ 2,735

(1) Reflected in Utility revenues in the Condensed Statements of Consolidated Income.

(2) Reflected in Non-utility revenues in the Condensed Statements of Consolidated Income.

- (3) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. CenterPoint Energy recognizes ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period.

Revenues from Contracts with Customers

Electric Transmission & Distribution. Houston Electric distributes electricity to customers over time and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by the PUCT, is recognized as electricity is delivered and represents amounts both billed and unbilled. Discretionary services requested by customers are provided at a point in time with control transferring upon the completion of the service. Revenue for discretionary services is recognized upon completion of service based on the tariff rates set by the PUCT. Payments for electricity distribution and discretionary services are aggregated and received on a monthly basis. Houston Electric performs transmission services over time as a stand-ready obligation to provide a reliable network of transmission systems. Revenue is recognized upon time elapsed, and the monthly tariff rate set by the PUCT. Payments are received on a monthly basis.

Natural Gas Distribution. CERC distributes and transports natural gas to customers over time, and customers consume the natural gas when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by the state governing agency for that service area, is recognized as natural gas is delivered and represents amounts both billed and unbilled. Discretionary services requested by the customer are satisfied at a point in time and revenue is recognized upon completion of service and the tariff rates set by the applicable state regulator. Payments of natural gas distribution, transportation and discretionary services are aggregated and received on a monthly basis.

Energy Services. The majority of CES natural gas sales contracts are considered a derivative, as the contracts typically have a stated minimum or contractual volume of delivery.

For contracts in which CES delivers the full requirement of the natural gas needed by the customer and a volume is not stated, a contract as defined under ASC 606 is created upon the customer's exercise of its option to take natural gas. CES supplies natural gas to retail customers over time as customers consume the natural gas when delivered. For wholesale customers, CES supplies natural gas at a point in time because the wholesale customer is presumed to have storage capabilities. Control is transferred to both types of customers upon delivery of natural gas. Revenue is recognized on a monthly basis based on the estimated volume of natural gas delivered and the price agreed upon with the customer. Payments are received on a monthly basis.

AMAs are natural gas sales contracts under which CES also assumes management of a customer's physical storage and/or transportation capacity. AMAs have two distinct performance obligations, which consist of natural gas sales and natural gas delivery because delivery could occur separate from the sale of natural gas (e.g., from storage to customer premises). Most AMAs' natural gas sales performance obligations are accounted for as embedded derivatives. The transaction price is allocated between the sale of natural gas and the delivery based on the stand-alone selling price as stated in the contract. CES performs natural gas delivery over time as customers take delivery of the natural gas and recognizes revenue on an aggregated monthly basis based on the volume of natural gas delivered and the fees stated within the contract. Payments are received on a monthly basis.

Practical Expedients and Exemption. Sales taxes and other similar taxes collected from customers are excluded from the transaction price.

(4) Employee Benefit Plans

CenterPoint Energy's net periodic cost, before considering amounts subject to overhead allocations for capital expenditure projects or for amounts subject to deferral for regulatory purposes, includes the following components relating to pension and post retirement benefits:

	Three Months Ended March 31,			
	2018		2017	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
	(in millions)			
Service cost (1)	\$ 9	\$ —	\$ 9	\$ —
Interest cost (2)	20	3	22	4
Expected return on plan assets (2)	(27)	(1)	(24)	(1)
Amortization of prior service cost (credit) (2)	2	(1)	2	(1)
Amortization of net loss (2)	11	—	14	—
Net periodic cost	\$ 15	\$ 1	\$ 23	\$ 2

(1) Included in Operation and maintenance expense in the Condensed Statements of Consolidated Income.

(2) Included in Other, net in the Condensed Statements of Consolidated Income.

CenterPoint Energy's changes in accumulated other comprehensive loss related to defined benefit and postretirement plans are as follows:

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Beginning Balance	\$ (66)	\$ (72)
Amounts reclassified from accumulated other comprehensive loss:		
Actuarial losses (1)	2	2
Tax expense	(1)	(1)
Net current period other comprehensive income	1	1
Ending Balance	\$ (65)	\$ (71)

(1) These accumulated other comprehensive components are included in the computation of net periodic cost.

CenterPoint Energy expects to contribute a minimum of approximately \$67 million to its pension plans in 2018, of which approximately \$62 million was contributed during the three months ended March 31, 2018.

CenterPoint Energy expects to contribute a total of approximately \$16 million to its postretirement benefit plan in 2018, of which approximately \$4 million was contributed during the three months ended March 31, 2018.

(5) Regulatory Accounting

The following is a list of regulatory assets and liabilities reflected on CenterPoint Energy's Condensed Consolidated Balance Sheets:

	March 31, 2018	December 31, 2017
	(in millions)	
Regulatory Assets:		
Current regulatory assets (1)	\$ 65	\$ 130
Non-current regulatory assets:		
Securitized regulatory assets	1,455	1,590
Unrecognized equity return (2)	(266)	(287)
Unamortized loss on reacquired debt	74	75
Pension and postretirement-related regulatory asset (3)	636	646
Hurricane Harvey restoration costs (4)	64	64
Regulatory assets related to TCJA (5)	48	48
Other long-term regulatory assets (6)	202	211
Total non-current regulatory assets	2,213	2,347
Total regulatory assets	2,278	2,477
Regulatory Liabilities:		
Current regulatory liabilities (7)	43	24
Non-current regulatory liabilities:		
Regulatory liabilities related to TCJA (5)	1,373	1,354
Estimated removal costs	882	878
Other long-term regulatory liabilities	250	232
Total non-current regulatory liabilities	2,505	2,464
Total regulatory liabilities	2,548	2,488
Total regulatory assets and liabilities, net	\$ (270)	\$ (11)

- (1) Current regulatory assets are included in Prepaid expenses and other current assets in CenterPoint Energy's Condensed Consolidated Balance Sheets.
- (2) The unrecognized equity return will be recognized as it is recovered in rates through 2024. During the three months ended March 31, 2018 and 2017, Houston Electric recognized approximately \$21 million and \$7 million, respectively, of the allowed equity return. The timing of CenterPoint Energy's recognition of the equity return will vary each period based on amounts actually collected during the period. The actual amounts recognized are adjusted at least annually to correct any over-collections or under-collections during the preceding 12 months.
- (3) Includes a portion of NGD's actuarially determined pension and other postemployment expense in excess of the amount being recovered through rates that is being deferred for rate making purposes. Deferred pension and other postemployment expenses of \$6 million and \$7 million as of March 31, 2018 and December 31, 2017, respectively, were not earning a return.
- (4) CenterPoint Energy is not earning a return on its Hurricane Harvey restoration costs.
- (5) The EDIT and deferred revenues will be recovered or refunded to customers as required by tax and regulatory authorities.
- (6) Other long-term regulatory assets that are not earning a return were not material as of March 31, 2018 and December 31, 2017.
- (7) Current regulatory liabilities are included in Other current liabilities in CenterPoint Energy's Condensed Consolidated Balance Sheets.

(6) Derivative Instruments

CenterPoint Energy is exposed to various market risks. These risks arise from transactions entered into in the normal course of business. CenterPoint Energy utilizes derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on its operating results and cash flows. Such derivatives are recognized in CenterPoint Energy's Condensed Consolidated Balance Sheets at their fair value unless CenterPoint Energy elects the normal purchase and sales exemption for qualified physical transactions. A derivative may be designated as a normal purchase or normal sale if the intent is to physically receive or deliver the product for use or sale in the normal course of business.

CenterPoint Energy has a Risk Oversight Committee composed of corporate and business segment officers that oversees commodity price, weather and credit risk activities, including CenterPoint Energy's marketing, risk management services and hedging activities. The committee's duties are to establish CenterPoint Energy's commodity risk policies, allocate board-approved commercial risk limits, approve the use of new products and commodities, monitor positions and ensure compliance with CenterPoint Energy's commercial risk management policy and procedures and limits established by CenterPoint Energy's Board of Directors.

CenterPoint Energy's policies prohibit the use of leveraged financial instruments. A leveraged financial instrument, for this purpose, is a transaction involving a derivative whose financial impact will be based on an amount other than the notional amount or volume of the instrument.

(a) Non-Trading Activities

Derivative Instruments. CenterPoint Energy enters into certain derivative instruments to mitigate the effects of commodity price movements. Certain financial instruments used to hedge portions of the natural gas inventory of the Energy Services business segment are designated as fair value hedges for accounting purposes. All other financial instruments do not qualify or are not designated as cash flow or fair value hedges.

Weather Hedges. CenterPoint Energy has weather normalization or other rate mechanisms that mitigate the impact of weather on NGD in Arkansas, Louisiana, Mississippi, Minnesota and Oklahoma. NGD and electric operations in Texas do not have such mechanisms, although fixed customer charges are historically higher in Texas for NGD compared to CenterPoint Energy's other jurisdictions. As a result, fluctuations from normal weather may have a positive or negative effect on NGD's results in Texas and on electric operations' results in its service territory.

CenterPoint Energy enters into winter season weather hedges from time to time for certain NGD jurisdictions and electric operations' service territory to mitigate the effect of fluctuations from normal weather on results of operations and cash flows. These weather hedges are based on heating degree days at 10-year normal weather.

The table below summarizes CenterPoint Energy's current weather hedge activity:

Jurisdiction	Winter Season	Bilateral Cap	Three Months Ended March 31,	
			2018	2017
			(in millions)	
Certain NGD jurisdictions	2017 – 2018	\$ 8	\$ —	\$ —
Electric operations' service territory	2017 – 2018	9	(4)	—
Electric operations' service territory	2016 – 2017	9	—	1
Total (1)			\$ (4)	\$ 1

(1) Weather hedge gains (losses) are recorded in Revenues in the Condensed Statements of Consolidated Income.

Hedging of Interest Expense for Future Debt Issuances. In January and February 2018, Houston Electric entered into forward interest rate agreements with multiple counterparties, having an aggregate notional amount of \$200 million. These agreements were executed to hedge, in part, volatility in the 30-year U.S. treasury rate by reducing Houston Electric's exposure to variability in cash flows related to interest payments of Houston Electric's \$400 million issuance of fixed rate debt in February 2018. These forward interest rate agreements were designated as cash flow hedges. Accordingly, the effective portion of realized gains associated with the forward interest rate agreements, which totaled approximately \$5 million, is a component of accumulated other comprehensive income in 2018 and will be amortized over the life of the fixed rate debt.

In March 2018, CERC Corp. entered into forward interest rate agreements with multiple counterparties, having an aggregate notional amount of \$450 million. These agreements were executed to hedge, in part, volatility in the 5-year and 10-year U.S. treasury rates by reducing CERC Corp.'s exposure to variability in cash flows related to interest payments of CERC Corp.'s \$600 million issuance of fixed rate debt in March 2018. These forward interest rate agreements were designated as cash flow hedges. Accordingly, the effective portion of realized losses associated with the forward interest rate agreements, which totaled less than \$1 million, is a component of accumulated other comprehensive income in 2018 and will be amortized over the life of the fixed rate debt.

(b) Derivative Fair Values and Income Statement Impacts

The following tables present information about CenterPoint Energy's derivative instruments and hedging activities. The first four tables provide a balance sheet overview of CenterPoint Energy's Derivative Assets and Liabilities, while the last table provides a breakdown of the related income statement impacts.

Fair Value of Derivative Instruments			
March 31, 2018			
	Balance Sheet Location	Derivative Assets Fair Value	Derivative Liabilities Fair Value
(in millions)			
Derivatives designated as fair value hedges:			
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	\$ 1	\$ 1
Derivatives not designated as hedging instruments:			
Natural gas derivatives (1) (2) (3)	Current Assets: Non-trading derivative assets	86	2
Natural gas derivatives (1) (2) (3)	Other Assets: Non-trading derivative assets	52	—
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	18	70
Natural gas derivatives (1) (2) (3)	Other Liabilities: Non-trading derivative liabilities	9	42
Indexed debt securities derivative	Current Liabilities	—	674
Total		<u>\$ 166</u>	<u>\$ 789</u>

- (1) The fair value shown for natural gas contracts is comprised of derivative gross volumes totaling 1,735 Bcf or a net 437 Bcf long position. Certain natural gas contracts hedge basis risk only and lack a fixed price exposure.
- (2) Natural gas contracts are presented on a net basis in the Condensed Consolidated Balance Sheets as they are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due and causes derivative assets (liabilities) to be ultimately presented net in a liability (asset) account within the Condensed Consolidated Balance Sheets. The net of total non-trading natural gas derivative assets and liabilities was a \$103 million asset as shown on CenterPoint Energy's Condensed Consolidated Balance Sheets (and as detailed in the table below), and was comprised of the natural gas contracts derivative assets and liabilities separately shown above, impacted by collateral netting of \$52 million.
- (3) Derivative Assets and Derivative Liabilities include no material amounts related to physical forward transactions with Enable.

Offsetting of Natural Gas Derivative Assets and Liabilities			
March 31, 2018			
	Gross Amounts Recognized (1)	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets (2)
(in millions)			
Current Assets: Non-trading derivative assets	\$ 105	\$ (21)	\$ 84
Other Assets: Non-trading derivative assets	61	(9)	52
Current Liabilities: Non-trading derivative liabilities	(73)	52	(21)
Other Liabilities: Non-trading derivative liabilities	(42)	30	(12)
Total	<u>\$ 51</u>	<u>\$ 52</u>	<u>\$ 103</u>

- (1) Gross amounts recognized include some derivative assets and liabilities that are not subject to master netting arrangements.

- (2) The derivative assets and liabilities on the Condensed Consolidated Balance Sheets exclude accounts receivable or accounts payable that, should they exist, could be used as offsets to these balances in the event of a default.

Fair Value of Derivative Instruments			
December 31, 2017			
	Balance Sheet Location	Derivative Assets Fair Value	Derivative Liabilities Fair Value
(in millions)			
Derivatives designated as fair value hedges:			
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	\$ 13	\$ 1
Derivatives not designated as hedging instruments:			
Natural gas derivatives (1) (2) (3)	Current Assets: Non-trading derivative assets	114	4
Natural gas derivatives (1) (2) (3)	Other Assets: Non-trading derivative assets	44	—
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	38	78
Natural gas derivatives (1) (2) (3)	Other Liabilities: Non-trading derivative liabilities	9	24
Indexed debt securities derivative	Current Liabilities	—	668
Total		<u>\$ 218</u>	<u>\$ 775</u>

- (1) The fair value shown for natural gas contracts is comprised of derivative gross volumes totaling 1,795 Bcf or a net 224 Bcf long position. Certain natural gas contracts hedge basis risk only and lack a fixed price exposure.
- (2) Natural gas contracts are presented on a net basis in the Condensed Consolidated Balance Sheets as they are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due and causes derivative assets (liabilities) to be ultimately presented net in a liability (asset) account within the Condensed Consolidated Balance Sheets. The net of total non-trading natural gas derivative assets and liabilities was a \$130 million asset as shown on CenterPoint Energy's Condensed Consolidated Balance Sheets (and as detailed in the table below), and was comprised of the natural gas contracts derivative assets and liabilities separately shown above, impacted by collateral netting of \$19 million.
- (3) Derivative Assets and Derivative Liabilities include no material amounts related to physical forward transactions with Enable.

Offsetting of Natural Gas Derivative Assets and Liabilities			
December 31, 2017			
	Gross Amounts Recognized (1)	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets (2)
(in millions)			
Current Assets: Non-trading derivative assets	\$ 165	\$ (55)	\$ 110
Other Assets: Non-trading derivative assets	53	(9)	44
Current Liabilities: Non-trading derivative liabilities	(83)	63	(20)
Other Liabilities: Non-trading derivative liabilities	(24)	20	(4)
Total	<u>\$ 111</u>	<u>\$ 19</u>	<u>\$ 130</u>

- (1) Gross amounts recognized include some derivative assets and liabilities that are not subject to master netting arrangements.
- (2) The derivative assets and liabilities on the Condensed Consolidated Balance Sheets exclude accounts receivable or accounts payable that, should they exist, could be used as offsets to these balances in the event of a default.

Realized and unrealized gains and losses on natural gas derivatives are recognized in the Condensed Statements of Consolidated Income as revenue for physical sales derivative contracts and as natural gas expense for financial natural gas derivatives and physical purchase natural gas derivatives. Realized and unrealized gains and losses on indexed debt securities are recorded as Other Income (Expense) in the Condensed Statements of Consolidated Income.

Hedge ineffectiveness is recorded as a component of natural gas expense and primarily results from differences in the location of the derivative instrument and the hedged item. Basis ineffectiveness arises from natural gas market price differences between the locations of the hedged inventory and the delivery location specified in the hedge instruments. The impact of natural gas

derivatives designated as fair value hedges, the related hedged item, and natural gas derivatives not designated as hedging instruments are presented in the table below.

		Income Statement Impact of Derivative Activity	
		Income Statement Location	Three Months Ended March 31,
		2018	2017
Derivatives designated as fair value hedges:		(in millions)	
Natural gas derivatives	Gains (Losses) in Expenses: Natural Gas	\$ —	\$ 3
Fair value adjustments for natural gas inventory designated as the hedged item	Gains (Losses) in Expenses: Natural Gas	(2)	(4)
Total increase in Expenses: Natural Gas (1)		<u>\$ (2)</u>	<u>\$ (1)</u>
Derivatives not designated as hedging instruments:			
Natural gas derivatives	Gains (Losses) in Revenues	\$ 57	\$ 96
Natural gas derivatives	Gains (Losses) in Expenses: Natural Gas	(69)	(67)
Indexed debt securities derivative	Gains (Losses) in Other Income (Expense)	(18)	(10)
Total - derivatives not designated as hedging instruments		<u>\$ (30)</u>	<u>\$ 19</u>

(1) Hedge ineffectiveness results from the basis ineffectiveness discussed above, and excludes the impact to natural gas expense from timing ineffectiveness. Timing ineffectiveness arises due to changes in the difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity. As the commodity contract nears the settlement date, spot-to-forward price differences should converge, which should reduce or eliminate the impact of this ineffectiveness on natural gas expense.

(c) Credit Risk Contingent Features

CenterPoint Energy enters into financial derivative contracts containing material adverse change provisions. These provisions could require CenterPoint Energy to post additional collateral if the S&P or Moody's credit ratings of CenterPoint Energy, Inc. or its subsidiaries are downgraded. The total fair value of the derivative instruments that contain credit risk contingent features that are in a net liability position as of both March 31, 2018 and December 31, 2017 was \$2 million. CenterPoint Energy posted no assets as collateral toward derivative instruments that contain credit risk contingent features as of either March 31, 2018 or December 31, 2017. If all derivative contracts (in a net liability position) containing credit risk contingent features were triggered as of both March 31, 2018 and December 31, 2017, \$2 million of additional assets would be required to be posted as collateral.

(7) Fair Value Measurements

Assets and liabilities that are recorded at fair value in the Condensed Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined below and directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities, are as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are exchange-traded derivatives and equity securities, as well as natural gas inventory that has been designated as the hedged item in a fair value hedge.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability. Fair value assets and liabilities that are generally included in this category are derivatives with fair values based on inputs from actively quoted markets. A market approach is utilized to value CenterPoint Energy's Level 2 assets or liabilities.

Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Unobservable inputs reflect CenterPoint Energy's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. CenterPoint Energy develops these inputs based on the best information available, including CenterPoint Energy's own data. A market approach is utilized to value CenterPoint Energy's Level 3 assets or liabilities. As of March 31, 2018, CenterPoint Energy's Level 3 assets and liabilities are comprised of physical natural gas forward contracts and options and its indexed debt securities. Level 3 physical natural gas forward contracts and options are valued using a discounted cash flow model which includes illiquid forward price curve locations (ranging from \$1.36 to \$3.26 per MMBtu) as an unobservable input. CenterPoint Energy's Level 3 physical natural gas forward

contracts and options derivative assets and liabilities consist of both long and short positions (forwards and options) and their fair value is sensitive to forward prices. If forward prices decrease, CenterPoint Energy's long forwards and options lose value whereas its short forwards and options gain in value. CenterPoint Energy's Level 3 indexed debt securities are valued using a Black-Scholes option model and a discounted cash flow model, which use option volatility (19%) and a projected dividend growth rate (6%) as unobservable inputs. An increase in either volatilities or projected dividends will increase the value of the indexed debt securities, and a decrease in either the volatilities or projected dividends will decrease the value of the indexed debt securities.

CenterPoint Energy determines the appropriate level for each financial asset and liability on a quarterly basis and recognizes transfers between levels at the end of the reporting period. For the three months ended March 31, 2018, there were no transfers between Level 1 and 2. CenterPoint Energy also recognizes purchases of Level 3 financial assets and liabilities at their fair market value at the end of the reporting period.

The following tables present information about CenterPoint Energy's assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation techniques utilized by CenterPoint Energy to determine such fair value.

	March 31, 2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments (1)	Balance
	(in millions)				
Assets					
Corporate equities	\$ 946	\$ —	\$ —	\$ —	\$ 946
Investments, including money market funds (2)	70	—	—	—	70
Natural gas derivatives (3)	—	147	19	(30)	136
Total assets	\$ 1,016	\$ 147	\$ 19	\$ (30)	\$ 1,152
Liabilities					
Indexed debt securities derivative	\$ —	\$ —	\$ 674	\$ —	\$ 674
Natural gas derivatives (3)	—	108	7	(82)	33
Hedged portion of natural gas inventory	8	—	—	—	8
Total liabilities	\$ 8	\$ 108	\$ 681	\$ (82)	\$ 715

(1) Amounts represent the impact of legally enforceable master netting arrangements that allow CenterPoint Energy to settle positive and negative positions and also include cash collateral of \$52 million posted with the same counterparties.

(2) Amounts are included in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheets.

(3) Natural gas derivatives include no material amounts related to physical forward transactions with Enable.

	December 31, 2017				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments (1)	Balance
	(in millions)				
Assets					
Corporate equities	\$ 963	\$ —	\$ —	\$ —	\$ 963
Investments, including money market funds (2)	68	—	—	—	68
Natural gas derivatives (3)	—	161	57	(64)	154
Hedged portion of natural gas inventory	14	—	—	—	14
Total assets	\$ 1,045	\$ 161	\$ 57	\$ (64)	\$ 1,199
Liabilities					
Indexed debt securities derivative	\$ —	\$ —	\$ 668	\$ —	\$ 668
Natural gas derivatives (3)	—	96	11	(83)	24
Total liabilities	\$ —	\$ 96	\$ 679	\$ (83)	\$ 692

(1) Amounts represent the impact of legally enforceable master netting arrangements that allow CenterPoint Energy to settle positive and negative positions and also include cash collateral of \$19 million posted with the same counterparties.

(2) Amounts are included in Prepaid expenses and other current assets and Other assets in the Condensed Consolidated Balance Sheets.

(3) Natural gas derivatives include no material amounts related to physical forward transactions with Enable.

The following table presents additional information about assets or liabilities, including derivatives that are measured at fair value on a recurring basis for which CenterPoint Energy has utilized Level 3 inputs to determine fair value:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Derivative assets and liabilities, net	
	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Beginning balance	\$ (622)	\$ (704)
Total gains (losses)	(4)	6
Total settlements	(34)	(4)
Transfers into Level 3	—	1
Transfers out of Level 3	(2)	1
Ending balance (1)	\$ (662)	\$ (700)
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$ (5)	\$ 5

(1) CenterPoint Energy did not have significant Level 3 sales or purchases during either of the three months ended March 31, 2018 or 2017.

Estimated Fair Value of Financial Instruments

The fair values of cash and cash equivalents, investments in debt and equity securities classified as “trading” and short-term borrowings are estimated to be approximately equivalent to carrying amounts and have been excluded from the table below. The carrying amounts of non-trading derivative assets and liabilities and CenterPoint Energy’s ZENS indexed debt securities derivative are stated at fair value and are excluded from the table below. The fair value of each debt instrument is determined by multiplying the principal amount of each debt instrument by a combination of historical trading prices and comparable issue data. These

liabilities, which are not measured at fair value in the Condensed Consolidated Balance Sheets, but for which the fair value is disclosed, would be classified as Level 2 in the fair value hierarchy.

	March 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value

(in millions)

Financial liabilities:

Long-term debt	\$	8,670	\$	9,008	\$	8,679	\$	9,220
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(8) Unconsolidated Affiliate

CenterPoint Energy has the ability to significantly influence the operating and financial policies of Enable, a publicly traded MLP, and, accordingly, accounts for its investment in Enable's common units using the equity method of accounting for in-substance real estate. Upon the adoption of ASU 2014-09 and ASU 2017-05 on January 1, 2018, CenterPoint Energy evaluated transactions in its investment in Enable that occurred prior to January 1, 2018 (the effective date) and concluded a cumulative effect adjustment to the opening balance of retained earnings was not required. See Note 2 for further discussion.

CenterPoint Energy's maximum exposure to loss related to Enable, a VIE in which CenterPoint Energy is not the primary beneficiary, is limited to its equity investment, its Series A Preferred Unit investment and its outstanding current accounts receivable from Enable.

Limited Partner Interest and Units Held in Enable:

	March 31, 2018		
	Limited Partner Interest (1)	Common Units	Series A Preferred Units (2)
CenterPoint Energy	54.0%	233,856,623	14,520,000
OGE	25.6%	110,982,805	—
Public unitholders	20.4%	88,232,573	—
Total units outstanding	100.0%	433,072,001	14,520,000

(1) Excluding the Series A Preferred Units owned by CenterPoint Energy.

(2) The carrying amount of the Series A Preferred Units, reflected as Preferred units - unconsolidated affiliate on the Condensed Consolidated Balance Sheets, was \$363 million as of both March 31, 2018 and December 31, 2017. No impairment charges or adjustment due to observable price changes were made during the current or prior reporting periods. See Note 2 for further discussion.

Generally, sales to any person or entity (including a series of sales to the same person or entity) of more than 5% of the aggregate of the common units CenterPoint Energy owns in Enable or sales to any person or entity (including a series of sales to the same person or entity) by OGE of more than 5% of the aggregate of the common units it owns in Enable are subject to mutual rights of first offer and first refusal set forth in Enable's Agreement of Limited Partnership.

Enable is controlled jointly by CERC Corp. and OGE, and each own 50% of the management rights in the general partner of Enable. Sale of CenterPoint Energy's or OGE's ownership interests in Enable's general partner to a third party is subject to mutual rights of first offer and first refusal, and CenterPoint Energy is not permitted to dispose of less than all of its interest in Enable's general partner.

Distributions Received from Enable:

	Three Months Ended March 31,	
	2018	2017

(in millions)

Investment in Enable common units	\$	74	\$	74
Investment in Enable Series A Preferred Units		9		9
Total	\$	83	\$	83

As of March 31, 2018, CERC Corp. and OGE also owned 40% and 60%, respectively, of the incentive distribution rights held by the general partner of Enable. Enable is expected to pay a minimum quarterly distribution of \$0.2875 per common unit on its outstanding common units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to its general partner and its affiliates, within 60 days after the end of each quarter. If cash distributions to Enable's unitholders exceed \$0.330625 per common unit in any quarter, the general partner will receive increasing percentages or incentive distributions rights, up to 50%, of the cash Enable distributes in excess of that amount. In certain circumstances the general partner of Enable will have the right to reset the minimum quarterly distribution and the target distribution levels at which the incentive distributions receive increasing percentages to higher levels based on Enable's cash distributions at the time of the exercise of this reset election. To date, no incentive distributions have been made.

Transactions with Enable:

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Reimbursement of transition services (1)	\$ 2	\$ 2
Natural gas expenses, including transportation and storage costs	37	33

(1) Represents amounts billed under the Transition Agreements for certain support services provided to Enable. Actual transition services costs are recorded net of reimbursement.

	March 31, 2018	December 31, 2017
	(in millions)	
Accounts receivable for amounts billed for transition services	\$ 1	\$ 1
Accounts payable for natural gas purchases from Enable	11	13

Summarized unaudited consolidated income information for Enable is as follows:

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Operating revenues	\$ 748	\$ 666
Cost of sales, excluding depreciation and amortization	375	308
Operating income	139	140
Net income attributable to Enable	105	111
Reconciliation of Equity in Earnings, net:		
CenterPoint Energy's interest	\$ 57	\$ 60
Basis difference amortization (1)	12	12
CenterPoint Energy's equity in earnings, net	\$ 69	\$ 72

(1) Equity in earnings of unconsolidated affiliate includes CenterPoint Energy's share of Enable's earnings adjusted for the amortization of the basis difference of CenterPoint Energy's original investment in Enable and its underlying equity in Enable's net assets. The basis difference is amortized over approximately 31 years, the average life of the assets to which the basis difference is attributed.

Summarized unaudited consolidated balance sheet information for Enable is as follows:

	March 31, 2018	December 31, 2017
(in millions)		
Current assets	\$ 413	\$ 416
Non-current assets	11,274	11,177
Current liabilities	1,404	1,279
Non-current liabilities	2,664	2,660
Non-controlling interest	11	12
Preferred equity	362	362
Enable partners' equity	7,246	7,280
Reconciliation of Investment in Enable:		
CenterPoint Energy's ownership interest in Enable partners' equity	\$ 3,913	\$ 3,935
CenterPoint Energy's basis difference	(1,446)	(1,463)
CenterPoint Energy's equity method investment in Enable	\$ 2,467	\$ 2,472

(9) Goodwill and Other Intangibles

Goodwill by reportable business segment as of both March 31, 2018 and December 31, 2017 is as follows:

	(in millions)
Natural Gas Distribution	\$ 746
Energy Services	110 ⁽¹⁾
Other Operations	11
Total	\$ 867

(1) Amount presented is net of the accumulated goodwill impairment charge of \$252 million recorded in 2012.

The tables below present information on CenterPoint Energy's other intangible assets recorded in Other non-current assets on the Condensed Consolidated Balance Sheets.

	Useful Lives (in years)	March 31, 2018			December 31, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
(in millions)							
Customer relationships	15	\$ 86	\$ (23)	\$ 63	\$ 86	\$ (21)	\$ 65
Covenants not to compete	4	4	(2)	2	4	(2)	2
Other	Various	15	(9)	6	15	(8)	7
Total		\$ 105	\$ (34)	\$ 71	\$ 105	\$ (31)	\$ 74

	Three Months Ended March 31,	
	2018	2017
(in millions)		
Amortization expense of intangible assets	\$ 3	\$ 2

(10) Indexed Debt Securities (ZENS) and Securities Related to ZENS

(a) Investment in Securities Related to ZENS

In 1995, CenterPoint Energy sold a cable television subsidiary to TW and received certain TW securities as partial consideration. A subsidiary of CenterPoint Energy holds shares of certain securities detailed in the table below, which are classified as trading securities and are expected to be held to facilitate CenterPoint Energy's ability to meet its obligation under the ZENS. Unrealized gains and losses resulting from changes in the market value of the TW Securities are recorded in CenterPoint Energy's Condensed Statements of Consolidated Income.

	Shares Held	
	March 31, 2018	December 31, 2017
TW Common	7,107,130	7,107,130
Time Common	—	888,392
Charter Common	872,503	872,503

(b) ZENS

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of \$1 billion of which \$828 million remain outstanding as of March 31, 2018. Each ZENS was originally exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares of TW Common attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

On October 22, 2016, AT&T announced that it had entered into a definitive agreement to acquire TW in a stock and cash transaction. On February 15, 2017, TW shareholders approved the announced transaction with AT&T. Pursuant to the merger agreement, upon closing of the merger, TW shareholders would receive for each of their shares of TW Common an estimated implied value of \$107.50, comprised of \$53.75 per share in cash and \$53.75 per share in AT&T Common. The stock portion will be subject to a collar such that TW shareholders will receive 1.437 shares of AT&T Common if AT&T Common's average stock price is below \$37.411 at closing and 1.3 shares of AT&T Common if AT&T Common's average stock price is above \$41.349 at closing. Cash received for the TW Common reference shares would subsequently be distributed to ZENS holders, which is expected to reduce the contingent principal balance, and reference shares would consist of Charter Common, Time Common and AT&T Common. In November 2017, the U.S. Department of Justice filed a civil antitrust lawsuit to block AT&T's acquisition of TW. AT&T has announced it does not expect the outcome of this matter to prohibit the acquisition. Such proceedings began March 19, 2018 and the judge's ruling is expected by June 12, 2018.

On November 26, 2017, Meredith announced that it had entered into a definitive merger agreement with Time. Pursuant to the merger agreement, upon closing of the merger, a subsidiary of Meredith would purchase for cash all outstanding Time Common shares for \$18.50 per share. The transaction was consummated on January 31, 2018. CenterPoint Energy elected to make a reference share offer adjustment and distribute additional interest, if any, in accordance with the terms of its ZENS rather than electing to increase the early exchange ratio to 100%. CenterPoint Energy's distribution of additional interest in connection with the reference share offer was proportionate to the percentage of eligible shares that were validly tendered by Time stockholders in Meredith's tender offer. CenterPoint Energy received \$18.50 for each share of Time Common held, resulting in cash proceeds of approximately \$16 million. In accordance with the terms of the ZENS, CenterPoint Energy distributed additional interest of approximately \$16 million to ZENS holders on March 6, 2018, which reduced the contingent principal amount.

As a result, CenterPoint Energy recorded the following during the three months ended March 31, 2018:

	(in millions)	
Cash payment to ZENS holders	\$	16
Indexed debt – reduction		(4)
Indexed debt securities derivative – reduction		(1)
Loss on indexed debt securities	\$	11

The reference shares for each ZENS consisted of the following:

	March 31, 2018	December 31, 2017
	(in shares)	
TW Common	0.5	0.5
Time Common	—	0.0625
Charter Common	0.061382	0.061382

As of March 31, 2018, the contingent principal balance was \$486 million.

(11) Short-term Borrowings and Long-term Debt

(a) Short-term Borrowings

Inventory Financing. NGD has AMAs associated with its utility distribution service in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. In March 2018, NGD's third party AMAs in Arkansas, Louisiana and Oklahoma expired, and NGD entered into new AMAs with CES effective April 1, 2018 in these states. The AMAs have varying terms, the longest of which expires in 2021. Pursuant to the provisions of the agreements, NGD sells natural gas and agrees to repurchase an equivalent amount of natural gas during the winter heating seasons at the same cost, plus a financing charge. These transactions are accounted for as an inventory financing and had an associated principal obligation of \$-0- and \$39 million as of March 31, 2018 and December 31, 2017, respectively.

(b) Long-term Debt

Debt Issuances. During the three months ended March 31, 2018, Houston Electric and CERC Corp. issued the following debt instruments:

	Issuance Date	Debt Instrument	Aggregate Principal Amount	Interest Rate	Maturity Date
			(in millions)		
Houston Electric	February 2018	General mortgage bonds	\$ 400	3.95%	2048
CERC Corp.	March 2018	Unsecured senior notes	300	3.55%	2023
CERC Corp.	March 2018	Unsecured senior notes	300	4.00%	2028

The proceeds from these issuances were used for general limited liability company and corporate purposes, as applicable, including to repay portions of outstanding commercial paper and borrowings under CenterPoint Energy's money pool.

CenterPoint Energy, Houston Electric and CERC Corp. had the following revolving credit facilities and utilization of such facilities:

	Size of Facility	March 31, 2018			December 31, 2017		
		Loans	Letters of Credit	Commercial Paper	Loans	Letters of Credit	Commercial Paper
(in millions)							
CenterPoint Energy	\$ 1,700	\$ —	\$ 6	\$ 189 ⁽¹⁾	\$ —	\$ 6	\$ 855 ⁽¹⁾
Houston Electric	300	—	4	—	—	4	—
CERC Corp.	900	—	1	726 ⁽²⁾	—	1	898 ⁽²⁾
Total	<u>\$ 2,900</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 915</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 1,753</u>

(1) Weighted average interest rate was 2.24% and 1.88% as of March 31, 2018 and December 31, 2017, respectively.

(2) Weighted average interest rate was 2.34% and 1.72% as of March 31, 2018 and December 31, 2017, respectively.

Execution Date	Company	Size of Facility (in millions)	Draw Rate of LIBOR plus (1)	Financial Covenant Limit on Debt for Borrowed Money to Capital Ratio	Debt for Borrowed Money to Capital Ratio as of March 31, 2018 (2)	Termination Date
March 3, 2016	CenterPoint Energy	\$ 1,700	1.250%	65% (3)	52.6%	March 3, 2022
March 3, 2016	Houston Electric	300	1.125%	65% (3)	51.2%	March 3, 2022
March 3, 2016	CERC Corp.	900	1.250%	65%	38.7%	March 3, 2022

(1) Based on current credit ratings.

(2) As defined in the revolving credit facility agreement, excluding Securitization Bonds.

(3) The financial covenant limit will temporarily increase from 65% to 70% if Houston Electric experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that Houston Electric has incurred system restoration costs reasonably likely to exceed \$100 million in a consecutive 12-month period, all or part of which Houston Electric intends to seek to recover through securitization financing. Such temporary increase in the financial covenant would be in effect from the date CenterPoint Energy delivers its certification until the earliest to occur of (i) the completion of the securitization financing, (ii) the first anniversary of CenterPoint Energy's certification or (iii) the revocation of such certification.

CenterPoint Energy, Houston Electric and CERC Corp. were in compliance with all financial debt covenants as of March 31, 2018.

(12) Income Taxes

The effective tax rate reported for the three months ended March 31, 2018 was 22% compared to 36% for the same period in 2017. The lower effective tax rate for the three months ended March 31, 2018 was primarily due to the reduction in the federal corporate income tax rate from 35% to 21% effective January 1, 2018 as prescribed by the TCJA.

CenterPoint Energy reported no uncertain tax liability as of March 31, 2018 and expects no significant changes to the uncertain tax liability over the next twelve months. Tax years through 2015 have been audited and settled with the IRS. For the 2016 through 2018 tax years, CenterPoint Energy is a participant in the IRS's Compliance Assurance Process.

(13) Commitments and Contingencies

(a) Natural Gas Supply Commitments

Natural gas supply commitments include natural gas contracts related to CenterPoint Energy's Natural Gas Distribution and Energy Services business segments, which have various quantity requirements and durations, that are not classified as non-trading derivative assets and liabilities in CenterPoint Energy's Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017 as these contracts meet an exception as "normal purchases contracts" or do not meet the definition of a derivative. Natural gas supply commitments also include natural gas transportation contracts that do not meet the definition of a derivative. As of March 31, 2018, minimum payment obligations for natural gas supply commitments are approximately:

	(in millions)
Remaining nine months of 2018	\$ 289
2019	311
2020	170
2021	81
2022	51
2023 and beyond	125

(b) Legal, Environmental and Other Matters

Legal Matters

Gas Market Manipulation Cases. CenterPoint Energy, Houston Electric or their predecessor, Reliant Energy, and certain of their former subsidiaries have been named as defendants in certain lawsuits described below. Under a master separation agreement between CenterPoint Energy and a former subsidiary, RRI, CenterPoint Energy and its subsidiaries are entitled to be indemnified by RRI and its successors for any losses, including certain attorneys' fees and other costs, arising out of these lawsuits. In May 2009, RRI sold its Texas retail business to a subsidiary of NRG and RRI changed its name to RRI Energy, Inc. In December 2010, Mirant Corporation merged with and became a wholly-owned subsidiary of RRI, and RRI changed its name to GenOn. In December 2012, NRG acquired GenOn through a merger in which GenOn became a wholly-owned subsidiary of NRG. None of the sale of the retail business, the merger with Mirant Corporation, or the acquisition of GenOn by NRG alters RRI's (now GenOn's) contractual obligations to indemnify CenterPoint Energy and its subsidiaries, including Houston Electric, for certain liabilities, including their indemnification obligations regarding the gas market manipulation litigation.

A large number of lawsuits were filed against numerous gas market participants in a number of federal and western state courts in connection with the operation of the natural gas markets in 2000–2002. CenterPoint Energy and its affiliates have since been released or dismissed from all such cases. CES, a subsidiary of CERC Corp., was a defendant in a case now pending in federal court in Nevada alleging a conspiracy to inflate Wisconsin natural gas prices in 2000–2002. On May 24, 2016, the district court granted CES's motion for summary judgment, dismissing CES from the case. The plaintiffs have appealed that ruling. CenterPoint Energy and CES intend to continue vigorously defending against the plaintiffs' claims. In June 2017, GenOn and various affiliates filed for protection under Chapter 11 of the U.S. Bankruptcy Code. In December 2017, GenOn received court approval of a restructuring plan and is expected to emerge from Chapter 11 in mid-2018. CenterPoint Energy, CERC, and CES submitted proofs of claim in the bankruptcy proceedings to protect their indemnity rights. If GenOn were unable to meet its indemnity obligations or satisfy a liability that has been assumed in the gas market manipulation litigation, then CenterPoint Energy, Houston Electric or CERC could incur liability and be responsible for satisfying the liability. CenterPoint Energy does not expect the ultimate outcome of the case against CES to have a material adverse effect on its financial condition, results of operations or cash flows.

Minnehaha Academy. On August 2, 2017, a natural gas explosion occurred at the Minnehaha Academy in Minneapolis, Minnesota, resulting in the deaths of two school employees, serious injuries to others and significant property damage to the school. CenterPoint Energy, certain of its subsidiaries, and the contractor company working in the school have been named in litigation arising out of this incident. Additionally, CenterPoint Energy is cooperating with the ongoing investigation conducted by the National Transportation Safety Board. Further, CenterPoint Energy is contesting approximately \$200,000 in fines imposed by the Minnesota Office of Pipeline Safety. In early 2018, the Minnesota Occupational Safety and Health Administration concluded its investigation without any adverse findings against CenterPoint Energy. CenterPoint Energy's general and excess liability insurance policies provide coverage for third party bodily injury and property damage claims.

Environmental Matters

MGP Sites. CERC and its predecessors operated MGPs in the past. With respect to certain Minnesota MGP sites, CERC has completed state-ordered remediation and continues state-ordered monitoring and water treatment. As of March 31, 2018, CERC had a recorded liability of \$7 million for continued monitoring and any future remediation required by regulators in Minnesota. The estimated range of possible remediation costs for the sites for which CERC believes it may have responsibility was \$5 million to \$30 million based on remediation continuing for 30 to 50 years. The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will depend on the number of sites to be remediated, the participation of other PRPs, if any, and the remediation methods used.

In addition to the Minnesota sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CERC or may have been owned by one of its former affiliates. CenterPoint Energy does not expect the ultimate outcome of these matters to have a material adverse effect on the financial condition, results of operations or cash flows of either CenterPoint Energy or CERC.

Asbestos. Some facilities owned by CenterPoint Energy or its predecessors in interest contain or have contained asbestos insulation and other asbestos-containing materials. CenterPoint Energy and its subsidiaries are from time to time named, along with numerous others, as defendants in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos, and CenterPoint Energy anticipates that additional claims may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, CenterPoint Energy does not expect these matters, either individually or in the aggregate, to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

Other Environmental. From time to time, CenterPoint Energy identifies the presence of environmental contaminants during its operations or on property where its predecessor companies have conducted operations. Other such sites involving contaminants may be identified in the future. CenterPoint Energy has and expects to continue to remediate any identified sites consistent with its state and federal legal obligations. From time to time CenterPoint Energy has received notices, and may receive notices in the future, from regulatory authorities or others regarding its status as a PRP in connection with sites found to require remediation due to the presence of environmental contaminants. In addition, CenterPoint Energy has been, or may be, named from time to time as a defendant in litigation related to such sites. Although the ultimate outcome of such matters cannot be predicted at this time, CenterPoint Energy does not expect these matters, either individually or in the aggregate, to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

Other Proceedings

CenterPoint Energy is involved in other legal, environmental, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business. From time to time, CenterPoint Energy is also a defendant in legal proceedings with respect to claims brought by various plaintiffs against broad groups of participants in the energy industry. Some of these proceedings involve substantial amounts. CenterPoint Energy regularly analyzes current information and, as necessary, provides accruals for probable and reasonably estimable liabilities on the eventual disposition of these matters. CenterPoint Energy does not expect the disposition of these matters to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

(14) Earnings Per Share

The following table reconciles numerators and denominators of CenterPoint Energy's basic and diluted earnings per share calculations:

	Three Months Ended March 31,	
	2018	2017
	(in millions, except share and per share amounts)	
Net income	\$ 165	\$ 192
Basic weighted average shares outstanding	431,231,000	430,794,000
Plus: Incremental shares from assumed conversions:		
Restricted stock	2,777,000	2,554,000
Diluted weighted average shares	434,008,000	433,348,000
Basic earnings per share		
Net income	\$ 0.38	\$ 0.45
Diluted earnings per share		
Net income	\$ 0.38	\$ 0.44

(15) Reportable Business Segments

CenterPoint Energy's determination of reportable business segments considers the strategic operating units under which CenterPoint Energy manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. CenterPoint Energy uses operating income as the measure of profit or loss for its business segments other than Midstream Investments, where it uses equity in earnings.

CenterPoint Energy's reportable business segments include the following: Electric Transmission & Distribution, Natural Gas Distribution, Energy Services, Midstream Investments and Other Operations. The electric transmission and distribution function (Houston Electric) is reported in the Electric Transmission & Distribution business segment. Natural Gas Distribution consists of intrastate natural gas sales to, and natural gas transportation and distribution for, residential, commercial, industrial and institutional customers. Energy Services represents CenterPoint Energy's non-rate regulated gas sales and services operations. Midstream Investments consists of CenterPoint Energy's equity investment in Enable (excluding the Series A Preferred Units). Other Operations consists primarily of other corporate operations which support all of CenterPoint Energy's business operations.

Financial data for business segments is as follows:

For the Three Months Ended March 31, 2018				
	Revenues from External Customers	Net Intersegment Revenues	Operating Income (Loss)	Total Assets as of March 31, 2018
(in millions)				
Electric Transmission & Distribution	\$ 751 ⁽¹⁾	\$ —	\$ 115	\$ 10,358
Natural Gas Distribution	1,143	10	156	6,438
Energy Services	1,257	28	(26)	1,329
Midstream Investments ⁽²⁾	—	—	—	2,467
Other Operations	4	—	6	2,500 ⁽³⁾
Eliminations	—	(38)	—	(682)
Consolidated	<u>\$ 3,155</u>	<u>\$ —</u>	<u>\$ 251</u>	<u>\$ 22,410</u>

For the Three Months Ended March 31, 2017				
	Revenues from External Customers	Net Intersegment Revenues	Operating Income ⁽⁴⁾	Total Assets as of December 31, 2017
(in millions)				
Electric Transmission & Distribution	\$ 639 ⁽¹⁾	\$ —	\$ 86	\$ 10,292
Natural Gas Distribution	907	9	168	6,608
Energy Services	1,185	11	35	1,521
Midstream Investments ⁽²⁾	—	—	—	2,472
Other Operations	4	—	2	2,497 ⁽³⁾
Eliminations	—	(20)	—	(654)
Consolidated	<u>\$ 2,735</u>	<u>\$ —</u>	<u>\$ 291</u>	<u>\$ 22,736</u>

(1) Electric Transmission & Distribution revenues from major customers are as follows:

	Three Months Ended March 31,	
	2018	2017
(in millions)		
Affiliates of NRG	\$ 161	\$ 152
Affiliates of Vistra Energy Corp.	54	47

(2) Midstream Investments' equity earnings, net are as follows:

	Three Months Ended March 31,	
	2018	2017
(in millions)		
Enable	\$ 69	\$ 72

(3) Included in total assets of Other Operations as of March 31, 2018 and December 31, 2017 are pension and other postemployment-related regulatory assets of \$588 million and \$600 million, respectively.

(4) Amounts for 2017 have been restated to reflect the adoption of ASU 2017-07.

(16) Supplemental Disclosure of Cash Flow Information

The table below provides supplemental disclosure of cash flow information:

	Three Months Ended March 31,	
	2018	2017
(in millions)		
Cash Payments/Receipts:		
Interest, net of capitalized interest	\$ 116	\$ 112
Income tax refunds, net	(4)	(2)
Non-cash transactions:		
Accounts payable related to capital expenditures	102	73

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported in the Condensed Consolidated Balance Sheets to the amount reported in the Condensed Statements of Consolidated Cash Flows:

	March 31, 2018	December 31, 2017
	(in millions)	
Cash and cash equivalents	\$ 219	\$ 260
Restricted cash included in Prepaid expenses and other current assets	37	35
Restricted cash included in Other	1	1
Total cash, cash equivalents and restricted cash shown in Condensed Statements of Consolidated Cash Flows	\$ 257	\$ 296

(17) Subsequent Events

Proposed Merger with Vectren

On April 21, 2018, CenterPoint Energy entered into the Merger Agreement. Under the terms of the Merger Agreement, CenterPoint Energy will acquire Vectren for approximately \$6 billion in cash. Upon closing, Vectren will become a wholly-owned subsidiary of CenterPoint Energy.

Pursuant to the Merger Agreement, upon the closing of the Merger, each share of Vectren common stock issued and outstanding immediately prior to the closing will be converted automatically into the right to receive \$72.00 in cash per share. CenterPoint Energy expects to finance the Merger with a combination of debt, equity-linked and equity issuances and has obtained a \$5 billion 364-day bridge facility commitment to provide flexibility for the timing of the long-term acquisition financing and fund, in part, amounts payable by CenterPoint Energy in connection with the Merger. All outstanding debt held by Vectren and its subsidiaries will be assumed by CenterPoint Energy at the closing of the Merger. It is forecasted that Vectren and its subsidiaries will have approximately \$2.5 billion of outstanding short-term and long-term debt as of December 31, 2018. As of March 31, 2018, Vectren and its subsidiaries had outstanding \$288 million of short-term debt and \$1.8 billion of long-term debt, including current maturities.

Consummation of the Merger is conditioned upon approval by federal and state regulatory commissions, expiration or termination of the applicable Hart-Scott-Rodino waiting period and approval of the Merger by Vectren shareholders. The Merger Agreement contains termination rights for both CenterPoint Energy and Vectren, and provides that, upon termination of the Merger Agreement under specified circumstances, CenterPoint Energy would be required to pay a termination fee of \$210 million to Vectren and Vectren would be required to pay CenterPoint Energy a termination fee of \$150 million.

Subject to receipt of required regulatory approvals and satisfaction and/or waiver of the closing conditions, CenterPoint Energy and Vectren target closing the Merger in the first quarter of 2019.

CenterPoint Energy Dividend Declaration

On April 26, 2018, CenterPoint Energy's Board of Directors declared a regular quarterly cash dividend of \$0.2775 per share of common stock payable on June 14, 2018, to shareholders of record as of the close of business on May 17, 2018.

Enable Distributions Declarations

On May 1, 2018, Enable declared a quarterly cash distribution of \$0.318 per unit on all of its outstanding common units for the quarter ended March 31, 2018. Accordingly, CERC Corp. expects to receive a cash distribution of approximately \$74 million

from Enable in the second quarter of 2018 to be made with respect to CERC Corp.'s investment in common units of Enable for the first quarter of 2018.

On May 1, 2018, Enable declared a quarterly cash distribution of \$0.625 per Series A Preferred Unit for the quarter ended March 31, 2018. Accordingly, CenterPoint Energy expects to receive a cash distribution of approximately \$9 million from Enable in the second quarter of 2018 to be made with respect to CenterPoint Energy's investment in Series A Preferred Units of Enable for the first quarter of 2018.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CENTERPOINT ENERGY, INC. AND SUBSIDIARIES

The following discussion and analysis should be read in combination with our Interim Condensed Financial Statements contained in this Form 10-Q and our 2017 Form 10-K.

RECENT EVENTS

Proposed Merger with Vectren. On April 21, 2018, we entered into the Merger Agreement. Under the terms of the Merger Agreement, we will acquire Vectren for approximately \$6 billion in cash. For more information about the proposed merger with Vectren, see Note 17 to our Interim Condensed Financial Statements.

Brazos Valley Connection Project. Houston Electric completed construction on and energized the Brazos Valley Connection in March 2018. For more information, see “—Liquidity and Capital Resources —Regulatory Matters” below.

Regulatory Proceedings. For details related to our pending and completed regulatory proceedings and orders related to the TCJA to date in 2018, see “—Liquidity and Capital Resources —Regulatory Matters” below.

Debt Issuances. In February 2018, Houston Electric issued \$400 million aggregate principal amount of general mortgage bonds. In March 2018, CERC Corp. issued \$600 million aggregate principal amount of unsecured senior notes. For more information about our 2018 debt issuances, see Note 11 to our Interim Condensed Financial Statements.

CONSOLIDATED RESULTS OF OPERATIONS

For information regarding factors that may affect the future results of our consolidated operations, please read “Risk Factors” in Item 1A of Part I of our 2017 Form 10-K and “Risk Factors” in Item 1A of Part II of this Form 10-Q.

	Three Months Ended March 31,	
	2018	2017
	(in millions, except per share amounts)	
Revenues	\$ 3,155	\$ 2,735
Expenses	2,904	2,444
Operating Income	251	291
Interest and Other Finance Charges	(78)	(78)
Interest on Securitization Bonds	(16)	(20)
Equity in Earnings of Unconsolidated Affiliate, net	69	72
Other Income, net	(14)	34
Income Before Income Taxes	212	299
Income Tax Expense	47	107
Net Income	\$ 165	\$ 192
Basic Earnings Per Share	\$ 0.38	\$ 0.45
Diluted Earnings Per Share	\$ 0.38	\$ 0.44

Three months ended March 31, 2018 compared to three months ended March 31, 2017

We reported net income of \$165 million (\$0.38 per diluted share) for the three months ended March 31, 2018 compared to net income of \$192 million (\$0.44 per diluted share) for the three months ended March 31, 2017.

The decrease in net income of \$27 million was primarily due to the following key factors:

- a \$43 million decrease in gains on marketable securities included in Other Income, net shown above;
- a \$40 million decrease in operating income discussed below by segment;

- an \$8 million increase in losses on indexed debt securities related to the ZENS included in Other Income, net shown above, resulting from a loss of \$11 million from Meredith's acquisition of Time in March 2018, partially offset by increased gains of \$3 million in the underlying value of the indexed debt securities; and
- a \$3 million decrease in equity earnings from our investment in Enable, discussed further in Note 8 to our Interim Condensed Financial Statements.

These decreases in net income were partially offset by the following:

- a \$60 million decrease in income tax expense due to lower net income and a reduction in the corporate income tax rate resulting from the TCJA;
- a \$4 million decrease in interest expense related to lower outstanding balances of our Securitization Bonds; and
- a \$3 million increase in miscellaneous other non-operating income included in Other Income, net shown above.

Income Tax Expense

Our effective tax rate reported for the three months ended March 31, 2018 was 22% compared to 36% for the same period in 2017. The lower effective tax rate for the three months ended March 31, 2018 was primarily due to the reduction in the federal corporate income tax rate from 35% to 21% effective January 1, 2018 as prescribed by the TCJA.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The following table presents operating income (loss) for each of our business segments. Included in revenues are intersegment sales. We account for intersegment sales as if the sales were to third parties at current market prices.

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Electric Transmission & Distribution	\$ 115	\$ 86
Natural Gas Distribution	156	168
Energy Services	(26)	35
Other Operations	6	2
Total Consolidated Operating Income	\$ 251	\$ 291

Electric Transmission & Distribution

For information regarding factors that may affect the future results of operations of our Electric Transmission & Distribution business segment, please read “Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition,” “— Risk Factors Affecting Our Electric Transmission & Distribution Business” and “— Other Risk Factors Affecting Our Businesses or Our Interests in Enable Midstream Partners, LP” in Item 1A of Part I of our 2017 Form 10-K.

The following table provides summary data of our Electric Transmission & Distribution business segment:

	Three Months Ended March 31,	
	2018	2017
	(in millions, except throughput and customer data)	
Revenues:		
TDU	\$ 598	\$ 562
Bond Companies	153	77
Total revenues	751	639
Expenses:		
Operation and maintenance, excluding Bond Companies	340	340
Depreciation and amortization, excluding Bond Companies	98	96
Taxes other than income taxes	61	60
Bond Companies	137	57
Total expenses	636	553
Operating Income	\$ 115	\$ 86
Operating Income:		
TDU	\$ 99	\$ 66
Bond Companies (1)	16	20
Total segment operating income	\$ 115	\$ 86
Throughput (in GWh):		
Residential	5,605	5,152
Total	19,644	18,753
Number of metered customers at end of period:		
Residential	2,171,715	2,139,413
Total	2,453,844	2,414,193

(1) Represents the amount necessary to pay interest on the Securitization Bonds.

Three months ended March 31, 2018 compared to three months ended March 31, 2017

Our Electric Transmission & Distribution business segment reported operating income of \$115 million for the three months ended March 31, 2018, consisting of \$99 million from the TDU and \$16 million related to the Bond Companies. For the three months ended March 31, 2017, operating income totaled \$86 million, consisting of \$66 million from the TDU and \$20 million related to the Bond Companies.

TDU operating income increased \$33 million, primarily due to the following key factors:

- higher equity return of \$14 million, primarily related to the annual true-up of transition charges correcting for under-collections that occurred during the preceding 12 months;
- rate increases of \$9 million related to distribution capital investments;
- higher transmission-related revenues of \$8 million and lower transmission costs billed by transmission providers of \$6 million;
- higher usage of \$8 million, primarily due to a return to more normal weather; and

- customer growth of \$6 million from the addition of almost 40,000 customers.

These increases to operating income were partially offset by the following:

- lower revenues of \$12 million due to the recording of a regulatory liability and a corresponding decrease to revenue reflecting the difference in revenues collected under existing customer rates and the revenues that would have been collected had existing rates been set using the lower corporate tax rate from the TCJA; and
- increased operation and maintenance expenses of \$6 million, primarily due to increased labor costs and support services expense.

Natural Gas Distribution

For information regarding factors that may affect the future results of operations of our Natural Gas Distribution business segment, please read “Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition,” “— Risk Factors Affecting Our Natural Gas Distribution and Energy Services Businesses” and “— Other Risk Factors Affecting Our Businesses or Our Interests in Enable Midstream Partners, LP” in Item 1A of Part I of our 2017 Form 10-K.

The following table provides summary data of our Natural Gas Distribution business segment:

	Three Months Ended March 31,	
	2018	2017
	(in millions, except throughput and customer data)	
Revenues	\$ 1,153	\$ 916
Expenses:		
Natural gas	667	461
Operation and maintenance	213	189
Depreciation and amortization	68	63
Taxes other than income taxes	49	35
Total expenses	997	748
Operating Income	\$ 156	\$ 168
Throughput (in Bcf):		
Residential	87	62
Commercial and industrial	94	82
Total Throughput	181	144
Number of customers at end of period:		
Residential	3,220,262	3,190,678
Commercial and industrial	257,806	255,869
Total	3,478,068	3,446,547

Three months ended March 31, 2018 compared to three months ended March 31, 2017

Our Natural Gas Distribution business segment reported operating income of \$156 million for the three months ended March 31, 2018 compared to \$168 million for the three months ended March 31, 2017.

Operating income decreased \$12 million as a result of the following key factors:

- higher operation and maintenance expenses of \$16 million, primarily due to higher labor and benefits, contract services and support services expense;
- lower revenue of \$15 million associated with the recording of a regulatory liability and a corresponding decrease to revenue in certain jurisdictions of \$7 million reflecting the difference in revenues collected under existing customer rates and the revenues that would have been collected had existing rates been set using the lower corporate tax rate from the

TCJA and lower rate filings in Minnesota of \$8 million associated with the lower corporate tax rate as a result of the TCJA;

- higher other taxes of \$10 million, primarily due to the Minnesota property tax refund of \$9 million in 2017; and
- increased depreciation and amortization expense of \$5 million, primarily due to ongoing additions to plant-in-service.

These decreases were partially offset by the following:

- rate increases, exclusive of the TCJA impact discussed above, of \$22 million, primarily from Texas rate filings of \$11 million, Minnesota interim rates of \$5 million and the Arkansas FRP filing of \$4 million;
- a \$5 million increase in usage due to colder weather; and
- a \$3 million increase associated with customer growth from the addition of over 31,000 new customers.

Increased operation and maintenance expenses related to energy efficiency programs of \$8 million and increased gross receipts taxes of \$4 million were offset by corresponding increases in the related revenues.

Energy Services

For information regarding factors that may affect the future results of operations of our Energy Services business segment, please read “Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition,” “— Risk Factors Affecting Our Natural Gas Distribution and Energy Services Businesses” and “— Other Risk Factors Affecting Our Businesses or Our Interests in Enable Midstream Partners, LP” in Item 1A of Part I of our 2017 Form 10-K.

The following table provides summary data of our Energy Services business segment:

	Three Months Ended March 31,	
	2018	2017
	(in millions, except throughput and customer data)	
Revenues	\$ 1,285	\$ 1,196
Expenses:		
Natural gas	1,281	1,137
Operation and maintenance	25	21
Depreciation and amortization	5	3
Total expenses	1,311	1,161
Operating Income (Loss)	\$ (26)	\$ 35
Timing impacts related to mark-to-market gain (loss) (1)	\$ (80)	\$ 15
Throughput (in Bcf)	375	319
Approximate number of customers at end of period (2)	30,000	31,000

(1) Includes the change in unrealized mark-to-market value and the impact from derivative assets and liabilities acquired through the purchase of Continuum and AEM.

(2) Does not include approximately 71,000 and 59,000 natural gas customers as of March 31, 2018 and 2017, respectively, that are under residential and small commercial choice programs invoiced by their host utility.

Three months ended March 31, 2018 compared to three months ended March 31, 2017

Our Energy Services business segment reported an operating loss of \$26 million for the three months ended March 31, 2018 compared to operating income of \$35 million for the three months ended March 31, 2017.

Operating income decreased \$61 million as a result of the following key factors:

- a \$95 million decrease from mark-to-market accounting for derivatives associated with certain natural gas purchases and sales used to lock in economic margins;
- a \$4 million increase in operation and maintenance expense, primarily due to higher contracts and services expense related to pipeline integrity testing, higher bad debt expense and higher support services expense; and
- a \$2 million increase in depreciation and amortization, primarily due to the amortization of AEM acquired intangibles.

These decreases in operating income were partially offset by a \$40 million increase in margin due to incremental volumes from customers and improved margin rates, resulting from realized commercial opportunities attributable to the Continuum and AEM acquisitions and colder than normal weather in several regions of the United States.

Midstream Investments

For information regarding factors that may affect the future results of operations of our Midstream Investments business segment, please read “Risk Factors — Risk Factors Affecting Our Interests in Enable Midstream Partners, LP” and “— Other Risk Factors Affecting Our Businesses or Our Interests in Enable Midstream Partners, LP” in Item 1A of Part I of our 2017 Form 10-K.

The following table provides pre-tax equity income of our Midstream Investments business segment:

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Equity earnings from Enable, net	\$ 69	\$ 72

Other Operations

The following table shows the operating income of our Other Operations business segment:

	Three Months Ended March 31,	
	2018	2017
	(in millions)	
Revenues	\$ 4	\$ 4
Expenses	(2)	2
Operating Income	\$ 6	\$ 2

CERTAIN FACTORS AFFECTING FUTURE EARNINGS

For information on other developments, factors and trends that may have an impact on our future earnings, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Certain Factors Affecting Future Earnings” in Item 7 of Part II of our 2017 Form 10-K, “Risk Factors” in Item 1A of Part I of our 2017 Form 10-K and in Item 1A of Part II of this Form 10-Q and “Cautionary Statement Regarding Forward-Looking Information” in this Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES**Historical Cash Flows**

The following table summarizes the net cash provided by (used in) operating, investing and financing activities:

	Three Months Ended March 31,	
	2018	2017
(in millions)		
Cash provided by (used in):		
Operating activities	\$ 484	\$ 317
Investing activities	(331)	(372)
Financing activities	(192)	(36)

Cash Provided by Operating Activities

Net cash provided by operating activities in the first three months of 2018 increased \$167 million compared to the first three months of 2017 due to changes in working capital (\$166 million) and higher net income after adjusting for non-cash and non-operating items (\$14 million; primarily depreciation and amortization), partially offset by decreased cash from other non-current items (\$13 million). The changes in working capital items in the first three months of 2018 primarily related to increased cash provided by non-trading derivatives, net; fuel cost recovery; inventory; interest and taxes accrued; net regulatory assets and liabilities and margin deposits, net; partially offset by decreased cash provided by net accounts receivable/payable and taxes receivable.

Cash Used in Investing Activities

Net cash used in investing activities in the first three months of 2018 decreased \$41 million compared to the first three months of 2017 primarily due to decreased cash used for the AEM acquisition in 2017 (\$132 million) and increased proceeds from the sale of marketable securities (\$16 million), which were partially offset by decreased cash from distributions from unconsolidated affiliate in excess of cumulative earnings (\$60 million, which is included in Equity in earnings of unconsolidated affiliates, net of distributions in operating activities) and increased capital expenditures (\$50 million).

Cash Used in Financing Activities

Net cash used in financing activities in the first three months of 2018 increased \$156 million compared to the first three months of 2017 primarily due to increased payments of commercial paper (\$1,064 million), increased distributions to ZENS holders (\$16 million), increased payments of common stock dividends (\$5 million), increased debt issuance costs (\$5 million) and decreased short-term borrowings (\$4 million), partially offset by increased proceeds from long-term debt (\$699 million) and decreased payments of long-term debt (\$240 million).

Future Sources and Uses of Cash

Our liquidity and capital requirements are affected primarily by our results of operations, capital expenditures, debt service requirements, tax payments, working capital needs and various regulatory actions. Our capital expenditures are expected to be used for investment in infrastructure for our electric transmission and distribution operations and our natural gas distribution operations. These capital expenditures are anticipated to maintain reliability and safety, increase resiliency and expand our systems through value-added projects. Our principal anticipated cash requirements for the remaining nine months of 2018 include the following:

- capital expenditures of approximately \$1.3 billion;
- maturing collateralized pollution control bonds of \$50 million;
- scheduled principal payments on Securitization Bonds of \$269 million; and
- dividend payments on our common stock and interest payments on debt.

We expect that anticipated cash needs for the remaining nine months of 2018 will be met with borrowings under our credit facilities, proceeds from commercial paper, proceeds from the issuance of long-term debt, anticipated cash flows from operations and distributions from Enable. In addition, if we decide to sell all or a portion of the Enable common units that we own in the

public equity markets or otherwise in 2018 (reducing the amount of future distributions we receive from Enable to the extent of any such sales), any net proceeds we receive from such sales could provide a source for our remaining 2018 cash needs. Discretionary financing or refinancing may result in the issuance of equity or debt securities in the capital markets or the arrangement of additional credit facilities. Issuances of equity or debt in the capital markets, funds raised in the commercial paper markets, additional credit facilities and any sales of our Enable common units may not, however, be available to us on acceptable terms.

For more information on our acquisition financing plan with respect to our proposed Merger with Vectren, see Note 17 to our Interim Condensed Financial Statements.

Off-Balance Sheet Arrangements

Other than operating leases, we have no off-balance sheet arrangements.

Regulatory Matters

Brazos Valley Connection Project

Houston Electric completed construction on and energized the Brazos Valley Connection in March 2018, ahead of the original June 1, 2018 energization date. The final capital costs of the project were approximately \$285 million, which was within the estimated range of approximately \$270-\$310 million in the PUCT’s original order. Houston Electric plans to seek interim recovery of the project costs not already included in rates in a filing with the PUCT in the second quarter of 2018. Final approval by the PUCT of the project costs will occur in Houston Electric’s next base rate case.

Bailey-Jones Creek Project

In April 2017, Houston Electric submitted a proposal to ERCOT requesting its endorsement of Houston Electric’s approximately \$250 million transmission project in the greater Freeport, Texas area, which includes enhancements to two existing substations and the construction of a new 345 kV double-circuit transmission line. On December 12, 2017, Houston Electric received approval from ERCOT and anticipates that the PUCT will provide a decision in 2019 regarding the design and route of the project.

Rate Change Applications

Houston Electric and CERC are routinely involved in rate change applications before state regulatory authorities. Those applications include general rate cases, where the entire cost of service of the utility is assessed and reset. In addition, Houston Electric is periodically involved in proceedings to adjust its capital tracking mechanisms (TCOS and DCRF) and annually files to adjust its EECRF. CERC is periodically involved in proceedings to adjust its capital tracking mechanisms in Texas (GRIP), its cost of service adjustments in Arkansas, Louisiana, Mississippi and Oklahoma (FRP, RSP, RRA and PBRC, respectively), its decoupling mechanism in Minnesota, and its energy efficiency cost trackers in Arkansas, Minnesota, Mississippi and Oklahoma (EECR, CIP, EECR and EECR, respectively). The table below reflects significant applications pending or completed since our 2017 Form 10-K was filed with the SEC.

Mechanism	Annual Increase (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
Houston Electric (PUCT)					
TCOS	N/A	February 2018	April 2018	April 2018	Revised TCOS annual revenue application approved in November 2017 by a reduction of \$41.6 million to recognize decrease in the federal income tax rate, amortize certain EDIT balances and adjust rate base by EDIT attributable to new plant since the last rate case, all of which are related to the TCJA.
DCRF	N/A	April 2018	September 2018	TBD	Proposes an approximately \$83 million revenue requirement starting September 1, 2018 to begin recovering approximately \$503.6 million in eligible distribution capital invested in 2017, which does not include the \$29 million AMS refund or \$3 million additional offsets in the \$58 million DCRF charges currently in effect but does include an approximately \$39 million reduction to reflect the benefit of the recent decrease in the federal income tax rate.
South Texas (Railroad Commission)					
Rate Case	\$0.5	November 2017	TBD	TBD	Unanimous settlement agreement filed with the Railroad Commission in April 2018 that recommends a \$3 million annual decrease in current revenues, reflecting approximately \$2 million decrease in the federal income tax rate and amortization of certain EDIT balances and establishing a 9.8% ROE for future GRIP filings for the South Texas jurisdiction.

Mechanism	Annual Increase (1) (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
Beaumont/East Texas and Texas Gulf (Railroad Commission)					
GRIP	14.0	March 2018	July 2018	TBD	Based on net change in invested capital of \$72.0 million and reflects approximately \$1.1 million decrease in the federal income tax rate.
Arkansas (APSC)					
FRP	7.8	April 2018	October 2018	TBD	Based on ROE of 9.5% as approved in the last rate case and reflects approximately \$11.2 million decrease in the federal income tax rate and amortization of EDIT balances.
Minnesota (MPUC)					
Rate Case	56.5	August 2017	TBD	TBD	Reflects a proposed 10.0% ROE on a 52.18% equity ratio. Includes a proposal to extend decoupling beyond current expiration date of June 2018. Interim rates reflecting an annual increase of \$47.8 million were effective October 1, 2017. A unanimous settlement agreement was filed in March 2018, which is subject to MPUC approval. The settlement agreement increases base rates by \$3.9 million, makes decoupling a permanent part of the tariff, incorporates the impact of the decrease in the federal income tax rate and amortization of EDIT balances (approximately \$20 million) and establishes or continues tracker recovery mechanisms that account for approximately \$13.3 million in the initial filing.
Mississippi (MPSC)					
RRA	4.0	May 2018	July 2018	TBD	Authorized ROE of 9.144% and a capital structure of 50% debt and 50% equity. Reflects approximately \$1.7 million decrease in the federal income tax rate.
Oklahoma (OCC)					
PBRC	5.6	March 2018	TBD	TBD	Based on ROE of 10% and reflects approximately \$1.2 million decrease in the federal income tax rate and amortization of certain EDIT balances.

(1) Represents proposed increases when effective date and/or approval date is not yet determined. Approved rates could differ materially from proposed rates.

Tax Reform

For Houston Electric and CERC's NGD, federal income tax expense is included in the rates approved by state commissions and local municipalities and charged by those utilities to consumers. As Houston Electric and NGD file general rate cases and other periodic rate adjustments, the impacts of the TCJA (including the lower tax rate and the calculation and amortization of EDIT), along with other increases and decreases in our revenue requirements, will be incorporated into Houston Electric's and NGD's future rates as allowed by IRS rules. The effect of any potential return of tax savings resulting from the TCJA to consumers may differ depending on how each regulatory body requires us to return such savings. Regulatory commissions across most of our jurisdictions have issued accounting orders to track or record a regulatory liability for (1) the difference between revenues collected under existing rates and revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates and (2) the balance of EDIT that now exists because of the reduction in federal income tax rates.

On January 25, 2018, the PUCT issued an accounting order in Project No. 47945 directing electric utilities, including Houston Electric, to record as a regulatory liability (1) the difference between revenues collected under existing rates and revenues that would have been collected had the existing rates been set using the recently approved federal income tax rates and (2) the balance of EDIT that now exists because of the reduction in federal income tax rates. On February 13, 2018, Houston Electric and other likely parties to a future rate case announced a settlement that requires Houston Electric to make (i) a TCOS filing by February 20, 2018 to reflect the change in the federal income tax rate for Houston Electric's transmission rate base through July 31, 2017 and account for certain EDIT (and such filing was timely submitted), (ii) a DCRF filing in April 2018 to reflect the change in the federal income tax rate for Houston Electric's distribution rate base through December 31, 2017 (and such filing was timely submitted) and (iii) a full rate case filing by April 30, 2019. The settlement was presented to the PUCT during its open meeting on February 15, 2018. In response to the settlement, the PUCT did not proceed with a prior proposal to require Houston Electric to file a rate case in the summer of 2018. The PUCT also amended its prior accounting order to remove the requirement that utilities include carrying costs in the new regulatory liability.

FERC Revised Policy Statement and NOPR

On March 15, 2018, the FERC addressed treatment of federal income tax allowances in FERC-regulated pipeline rates. The FERC issued a Revised Policy Statement stating that it will no longer permit pipelines organized as MLPs to recover an income tax allowance in their cost-of-service rates. The FERC issued the Revised Policy Statement in response to a remand from the U.S. Court of Appeals for the D.C. Circuit in *United Airlines v. FERC*. Requests for rehearing or clarification of the Revised Policy

Statement are pending, and the FERC may change its decision in response to these requests. Accordingly, the impacts that such changes may have on the rates Enable can charge for transportation services are unknown at this time.

On March 15, 2018, the FERC also proposed, in a NOPR, the method by which it would apply the Revised Policy Statement to FERC-jurisdictional natural gas pipeline rates, as well as account for the corporate income tax rate reduction in the TCJA. The NOPR, if finalized as proposed, would require all FERC-regulated natural gas pipelines that have cost-based rates to make a filing providing certain cost and revenue information and then either propose to reduce or support current cost-based rates, or take no further action. Comments on the NOPR were due April 25, 2018. At this time, we cannot predict the outcome of the NOPR proceeding, but adoption of the regulation in its proposed form could adversely impact the rates Enable is permitted to charge its customers.

Other Matters

Credit Facilities

Our revolving credit facilities may be drawn on by the companies from time to time to provide funds used for general corporate purposes, including to backstop the companies' commercial paper programs. The facilities may also be utilized to obtain letters of credit. For further details related to our revolving credit facilities, please see Note 11 to our Interim Condensed Financial Statements.

As of April 24, 2018, we had the following facilities:

Company	Size of Facility (in millions)	Amount Utilized (1)	Termination Date
CenterPoint Energy	\$ 1,700	\$ 246 (2)	March 3, 2022
Houston Electric	300	4 (3)	March 3, 2022
CERC Corp.	900	430 (4)	March 3, 2022

(1) Based on the consolidated debt to capitalization covenant in our revolving credit facility and the revolving credit facility of each of Houston Electric and CERC Corp., we would have been permitted to utilize the full capacity of such revolving credit facilities, which aggregated \$2.9 billion as of March 31, 2018.

(2) Represents outstanding commercial paper of \$240 million and outstanding letters of credit of \$6 million.

(3) Represents outstanding letters of credit.

(4) Represents outstanding commercial paper of \$429 million and outstanding letters of credit of \$1 million.

Borrowings under each of the three revolving credit facilities are subject to customary terms and conditions. However, there is no requirement that the borrower make representations prior to borrowings as to the absence of material adverse changes or litigation that could be expected to have a material adverse effect. Borrowings under each of the revolving credit facilities are subject to acceleration upon the occurrence of events of default that we consider customary. The revolving credit facilities also provide for customary fees, including commitment fees, administrative agent fees, fees in respect of letters of credit and other fees. In each of the three revolving credit facilities, the spread to LIBOR and the commitment fees fluctuate based on the borrower's credit rating. The borrowers are currently in compliance with the various business and financial covenants in the three revolving credit facilities.

For more information on our \$5 billion 364-day bridge facility relating to our proposed Merger with Vectren, see Note 17 to our Interim Condensed Financial Statements.

Debt Financing Transactions

In February 2018, Houston Electric issued \$400 million aggregate principal amount of general mortgage bonds. In March 2018, CERC Corp. issued \$600 million aggregate principal amount of unsecured senior notes. For further information about our 2018 debt issuances, see Note 11 to our Interim Condensed Financial Statements.

Securities Registered with the SEC

On January 31, 2017, CenterPoint Energy, Houston Electric and CERC Corp. filed a joint shelf registration statement with the SEC registering indeterminate principal amounts of Houston Electric’s general mortgage bonds, CERC Corp.’s senior debt securities and CenterPoint Energy’s senior debt securities and junior subordinated debt securities and an indeterminate number of CenterPoint Energy’s shares of common stock, shares of preferred stock, as well as stock purchase contracts and equity units. The joint shelf registration statement will expire on January 31, 2020.

Temporary Investments

As of April 24, 2018, we had no temporary external investments.

Money Pool

We have a money pool through which the holding company and participating subsidiaries can borrow or invest on a short-term basis. Funding needs are aggregated and external borrowing or investing is based on the net cash position. The net funding requirements of the money pool are expected to be met with borrowings under our revolving credit facility or the sale of our commercial paper.

Impact on Liquidity of a Downgrade in Credit Ratings

The interest on borrowings under our credit facilities is based on our credit rating. On April 24, 2018, as a result of our announcement of the proposed merger with Vectren, S&P placed its long-term ratings on CenterPoint Energy, Houston Electric and CERC Corp. on CreditWatch with negative implications and affirmed their ratings. In addition, Moody’s and Fitch revised their rating outlooks on senior debt of CenterPoint Energy to negative from stable and to stable from positive, respectively, and affirmed their ratings.

As of April 24, 2018, Moody’s, S&P and Fitch had assigned the following credit ratings to senior debt of CenterPoint Energy and certain subsidiaries:

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	Baa2	Stable	A-	Negative	BBB	Positive

- (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 CreditWatch 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.

We cannot assure that the ratings set forth above will remain in effect for any given period of time or that one or more of these ratings will not be lowered or withdrawn entirely by a rating agency. We note that these credit ratings are included for informational purposes and are not recommendations to buy, sell or hold our securities and may be revised or withdrawn at any time by the rating agency. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of our credit ratings could have a material adverse impact on our ability to obtain short- and long-term financing, the cost of such financings and the execution of our commercial strategies.

A decline in credit ratings could increase borrowing costs under our revolving credit facilities. If our credit ratings or those of Houston Electric or CERC Corp. had been downgraded one notch by each of the three principal credit rating agencies from the ratings that existed as of March 31, 2018, the impact on the borrowing costs under the three revolving credit facilities would have been immaterial. A decline in credit ratings would also increase the interest rate on long-term debt to be issued in the capital markets and could negatively impact our ability to complete capital market transactions and to access the commercial paper market.

Additionally, a decline in credit ratings could increase cash collateral requirements and reduce earnings of our Natural Gas Distribution and Energy Services business segments.

CES, a wholly-owned subsidiary of CERC Corp. operating in our Energy Services business segment, provides natural gas sales and services primarily to commercial and industrial customers and electric and natural gas utilities throughout the United States. To economically hedge its exposure to natural gas prices, CES uses derivatives with provisions standard for the industry, including those pertaining to credit thresholds. Typically, the credit threshold negotiated with each counterparty defines the amount of unsecured credit that such counterparty will extend to CES. To the extent that the credit exposure that a counterparty has to CES at a particular time does not exceed that credit threshold, CES is not obligated to provide collateral. Mark-to-market exposure in excess of the credit threshold is routinely collateralized by CES. Similarly, mark-to-market exposure offsetting and exceeding the credit threshold may cause the counterparty to provide collateral to CES. As of March 31, 2018, the amount posted by CES as collateral aggregated approximately \$69 million. Should the credit ratings of CERC Corp. (as the credit support provider for CES) fall below certain levels, CES would be required to provide additional collateral up to the amount of its previously unsecured credit limit. We estimate that as of March 31, 2018, unsecured credit limits extended to CES by counterparties aggregated \$348 million, and \$1 million of such amount was utilized.

Pipeline tariffs and contracts typically provide that if the credit ratings of a shipper or the shipper's guarantor drop below a threshold level, which is generally investment grade ratings from both Moody's and S&P, cash or other collateral may be demanded from the shipper in an amount equal to the sum of three months' charges for pipeline services plus the unrecovered cost of any lateral built for such shipper. If the credit ratings of CERC Corp. decline below the applicable threshold levels, CERC Corp. might need to provide cash or other collateral of as much as \$193 million as of March 31, 2018. The amount of collateral will depend on seasonal variations in transportation levels.

ZENS and Securities Related to ZENS

If our creditworthiness were to drop such that ZENS holders thought our liquidity was adversely affected or the market for the ZENS were to become illiquid, some ZENS holders might decide to exchange their ZENS for cash. Funds for the payment of cash upon exchange could be obtained from the sale of the shares of TW Securities that we own or from other sources. We own shares of TW Securities equal to approximately 100% of the reference shares used to calculate our obligation to the holders of the ZENS. ZENS exchanges result in a cash outflow because tax deferrals related to the ZENS and TW Securities shares would typically cease when ZENS are exchanged or otherwise retired and TW Securities shares are sold. The ultimate tax liability related to the ZENS continues to increase by the amount of the tax benefit realized each year, and there could be a significant cash outflow when the taxes are paid as a result of the retirement of the ZENS. If all ZENS had been exchanged for cash on March 31, 2018, deferred taxes of approximately \$326 million would have been payable in 2018. If all the TW Securities had been sold on March 31, 2018, capital gains taxes of approximately \$175 million would have been payable in 2018.

For additional information about ZENS, see Note 10 to our Interim Condensed Financial Statements.

Cross Defaults

Under our revolving credit facility, a payment default on, or a non-payment default that permits acceleration of, any indebtedness for borrowed money and certain other specified types of obligations (including guarantees) exceeding \$125 million by us or any of our significant subsidiaries will cause a default. A default by CenterPoint Energy would not trigger a default under our subsidiaries' debt instruments or revolving credit facilities.

Possible Acquisitions, Divestitures and Joint Ventures

From time to time, we consider the acquisition or the disposition of assets or businesses or possible joint ventures, strategic initiatives or other joint ownership arrangements with respect to assets or businesses. Any determination to take action in this regard will be based on market conditions and opportunities existing at the time, and accordingly, the timing, size or success of any efforts and the associated potential capital commitments are unpredictable. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Debt or equity financing may not, however, be available to us at that time due to a variety of events, including, among others, maintenance of our credit ratings, industry conditions, general economic conditions, market conditions and market perceptions.

In February 2016, we announced that we were evaluating strategic alternatives for our investment in Enable, including a sale or spin-off qualifying under Section 355 of the U.S. Internal Revenue Code. We have decided that we will not pursue a spin option at this time. In the fourth quarter of 2017, we announced that late-stage discussions with a third party regarding a transaction involving our investment in Enable had terminated because an agreement on mutually acceptable terms could not be reached. We may reduce our ownership in Enable over time through sales in the public equity markets, or otherwise, of the Enable common

units we hold, subject to market conditions. Although a transaction for all our interests in Enable is not viable at this time, we may pursue such a transaction if it is viable in the future. There can be no assurances that we will engage in any specific action or that any sale transaction or any sale of Enable common units in the public equity markets or otherwise will be completed, and we do not intend to disclose further developments unless and until our Board of Directors approves a specific transaction or as otherwise required by applicable law or NYSE regulations. Any sale transaction or sale of common units in the public equity markets or otherwise may involve significant costs and expenses, including, in connection with any public offering, a significant underwriting discount. We may not realize any or all of the anticipated strategic, financial, operational or other benefits from any completed sale or reduction in our investment in Enable.

Enable Midstream Partners

We receive quarterly cash distributions from Enable on its common units and Series A Preferred Units we own. A reduction in the cash distributions we receive from Enable could significantly impact our liquidity. For additional information about cash distributions from Enable, see Notes 8 and 16 to our Interim Condensed Financial Statements.

Hedging of Interest Expense for Future Debt Issuances

During the first quarter of 2018, we entered into forward interest rate agreements to hedge, in part, volatility in the U.S. treasury rates by reducing variability in cash flows related to interest payments. For further information, see Note 6(a) to our Interim Condensed Financial Statements.

Weather Hedge

We have historically entered into partial weather hedges for certain NGD jurisdictions and electric operations' service territory to mitigate the impact of fluctuations from normal weather. We remain exposed to some weather risk as a result of the partial hedges. For more information about our weather hedges, see Note 6(a) to our Interim Condensed Financial Statements.

Collection of Receivables from REPs

Houston Electric's receivables from the distribution of electricity are collected from REPs that supply the electricity Houston Electric distributes to their customers. Before conducting business, a REP must register with the PUCT and must meet certain financial qualifications. Nevertheless, adverse economic conditions, structural problems in the market served by ERCOT or financial difficulties of one or more REPs could impair the ability of these REPs to pay for Houston Electric's services or could cause them to delay such payments. Houston Electric depends on these REPs to remit payments on a timely basis, and any delay or default in payment by REPs could adversely affect Houston Electric's cash flows. In the event of a REP's default, Houston Electric's tariff provides a number of remedies, including the option for Houston Electric to request that the PUCT suspend or revoke the certification of the REP. Applicable regulatory provisions require that customers be shifted to another REP or a provider of last resort if a REP cannot make timely payments. However, Houston Electric remains at risk for payments related to services provided prior to the shift to the replacement REP or the provider of last resort. If a REP were unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event such REP might seek to avoid honoring its obligations and claims might be made against Houston Electric involving payments it had received from such REP. If a REP were to file for bankruptcy, Houston Electric may not be successful in recovering accrued receivables owed by such REP that are unpaid as of the date the REP filed for bankruptcy. However, PUCT regulations authorize utilities, such as Houston Electric, to defer bad debts resulting from defaults by REPs for recovery in future rate cases, subject to a review of reasonableness and necessity.

Other Factors that Could Affect Cash Requirements

In addition to the above factors, our liquidity and capital resources could be affected by:

- cash collateral requirements that could exist in connection with certain contracts, including our weather hedging arrangements, and gas purchases, gas price and gas storage activities of our Natural Gas Distribution and Energy Services business segments;
- acceleration of payment dates on certain gas supply contracts, under certain circumstances, as a result of increased gas prices and concentration of natural gas suppliers;
- increased costs related to the acquisition of natural gas;
- increases in interest expense in connection with debt refinancings and borrowings under credit facilities;

- various legislative or regulatory actions;
- incremental collateral, if any, that may be required due to regulation of derivatives;
- the ability of GenOn and its subsidiaries, currently the subject of bankruptcy proceedings, to satisfy their obligations in respect of GenOn's indemnity obligations to us and our subsidiaries;
- the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., formerly known as TCEH Corp., to satisfy their obligations to us and our subsidiaries;
- slower customer payments and increased write-offs of receivables due to higher gas prices or changing economic conditions;
- the outcome of litigation brought by or against us;
- contributions to pension and postretirement benefit plans;
- restoration costs and revenue losses resulting from future natural disasters such as hurricanes and the timing of recovery of such restoration costs; and
- various other risks identified in "Risk Factors" in Item 1A of Part I of our 2017 Form 10-K and Item 1A of Part II of this Form 10-Q.

Certain Contractual Limits on Our Ability to Issue Securities and Borrow Money

Houston Electric has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions. For information about the total debt to capitalization financial covenants in our revolving credit facilities, see Note 11 to our Interim Condensed Financial Statements.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 2 to our Interim Condensed Financial Statements, incorporated herein by reference, for a discussion of new accounting pronouncements that affect us.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of March 31, 2018, we had outstanding long-term debt, lease obligations and obligations under our ZENS that subject us to the risk of loss associated with movements in market interest rates.

Our floating rate obligations aggregated \$915 million and \$1.8 billion as of March 31, 2018 and December 31, 2017, respectively. If the floating interest rates were to increase by 10% from March 31, 2018 rates, our combined interest expense would increase by approximately \$2 million annually.

As of March 31, 2018 and December 31, 2017, we had outstanding fixed-rate debt (excluding indexed debt securities) aggregating \$7.8 billion and \$7.0 billion, respectively, in principal amount and having a fair value of \$8.2 billion and \$7.5 billion, respectively. Because these instruments are fixed-rate, they do not expose us to the risk of loss in earnings due to changes in market interest rates. However, the fair value of these instruments would increase by approximately \$266 million if interest rates were to decline by 10% from levels at March 31, 2018. In general, such an increase in fair value would impact earnings and cash flows only if we were to reacquire all or a portion of these instruments in the open market prior to their maturity.

The ZENS obligation is bifurcated into a debt component and a derivative component. The debt component of \$119 million as of March 31, 2018 was a fixed-rate obligation and, therefore, did not expose us to the risk of loss in earnings due to changes in market interest rates. However, the fair value of the debt component would increase by approximately \$18 million if interest rates were to decline by 10% from levels at March 31, 2018. Changes in the fair value of the derivative component, a \$674 million recorded liability at March 31, 2018, are recorded in our Condensed Statements of Consolidated Income and, therefore, we are exposed to changes in the fair value of the derivative component as a result of changes in the underlying risk-free interest rate. If the risk-free interest rate were to increase by 10% from March 31, 2018 levels, the fair value of the derivative component liability

would increase by approximately \$6 million, which would be recorded as an unrealized loss in our Condensed Statements of Consolidated Income.

Equity Market Value Risk

We are exposed to equity market value risk through our ownership of 7.1 million shares of TW Common and 0.9 million shares of Charter Common, which we hold to facilitate our ability to meet our obligations under the ZENS. Changes in the fair value of the TW Securities held by CenterPoint Energy are expected to substantially offset changes in the fair value of the derivative component of the ZENS. A decrease of 10% from the March 31, 2018 aggregate market value of these shares would result in a net loss of approximately \$2 million, which would be recorded as an unrealized loss in our Condensed Statements of Consolidated Income.

Commodity Price Risk From Non-Trading Activities

We use derivative instruments as economic hedges to offset the commodity price exposure inherent in our businesses. The commodity risk created by these instruments, including the offsetting impact on the market value of natural gas inventory, is described below. We measure this commodity risk using a sensitivity analysis. For purposes of this analysis, we estimate commodity price risk by applying a \$0.50 change in the forward NYMEX price to our net open fixed price position (including forward fixed price physical contracts, natural gas inventory and fixed price financial contracts) at the end of each period. As of March 31, 2018, the recorded fair value of our non-trading energy derivatives was a net asset of \$51 million (before collateral), all of which is related to our Energy Services business segment. A \$0.50 change in the forward NYMEX price would have had a combined impact of \$8 million on our non-trading energy derivatives net asset and the market value of natural gas inventory.

Commodity price risk is not limited to changes in forward NYMEX prices. Variation of commodity pricing between the different indices used to mark to market portions of our natural gas inventory (Gas Daily) and the related fair value hedge (NYMEX) can result in volatility to our net income. Over time, any gains or losses on the sale of storage gas inventory would be offset by gains or losses on the fair value hedges.

Item 4. CONTROLS AND PROCEDURES

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2018 to provide assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in our internal controls over financial reporting that occurred during the three months ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of certain legal and regulatory proceedings affecting CenterPoint Energy, please read Note 13(b) to our Interim Condensed Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Future Sources and Uses of Cash" and "— Regulatory Matters," each of which is incorporated herein by reference. See also "Business — Regulation" and "— Environmental Matters" in Item 1 and "Legal Proceedings" in Item 3 of our 2017 Form 10-K.

Item 1A. RISK FACTORS

Please see below the updated risk factors affecting CenterPoint Energy's businesses, in addition to those discussed in "Risk Factors" in Item 1A of Part I of our 2017 Form 10-K, which could materially affect CenterPoint Energy's financial condition or future results. Except for the updates below, there have been no material changes from the risk factors disclosed in our 2017 Form 10-K.

Risks Related to the Proposed Merger with Vectren

CenterPoint Energy may be unable to obtain the financing and approvals required, or satisfy the conditions, to complete the Merger or, to do so, the combined company may be required to comply with material restrictions or conditions.

On April 21, 2018, CenterPoint Energy entered into the Merger Agreement with Vectren. Before the Merger may be completed, Vectren must obtain the approval of its shareholders. In addition, various filings must be made with various regulatory, antitrust and other authorities in the United States. These governmental authorities may impose conditions on the completion, or require changes to the terms, of the Merger, including restrictions or conditions on the business, operations or financial performance of the combined company following completion of the Merger. CenterPoint Energy has obtained a \$5 billion 364-day bridge facility commitment to fund, in part, amounts payable by CenterPoint Energy in connection with the Merger and expects to finance the Merger with a combination of debt, equity-linked and equity issuances. The bridge facility is subject to certain conditions, and any debt, equity-linked and equity issuances to finance the Merger will be subject to future market conditions. Completion of the Merger is not subject to a financing condition.

Any of these conditions or changes as well as the inability to arrange permanent financing on reasonable terms could have the effect of delaying the Merger or imposing additional costs on or limiting the revenues of the combined company following the Merger, which could have a material adverse effect on the financial position, results of operations or cash flows of the combined company and/or cause either CenterPoint Energy or Vectren to abandon the Merger. Please read “Risk Factors - Risk Factors Associated with Our Consolidated Financial Condition - If we are unable to arrange future financings on acceptable terms, our ability to refinance existing indebtedness could be limited” in Item 1A of Part I of our 2017 Form 10-K.

If completed, the Merger may not achieve its intended results.

CenterPoint Energy and Vectren entered into the Merger Agreement with the expectation that the Merger would result in various benefits, including, among other things, leveraging complementary skill sets and knowledge bases to better prepare for a customer-centric, technology focused utility and providing growth opportunities. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether the business of Vectren is integrated into CenterPoint Energy in an efficient and effective manner. Failure to achieve these anticipated benefits could result in increased costs, decrease the amount of expected revenues generated by the combined company and divert management’s time and energy, all of which could have an adverse effect on the combined company’s financial position, results of operations or cash flows.

Failure to complete the Merger could negatively impact CenterPoint Energy’s stock price and CenterPoint Energy’s future business and financial results.

If the Merger is not completed, CenterPoint Energy’s ongoing business and financial results may be adversely affected, and CenterPoint Energy will be subject to a number of risks, including the following:

- CenterPoint Energy may be required, under specified circumstances set forth in the Merger Agreement, to pay Vectren a termination fee of \$210 million;
- CenterPoint Energy will be required to pay costs relating to the Merger, including legal, accounting, financial advisory, filing and printing costs, whether or not the Merger is consummated;
- CenterPoint Energy may receive negative publicity, or there may be a negative impression of CenterPoint Energy in the investment community; and
- consummation of the Merger (and integration of Vectren’s business) may require substantial commitments of time and resources by management, which could otherwise have been devoted to other opportunities that may have been beneficial to CenterPoint Energy.

CenterPoint Energy could also be subject to litigation related to any failure to complete the Merger. The occurrence of any of these events, individually or in combination, could cause CenterPoint Energy’s stock price to decline if and to the extent that the current market prices reflect an assumption by the market that the Merger will be completed. If the Merger is not completed, these risks may materialize and may adversely affect CenterPoint Energy’s financial position, results of operations or cash flows.

Item 5. OTHER INFORMATION

Ratio of Earnings to Fixed Charges. The ratio of earnings to fixed charges for the three months ended March 31, 2018 and 2017 was 3.22 and 3.96, respectively. We do not believe that the ratios for these three-month periods are necessarily indicative of the ratios for the 12-month periods due to the seasonal nature of our business. The ratios were calculated pursuant to applicable rules of the SEC.

Item 6. EXHIBITS

The following exhibits are filed herewith:

Exhibits not incorporated by reference to a prior filing are designated by a cross (+); all exhibits not so designated are incorporated by reference to a prior filing as indicated.

Agreements included as exhibits are included only to provide information to investors regarding their terms. Agreements listed below may contain representations, warranties and other provisions that were made, among other things, to provide the parties thereto with specified rights and obligations and to allocate risk among them, and no such agreement should be relied upon as constituting or providing any factual disclosures about CenterPoint Energy, Inc., any other persons, any state of affairs or other matters.

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, CenterPoint Energy has not filed as exhibits to this Form 10-Q certain long-term debt instruments, including indentures, under which the total amount of securities authorized does not exceed 10% of the total assets of CenterPoint Energy and its subsidiaries on a consolidated basis. CenterPoint Energy hereby agrees to furnish a copy of any such instrument to the SEC upon request.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
2.1*	Agreement and Plan of Merger, dated as of April 21, 2018, by and among Vectren Corporation, CenterPoint Energy, Inc. and Pacer Merger Sub, Inc.	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	2.1
3.1	Restated Articles of Incorporation of CenterPoint Energy	CenterPoint Energy's Form 8-K dated July 24, 2008	1-31447	3.2
3.2	Third Amended and Restated Bylaws of CenterPoint Energy	CenterPoint Energy's Form 8-K dated February 21, 2017	1-31447	3.1
3.3	Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 10-K for the year ended December 31, 2011	1-31447	3(c)
4.1	Form of CenterPoint Energy Stock Certificate	CenterPoint Energy's Registration Statement on Form S-4	3-69502	4.1
4.2	\$1,600,000,000 Credit Agreement, dated as of March 3, 2016, among CenterPoint Energy, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated March 3, 2016	1-31447	4.1
4.3	\$300,000,000 Credit Agreement, dated as of March 3, 2016, among Houston Electric, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated March 3, 2016	1-31447	4.2
4.4	\$600,000,000 Credit Agreement, dated as of March 3, 2016, among CERC Corp., as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated March 3, 2016	1-31447	4.3
4.5	First Amendment to Amended and Restated Credit Agreement, dated as of June 16, 2017, by and among CenterPoint Energy, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.1
4.6	First Amendment to Credit Agreement, dated as of June 16, 2017, among Houston Electric, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.2
4.7	First Amendment to Credit Agreement, dated as of June 16, 2017, among CERC Corp., as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.3
4.8	General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(1)

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
+4.9	Twenty-Seventh Supplemental Indenture, dated as of February 28, 2018, to the General Mortgage Indenture, dated as of October 10, 2002, between Houston Electric and the Trustee			
+4.10	Officer's Certificate, dated as of February 28, 2018, setting forth the form, terms and provisions of the Twenty-Eighth Series of General Mortgage Bonds			
4.11	Indenture, dated as of February 1, 1998, between Reliant Energy Resources Corp. and Chase Bank of Texas, National Association, as Trustee	CERC Corp.'s Form 8-K dated February 5, 1998	1-13265	4.1
+4.12	Supplemental Indenture No. 17 to Exhibit 4.11, dated as of March 28, 2018, providing for the issuance of CERC Corp.'s 3.55% Senior Notes due 2023 and 4.00% Senior Notes due 2028			
+10.1	Amended and Restated CenterPoint Energy Stock Plan for Outside Directors			
10.2	CenterPoint Energy, Inc. 2009 Long Term Incentive Plan	CenterPoint Energy's Schedule 14A dated March 13, 2009	1-31447	A
+10.3	Form of Performance Award Agreement for 20XX - 20XX Performance Cycle under Exhibit 10.2			
+10.4	Form of Performance Award Agreement for Executive Chairman 20XX - 20XX Performance Cycle under Exhibit 10.2			
+10.5	Form of Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10.2			
+10.6	Form of Restricted Stock Unit Award Agreement (Retention, Service-Based Vesting) under Exhibit 10.2			
+10.7	Form of Executive Chairman Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10.2			
10.8	Commitment Letter, dated as of April 21, 2018, by Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. to CenterPoint Energy, Inc.	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	10.1
+12	Computation of Ratios of Earnings to Fixed Charges			
+31.1	Rule 13a-14(a)/15d-14(a) Certification of Scott M. Prochazka			
+31.2	Rule 13a-14(a)/15d-14(a) Certification of William D. Rogers			
+32.1	Section 1350 Certification of Scott M. Prochazka			
+32.2	Section 1350 Certification of William D. Rogers			
+101.INS	XBRL Instance Document			
+101.SCH	XBRL Taxonomy Extension Schema Document			
+101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
+101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
+101.LAB	XBRL Taxonomy Extension Labels Linkbase Document			
+101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

* Schedules to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTERPOINT ENERGY, INC.

By: _____ /s/ Kristie L. Colvin
Kristie L. Colvin
Senior Vice President and Chief Accounting Officer

Date: May 4, 2018

CenterPoint Energy Houston Electric, LLC
1111 Louisiana Street
Houston, TX 77002

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CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION
(successor in trust to JPMORGAN CHASE BANK),

as Trustee

TWENTY-SEVENTH SUPPLEMENTAL INDENTURE

Dated as of February 28, 2018

Supplementing the General Mortgage Indenture
Dated as of October 10, 2002
Filed under file number 030004510538 in the
Office of the Secretary of State as an instrument
granting a security interest by a public utility

THIS INSTRUMENT GRANTS A SECURITY INTEREST BY A UTILITY

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS

This instrument is being filed pursuant to Chapter 261 of the Texas Business and Commerce Code

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TWENTY-SEVENTH SUPPLEMENTAL INDENTURE, dated as of February 28, 2018, between CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, a limited liability company organized and existing under the laws of the State of Texas (herein called the “Company”), having its principal office at 1111 Louisiana Street, Houston, Texas 77002, and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (successor in trust to JPMORGAN CHASE BANK), a limited purpose national banking association duly organized and existing under the laws of the United States, as Trustee (herein called the “Trustee”), the office of the Trustee at which on the date hereof its corporate trust business is administered being 601 Travis Street, 16th Floor, Houston, Texas 77002.

RECITALS OF THE COMPANY

WHEREAS, the Company has heretofore executed and delivered to the Trustee a General Mortgage Indenture dated as of October 10, 2002, as supplemented and amended (the “Indenture”), providing for the issuance by the Company from time to time of its bonds, notes or other evidence of indebtedness to be issued in one or more series (in the Indenture and herein called the “Securities”) and to provide security for the payment of the principal of and premium, if any, and interest, if any, on the Securities; and

WHEREAS, the Company, in the exercise of the power and authority conferred upon and reserved to it under the provisions of the Indenture and pursuant to appropriate resolutions of the Manager, has duly determined to make, execute and deliver to the Trustee this Twenty-Seventh Supplemental Indenture to the Indenture as permitted by Sections 201, 301, 403(2) and 1401 of the Indenture in order to establish the form or terms of, and to provide for the creation and issuance of, a twenty-eighth series of Securities under the Indenture in an initial aggregate principal amount of \$400,000,000 (such twenty-eighth series being hereinafter referred to as the “Twenty-Eighth Series”); and

WHEREAS, all things necessary to make the Securities of the Twenty-Eighth Series, when executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent and issued upon the terms and subject to the conditions hereinafter and in the Indenture set forth against payment therefor the valid, binding and legal obligations of the Company and to make this Twenty-Seventh Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW, THEREFORE, THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH that, in order to establish the terms of a series of Securities, and for and in consideration of the premises and of the covenants contained in the Indenture and in this Twenty-Seventh Supplemental Indenture and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions. Each capitalized term that is used herein and is defined in the Indenture shall have the meaning specified in the Indenture unless such term is otherwise defined herein.

ARTICLE TWO

TITLE, FORM AND TERMS OF THE BONDS

Section 201. Title of the Bonds. This Twenty-Seventh Supplemental Indenture hereby creates a series of Securities designated as the “3.95% General Mortgage Bonds, Series AB, due 2048” (the “Series AB Bonds”). For purposes of the Indenture, the Series AB Bonds shall constitute a single series of Securities and, subject to the provisions, including, but not limited to Article Four of the Indenture, the Series AB Bonds shall be issued in an aggregate principal amount of \$400,000,000.

Section 202. Form and Terms of the Bonds. The form and terms of the Series AB Bonds will be set forth in an Officer’s Certificate delivered by the Company to the Trustee pursuant to the authority granted by this Twenty-Seventh Supplemental Indenture in accordance with Sections 201 and 301 of the Indenture.

Section 203. Treatment of Proceeds of Title Insurance Policy. Any moneys received by the Trustee as proceeds of any title insurance policy on Mortgaged Property of the Company shall be subject to and treated in accordance with the provisions of Section 607(2) of the Indenture (other than the last paragraph thereof).

ARTICLE THREE

MISCELLANEOUS PROVISIONS

The Trustee makes no undertaking or representations in respect of, and shall not be responsible in any manner whatsoever for and in respect of, the validity or sufficiency of this Twenty-Seventh Supplemental Indenture or the proper authorization or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

In no event shall the Trustee be liable for any indirect, special, punitive or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, even if it has been advised of the likelihood of such loss or damage and regardless of the form of action.

In no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God,

flood, war (whether declared or undeclared), terrorism, strikes, work stoppages, civil or military disturbances, nuclear or natural catastrophes, fire, riot, embargo, loss or malfunctions of utilities, communications or computer (software and hardware) services, government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Twenty-Seventh Supplemental Indenture; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS TWENTY-SEVENTH SUPPLEMENTAL INDENTURE, THE SERIES AB BONDS OR THE TRANSACTION CONTEMPLATED HEREBY.

Except as expressly amended and supplemented hereby, the Indenture shall continue in full force and effect in accordance with the provisions thereof and the Indenture is in all respects hereby ratified and confirmed. This Twenty-Seventh Supplemental Indenture and all of its provisions shall be deemed a part of the Indenture in the manner and to the extent herein and therein provided.

This Twenty-Seventh Supplemental Indenture shall be governed by, and construed in accordance with, the law of the State of New York.

This Twenty-Seventh Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Twenty-Seventh Supplemental Indenture to be duly executed as of the day and year set forth below and effective as of the day and year first above written.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

Dated: February 28, 2018

By: /s/ Kristie L. Colvin

Name: Kristie L. Colvin

Title: Senior Vice President and Chief Accounting Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION
(successor in trust to JPMORGAN CHASE BANK), as Trustee

Dated: February 28, 2018

By: /s/ Karen Yu

Name: Karen Yu

Title: Vice President

ACKNOWLEDGMENT

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

On the 28th day of February, 2018, before me personally came Kristie L. Colvin, to me known, who, being by me duly sworn, did depose and say that she resides in Katy, Texas; that she is the Senior Vice President and Chief Accounting Officer of CenterPoint Energy Houston Electric, LLC, a Texas limited liability company, the limited liability company described in and which executed the foregoing instrument; and that she signed her name thereto by authority of the sole manager of said limited liability company.

/s/ Sheila R. Matson

Notary Public

State of California
County of Los Angeles)

On February 27, 2018 before me, Alex Dominguez, Notary Public personally appeared Karen Yu, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Alex Dominguez (Seal)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

OFFICER'S CERTIFICATE

FEBRUARY 28, 2018

I, the undersigned officer of CenterPoint Energy Houston Electric, LLC, a Texas limited liability company (the "Company"), do hereby certify that I am an Authorized Officer of the Company as such term is defined in the Indenture (as defined herein). I am delivering this certificate pursuant to the authority granted in the Resolutions adopted by written consent of the sole Manager of the Company dated February 19, 2018, and Sections 105, 201, 301, 401(1), 401(5), 403(2)(B) and 1403 of the General Mortgage Indenture, dated as of October 10, 2002, as heretofore supplemented to the date hereof (as heretofore supplemented, the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association (successor in trust to JPMorgan Chase Bank), as Trustee (the "Trustee"). Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Indenture, unless the context clearly requires otherwise. Based upon the foregoing, I hereby certify on behalf of the Company as follows:

1. The terms and conditions of the Securities of the series described in this Officer's Certificate are as follows (the numbered subdivisions set forth in this Paragraph 1 corresponding to the numbered subdivisions of Section 301 of the Indenture):

- (1) The Securities of the twenty-eighth series to be issued under the Indenture shall be designated as the "3.95% General Mortgage Bonds, Series AB, due 2048" (the "Bonds"), as set forth in the Twenty-Seventh Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee.
- (2) The Trustee shall authenticate and deliver the Bonds for original issue on February 28, 2018 (the "Issue Date") in the aggregate principal amount of \$400,000,000, upon a Company Order for the authentication and delivery thereof and satisfaction of Section 401 of the Indenture.
- (3) Interest on the Bonds shall be payable to the Persons in whose names such Securities are registered at the close of business on the Regular Record Date for such interest (as specified in (5) below), except as otherwise expressly provided in the form of such Securities attached hereto as Exhibit A.
- (4) The Bonds shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on March 1, 2048.
- (5) The Bonds shall bear interest at the rate of 3.95% per annum. Interest shall accrue on the Bonds from the Issue Date, or the most recent date to which interest has been paid or duly provided for. The Interest Payment Dates for the Bonds shall be March 1 and September 1 in each year commencing September 1, 2018, and the Regular Record Dates with respect to the Interest Payment Dates for the Bonds shall be the February 15 and August 15, respectively, immediately preceding each Interest Payment Date (whether or not a Business Day); provided however that interest payable at maturity, upon redemption or when principal is otherwise due will be payable to the Holder to whom principal is payable.
- (6) The Corporate Trust Office of The Bank of New York Mellon Trust Company, National Association in New York, New York shall be the place at which (i) the principal of and premium, if any, and interest on the Bonds shall be payable, (ii) registration of transfer of the Bonds may be effected, (iii) exchanges of the Bonds may be effected, and (iv) notices and demands to or upon the Company in respect of the Bonds and the Indenture may be served; and The Bank of New York Mellon Trust Company, National Association shall be the Security Registrar and Paying Agent for the Bonds; provided, however, that the Company reserves the right to change, by one or more Officer's Certificates, any such place or the Security Registrar; and provided, further, that the Company reserves the right to designate, by one or more Officer's Certificates, its principal office in Houston, Texas as any such place or itself as the Security Registrar; provided, however, that there shall be only a single Security Registrar for each series of Bonds.

(7) The Bonds shall be redeemable, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to September 1, 2047 at a price equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed that would be due if the Bonds matured on September 1, 2047 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the date of redemption (the “Redemption Date”) on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 15 basis points plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the Redemption Date. On or after September 1, 2047, the Company may redeem the Bonds, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of Bonds to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date the yield calculated on the third business day preceding the redemption date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor publication) (“H.15”) under the caption “Treasury Constant Maturities - Nominal”, the independent investment banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the notes (assuming the notes matured on September 1, 2047) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the independent investment banker shall select the maturity closest to September 1, 2047 that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term (“remaining life”) of the Bonds to be redeemed (assuming for this purpose that the Bonds matured on September 1, 2047) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of Mizuho Securities USA LLC, RBC Capital Markets, LLC or Wells Fargo Securities, LLC, as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company.

“Reference Treasury Dealer” means each of (1) Mizuho Securities USA LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States of America (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

The Trustee, at the written direction of the Company, will send a notice of redemption to each holder of Bonds to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Bonds registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Bonds or portions thereof called for redemption on the Redemption Date. If fewer than all of the Bonds are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Bonds or portions thereof for redemption will be selected from the outstanding Bonds not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Bonds and portions of Bonds in amounts of \$1,000 or whole multiples of \$1,000. In the case of a partial redemption of Bonds registered in the name of Cede & Co, the Bonds to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

(8) Not applicable.

(9) Not applicable.

(10) Not applicable.

(11) Not applicable.

(12) Not applicable.

(13) See subsection (7) above.

(14) Not applicable.

(15) Not applicable.

(16) Not applicable.

(17) The Bonds shall be issuable in whole or in part in the form of one or more Global Securities (as defined below). The Depository Trust Company shall initially serve as Depository (as defined below) with respect to the Global Securities. "Depository" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as depository for such Securities. "Global Security" means a Security that evidences all or part of the Securities of a series and bears a legend in substantially the following form:

THIS SECURITY IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under the Indenture shall be registered in the name of the Depository designated for such Global Security or a nominee thereof and delivered to such Depository or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of the Indenture.

(2) Notwithstanding any other provision in the Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depository for such Global Security or a nominee thereof unless (A) the Company has notified the Trustee that the Depository is unwilling or unable to continue as Depository for such Global Security, the Depository defaults in the performance of its duties as Depository, or the Depository has ceased to be a clearing agency registered under the Exchange Act, in each case, unless the Company has approved a successor Depository within 90 days, (B) the Company in its sole discretion determines that such Global Security will be so exchangeable or transferable or (C) there shall exist such

circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by the Indenture.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to Sections 304, 305, 306, 507 or 1406 of the Indenture or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(18) Not applicable.

(19) Not applicable.

(20) For purposes of the Bonds, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business, including dealings in deposits in U.S. dollars, in New York, New York.

(21) Not applicable.

(22) The Bonds shall have such other terms and provisions as are provided in the form thereof attached hereto as Exhibit A, and shall be issued in substantially such form.

2. The undersigned has read all of the covenants and conditions contained in the Indenture, and the definitions in the Indenture relating thereto, relating to the authentication, delivery and issuance of the Bonds and the execution and delivery of the Twenty-Seventh Supplemental Indenture and in respect of compliance with which this certificate is made.

3. The statements contained in this certificate are based upon the familiarity of the undersigned with the Indenture, the documents accompanying this certificate, and upon discussions by the undersigned with officers and employees of the Company familiar with the matters set forth herein.

4. In the opinion of the undersigned, she has made such examination or investigation as is necessary to enable her to express an informed opinion as to whether or not such covenants and conditions have been complied with.

5. In the opinion of the undersigned, such conditions and covenants have been complied with.

6. To my knowledge, no Event of Default has occurred and is continuing.

7. The execution of the Twenty-Seventh Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee is authorized or permitted by the Indenture.

8. With respect to Section 403(2)(B) of the Indenture, General Mortgage Bonds, due March 1, 2014, having an aggregate principal amount of \$12,895,000 out of an aggregate principal amount of \$12,895,000 remaining from the \$500,000,000 original aggregate principal amount, and General Mortgage Bonds, due March 15, 2013, having an aggregate principal amount of \$387,105,000 out of an aggregate principal amount of \$450,000,000 remaining from the \$450,000,000 original aggregate principal amount (the "Retired Mortgage Bonds"), have heretofore been authenticated and delivered and as of the date of this certificate, constitute Retired Securities. \$400,000,000 aggregate principal amount of such Retired Mortgage Bonds are the basis for the authentication and delivery of \$400,000,000 aggregate principal amount of the Series AB Bonds.

9. The First Mortgage Collateralization Date has not occurred.

10. No certificate of an Independent Accountant pursuant to Section 104 of the Indenture is required in connection with the authentication and delivery of the Bonds because (i) the Net Earnings Certificate covers a period different from that required to be covered by annual reports required to be filed by the Company and (ii) an Independent Accountant has provided the Company with a letter addressed to the Company containing the results of procedures on

financial information included in the Net Earnings Certificate that are agreed upon by the Authorized Officer signing the Net Earnings Certificate.

11. Pursuant to the resolutions adopted by the Sole Manager of the Company by written consent on February 19, 2018, Carla A. Kneipp, Vice President and Treasurer, has been named an Authorized Officer, as defined under the Indenture, including for purposes of executing the Net Earnings Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate as of the date first written above.

/s/ Carla A. Kneipp

Carla A. Kneipp

Vice President and Treasurer

Acknowledged and Received as
of the date first written above

THE BANK OF NEW YORK
MELLON TRUST COMPANY,
NATIONAL ASSOCIATION,
as Trustee

/s/ Karen Yu

Karen Yu

Vice President

Signature Page to Officer's Certificate Under the Indenture

EXHIBIT A
FORM OF BONDS

THIS SECURITY IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to CenterPoint Energy Houston Electric, LLC or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
3.95% General Mortgage Bonds, Series AB, due 2048

Original Interest Accrual Date: February 28, 2018
Stated Maturity: March 1, 2048
Interest Rate: 3.95%
Interest Payment Dates: March 1 and September 1
Regular Record Dates: February 15 and August 15 immediately preceding
the respective Interest Payment Date

Redeemable: Yes No
Redemption Date: At any time.
Redemption Price: on any date prior to September 1, 2047 at a price equal to the greater of (i) 100% of the principal amount of this Security or the portion hereof to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security or the portion thereof to be redeemed that would be due if this Security matured on September 1, 2047 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 15 basis points; plus, in each case, accrued and unpaid interest to the Redemption Date on the principal amount being redeemed; or on or after September 1, 2047, at a price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest to the Redemption Date on the principal amount being redeemed.

This Security is not an Original Issue Discount Security
within the meaning of the within-mentioned Indenture.

Principal Amount Registered No. T-1

\$400,000,000* CUSIP 15189X AS7

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, a limited liability company duly organized and existing under the laws of the State of Texas (herein called the "Company," which term includes any successor under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

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

, or its registered assigns, the principal sum of FOUR HUNDRED MILLION DOLLARS, on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on September 1, 2018, and at Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or duly provided for. The interest so payable, and paid or duly provided for, on any Interest Payment Date shall, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date specified above (whether or not a Business Day) next preceding such Interest Payment Date. Notwithstanding the foregoing, interest payable at Maturity shall be paid to the Person to whom principal shall be paid. Except as otherwise provided in said Indenture, any such interest not so paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice of which shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and premium, if any, on this Security and interest hereon at Maturity shall be made upon presentation of this Security at the office of the Corporate Trust Administration of The Bank of New York Mellon Trust Company, National Association, located in New York, New York or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of interest on this Security (other than interest at Maturity) shall be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register, except that if such Person shall be a securities depository, such payment may be made by such other means in lieu of check, as shall be agreed upon by the Company, the Trustee and such Person. Payment of the principal of and premium, if any, and interest on this Security, as aforesaid, shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and issuable in one or more series under and equally secured by a General Mortgage Indenture, dated as of October 10, 2002, as supplemented and amended (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association (successor in trust to JPMorgan Chase Bank), trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Security shall be deemed to constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Security is one of the series designated above.

If any Interest Payment Date, any Redemption Date or the Stated Maturity shall not be a Business Day (as hereinafter defined), payment of the amounts due on this Security on such date may be made on the next succeeding Business Day; and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on such amounts for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

This Security is subject to redemption, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to September 1, 2047 at a price equal to the greater of (i) 100% of the principal amount of this Security (or the portion hereof to be redeemed) or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security (or such portion to be redeemed) that would be due if this Security (or such portion to be redeemed) matured on September 1, 2047 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 15 basis points;

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the Redemption Date. On or after September 1, 2047, the Company may redeem this Security, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

“Treasury Rate” means, with respect to any Redemption Date the yield calculated on the third business day preceding the redemption date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor publication) (“H.15”) under the caption “Treasury Constant Maturities - Nominal”, the independent investment banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the notes (assuming the notes matured on September 1, 2047) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the independent investment banker shall select the maturity closest to September 1, 2047 that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term (“remaining life”) of this Security to be redeemed (assuming for this purpose that this Security matured on September 1, 2047) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Security.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of Mizuho Securities USA LLC, RBC Capital Markets, LLC or Wells Fargo Securities, LLC, as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company.

“Reference Treasury Dealer” means each of (1) Mizuho Securities USA LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC and their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States of America (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

“Reference Treasury Dealer Quotations” means with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

The Trustee, at the written direction of the Company, will send a notice of redemption to each Holder of Securities to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Securities registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Securities or portions thereof called for redemption on the Redemption Date. If fewer than all of the Securities of this series are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Securities of this series

or portions thereof for redemption will be selected from the outstanding Securities of this series not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Securities of this series and portions of Securities of this series in amounts of \$1,000 or whole multiples of \$1,000. In the case of a partial redemption of Securities registered in the name of Cede & Co, the Securities to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; *provided, however*, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and *provided, further*, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and *provided, further*, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in the Indenture and subject to certain limitations therein set forth, this Security or any portion of the principal amount hereof will be deemed to have been paid for all purposes of the Indenture and to be no longer Outstanding thereunder, and, at the election of the Company, the Company's entire indebtedness in respect thereof will be satisfied and discharged, if there has been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust, money in an amount which will be sufficient and/or Eligible Obligations, the principal of and interest on which when due, without regard to any reinvestment thereof, will provide moneys which, together with moneys so deposited, will be sufficient to pay when due the principal of and interest on this Security when due.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the Corporate Trust Office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only as registered Securities, without coupons, and in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of the same series and Tranche, of any authorized denominations, as requested by the Holder surrendering the same, and of like tenor upon surrender of the Security or Securities to be exchanged at the office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

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

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

As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business, including dealings in deposits in U.S. dollars, in New York, New York. All other terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, member, manager, stockholder, officer, director or employee, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

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

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

Attest: _____
Vincent A. Mercaldi
Secretary

By: _____
Kristie L. Colvin
Senior Vice President and Chief Accounting Officer

(SEAL)

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____, 2018

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION, as Trustee**

By: _____

SCHEDULE A

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is \$400,000,000. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

<u>Date of Adjustment</u>	<u>Decrease in Aggregate Principal Amount of Securities</u>	<u>Increase in Aggregate Principal Amount of Securities</u>	<u>Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase</u>	<u>Notation by Security Registrar</u>
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CENTERPOINT ENERGY RESOURCES CORP.

(formerly known as NorAm Energy Corp.)

To

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

(successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association))

Trustee

SUPPLEMENTAL INDENTURE NO. 17

Dated as of March 28, 2018

\$300,000,000 3.55% Senior Notes due 2023

\$300,000,000 4.00% Senior Notes due 2028

CENTERPOINT ENERGY RESOURCES CORP.
SUPPLEMENTAL INDENTURE NO. 17

3.55% Senior Notes due 2023
4.00% Senior Notes due 2028

SUPPLEMENTAL INDENTURE No. 17, dated as of March 28, 2018, between CENTERPOINT ENERGY RESOURCES CORP., a Delaware corporation formerly known as NorAm Energy Corp. (the “Company”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association)), as Trustee (the “Trustee”).

RECITALS

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

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

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of two new series of Securities to be designated as the “3.55% Senior Notes due 2023” (the “2023 Notes”) and the “4.00% Senior Notes due 2028” (the “2028 Notes” and, together with the 2023 Notes, the “Notes”), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Original Indenture and this Supplemental Indenture No. 17.

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

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

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

ARTICLE ONE

Relation to Indenture; Additional Definitions

Section 101 *Relation to Indenture.* This Supplemental Indenture No. 17 constitutes an integral part of the Original Indenture.

Section 102 *Additional Definitions.* For all purposes of this Supplemental Indenture No. 17:

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

“2023 Notes” has the meaning set forth in the third paragraph of the Recitals hereof;

“2028 Notes” has the meaning set forth in the third paragraph of the Recitals hereof;

“2023 Notes Maturity Date” has the meaning set forth in Section 203 hereof;

“2028 Notes Maturity Date” has the meaning set forth in Section 203 hereof;

“2023 Par Call Date” has the meaning set forth in Section 401 hereof;

“2028 Par Call Date” has the meaning set forth in Section 401 hereof;

“Business Day” means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close. If any Interest Payment Date, Stated Maturity or Redemption Date of a Note falls on a day that is not a Business Day, the required payment will be made on the next succeeding Business Day with the same force and effect as if made on the relevant date that the payment was due and no interest will accrue on such payment for the period from and after the Interest Payment Date, Stated Maturity or Redemption Date, as the case may be, to the date of that payment on the next succeeding Business Day. The definition of “Business Day” in this Supplemental Indenture No. 17 and the provisions described in the preceding sentence shall supersede the definition of Business Day in the Original Indenture and Section 113 of the Original Indenture;

“Capital Lease” means a lease that, in accordance with accounting principles generally accepted in the United States of America, would be recorded as a capital lease on the balance sheet of the lessee;

“Comparable Treasury Issue” has the meaning set forth in Section 402 hereof;

“Comparable Treasury Price” has the meaning set forth in Section 402 hereof;

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

“Corporate Trust Office” means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office as of the date hereof is located at: 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: Global Corporate Trust; telephone: (713) 483-6817; telecopy: (713) 483-7038;

“Equity Interests” means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature;

The term “indebtedness” as applied to the Company or any Subsidiary, means bonds, debentures, notes and other instruments or arrangements representing obligations created or assumed by the Company or any such Subsidiary, including any and all: (i) obligations for money borrowed (other than unamortized debt discount or premium); (ii) obligations evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets of any kind; (iii) obligations as lessee under a Capital Lease; and (iv) amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation listed in clause (i), (ii) or (iii) above. All indebtedness secured by a lien upon property owned by the Company or any Subsidiary and upon which indebtedness the Company or any such Subsidiary customarily pays interest, although the Company or any such Subsidiary has not assumed or become liable for the payment of such indebtedness, shall for all purposes hereof be deemed to be indebtedness of the Company or any such Subsidiary. All indebtedness for borrowed money incurred by other Persons which is directly guaranteed as to payment of principal by the Company or any Subsidiary shall for all purposes hereof be deemed to be indebtedness of the Company or any such Subsidiary, as applicable, but no other contingent obligation of the Company or any such Subsidiary in respect of indebtedness incurred by other Persons shall for any purpose be deemed to be indebtedness of the Company or any such Subsidiary;

“Independent Investment Banker” has the meaning set forth in Section 402 hereof;

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

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

“lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, charge, security interest, encumbrance or lien of any kind whatsoever (including any Capital Lease);

“Non-Recourse Debt” means (i) any indebtedness for borrowed money incurred by any Project Finance Subsidiary to finance the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise to pay costs and expenses relating to or providing financing for, any project, which indebtedness for borrowed money does not provide for recourse against the Company or any Subsidiary of the Company (other than a Project Finance Subsidiary and such recourse as exists under a Performance Guaranty) or any property or asset of the Company or any Subsidiary of the Company (other than Equity Interests in, or the property or assets of, a Project Finance Subsidiary and such recourse as exists under a Performance Guaranty) and (ii) any refinancing of such indebtedness for borrowed money that does not increase the outstanding principal amount thereof (other than to pay costs incurred in connection therewith and the capitalization of any interest or fees) at the time of the refinancing or increase the property subject to any lien securing such indebtedness for borrowed money or otherwise add additional security or support for such indebtedness for borrowed money;

“Notes” has the meaning set forth in the third paragraph of the Recitals hereof;

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

“Par Call Date” has the meaning set forth in Section 401 hereof;

“Performance Guaranty” means any guaranty issued in connection with any Non-Recourse Debt that (i) if secured, is secured only by assets of or Equity Interests in a Project Finance Subsidiary, and (ii) guarantees to the provider of such Non-Recourse Debt or any other person (a) performance of the improvement, installation, design, engineering, construction, acquisition, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or any portion of the project that is financed by such Non-Recourse Debt, (b) completion of the minimum agreed equity or other contributions or support to the relevant Project Finance Subsidiary, or (c) performance by a Project Finance Subsidiary of obligations to persons other than the provider of such Non-Recourse Debt;

“Project Finance Subsidiary” means any Subsidiary designated by the Company whose principal purpose is to incur Non-Recourse Debt and/or construct, lease, own or operate the assets financed thereby, or to become a direct or indirect partner, member or other equity participant or owner in a Person created for such purpose, and substantially all the assets of which Subsidiary or Person are limited to (x) those assets being financed (or to be financed), or the operation of which is being financed (or to be financed), in whole or in part by Non-Recourse Debt, or (y) Equity Interests in, or indebtedness or other obligations

of, one or more other such Subsidiaries or Persons, or (z) indebtedness or other obligations of the Company or any Subsidiary or other Persons. At the time of designation of any Project Finance Subsidiary, the sum of the net book value of the assets of such Subsidiary and the net book value of the assets of all other Project Finance Subsidiaries then existing shall not in the aggregate exceed 10 percent of the Consolidated Net Tangible Assets;

“Reference Treasury Dealer” has the meaning set forth in Section 402 hereof;

“Reference Treasury Dealer Quotations” has the meaning set forth in Section 402 hereof;

“Regular Record Date” has the meaning set forth in Section 204(a) hereof;

“Remaining Term” has the meaning set forth in Section 402 hereof;

“Subsidiary” of any entity means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such limited liability company, partnership, joint venture or other entity or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such entity, by such entity and one or more of its other subsidiaries or by one or more of such entity’s other subsidiaries;

“Treasury Rate” has the meaning set forth in Section 402 hereof;

All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 17; and

The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture No. 17.

ARTICLE TWO

The Series of Securities

Section 201 *Title of the Securities.* The 2023 Notes shall be designated as the “3.55% Senior Notes due 2023,” and the 2028 Notes shall be designated as the “4.00% Senior Notes due 2028.”

Section 202 *Limitation on Aggregate Principal Amount.* The Trustee shall authenticate and deliver (i) the 2023 Notes for original issue on the Issue Date in the aggregate principal amount of \$300,000,000 and (ii) the 2028 Notes for original issue on the Issue Date in the aggregate principal amount of \$300,000,000, upon a Company Order for the authentication and delivery thereof and

satisfaction of Sections 301 and 303 of the Original Indenture. Such order shall specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated and the name or names of the initial Holder or Holders. The aggregate principal amount of 2023 Notes and 2028 Notes that may initially be outstanding shall not exceed \$300,000,000 and \$300,000,000, respectively; provided, however, that the authorized aggregate principal amount of either series of the Notes may be increased above such amount by a Board Resolution to such effect.

Section 203 *Stated Maturity*. The Stated Maturity of the 2023 Notes shall be April 1, 2023 (the “2023 Notes Maturity Date”), and the Stated Maturity of the 2028 Notes shall be April 1, 2028 (the “2028 Notes Maturity Date”).

Section 204 *Interest and Interest Rates*.

(a) The 2023 Notes shall bear interest at a rate of 3.55% per year, from and including March 28, 2018 (the “Issue Date”) to, but excluding, the 2023 Notes Maturity Date. The 2028 Notes shall bear interest at a rate of 4.00% per year, from and including the Issue Date to, but excluding, the 2028 Notes Maturity Date. Such interest shall be payable semi-annually in arrears on April 1 and October 1 of each year (each an “Interest Payment Date”), beginning October 1, 2018 to the persons in whose names the Notes (or one or more Predecessor Securities) are registered at the close of business on March 15 and September 15 (each a “Regular Record Date”) (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

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

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

(d) Any principal and premium, if any, and any installment of interest, which is overdue shall bear interest at the rate of 3.55% per annum (to the extent permitted by law), in the case of the 2023 Notes, or 4.00% per annum (to the extent permitted by law), in the case of the 2028 Notes, in each case from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand.

Section 205 *Paying Agent; Place of Payment.* The Trustee shall initially serve as the Paying Agent for the Notes. The Company may appoint and change any Paying Agent or approve a change in the office through which any Paying Agent acts without notice, other than notice to the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent. The Place of Payment where the Notes may be presented or surrendered for payment shall be the Corporate Trust Office of the Trustee. At the option of the Company, payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer in immediately available funds at such place and to such account as may be designated in writing by the Person entitled thereto as specified in the Security Register.

Section 206 *Place of Registration or Exchange; Notices and Demands With Respect to the Notes.* The place where the Holders of the Notes may present the Notes for registration of transfer or exchange and may make notices and demands to or upon the Company in respect of the Notes shall be the Corporate Trust Office of the Trustee.

Section 207 *Percentage of Principal Amount.* The 2023 Notes and 2028 Notes shall be initially issued at 99.782% and 99.942% of their principal amount, respectively, plus accrued interest, if any, from the Issue Date.

Section 208 *Global Securities.* The Notes shall be issuable in whole or in part in the form of one or more Global Securities. Such Global Securities shall be deposited with, or on behalf of, The Depository Trust Company, New York, New York, which shall act as Depository with respect to the Notes. Such Global Securities shall bear the legends set forth in the forms of Security attached as Exhibit A and Exhibit B hereto.

Section 209 *Form of Securities.* The 2023 Notes shall be substantially in the form attached as Exhibit A hereto and the 2028 Notes shall be substantially in the form attached as Exhibit B hereto.

Section 210 *Securities Registrar.* The Trustee shall initially serve as the Security Registrar for the Notes.

Section 211 *Defeasance and Discharge; Covenant Defeasance.*

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

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

“Upon the Company’s exercise of its option (if any) to have this Section 1403 applied to any Securities or any series of Securities, as the case may be, (1) the Company shall

be released from its obligations under Article Eight and under any covenants provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such Securities, including without limitation, the covenants provided for in Article Three of Supplemental Indenture No. 17 to the Indenture, and (2) the occurrence of any event specified in Sections 501(4) (with respect to Article Eight and to any such covenants provided pursuant to Section 301(20), 901(2) or 901(7)) and 501(7) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section 1403 on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called “Covenant Defeasance”).”

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

ARTICLE THREE

Additional Covenants

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

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

ARTICLE FOUR

Optional Redemption of the Notes

Section 401 *Redemption Price*. The Notes shall be redeemable, at the option of the Company, at any time and from time to time, in whole or in part, (1) in the case of the 2023 Notes, on any date prior to March 1, 2023 (the “2023 Par Call Date”) and (2) in the case of the 2028 Notes,

on any date prior to January 1, 2028 (the “2028 Par Call Date”; each of the 2028 Par Call Date and the 2023 Par Call Date, a “Par Call Date”), at a price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed that would be due if such Notes matured on the applicable Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 15 basis points for the 2023 Notes or 20 basis points 2028 Notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. On or after the 2023 Par Call Date or the 2028 Par Call Date, as applicable, the Company may redeem, at its option, the 2023 Notes or the 2028 Notes, respectively, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

Section 402 *Calculation.* The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date. For purposes of this Article Four, the following terms shall mean as follows:

“Treasury Rate” means, with respect to any Redemption Date, the yield calculated on the third Business Day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor publication) under the caption “Treasury Constant Maturities - Nominal”, the Independent Investment Banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the Notes to be redeemed (assuming the Notes matured on the applicable Par Call Date) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the Independent Investment Banker shall select the maturity closest to the applicable Par Call Date that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term (“Remaining Term”) of the Notes to be redeemed (assuming for this purpose that the Notes matured on the applicable Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Term of such Notes.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury

Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or MUFG Securities Americas Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

“Reference Treasury Dealer” means each of (1) Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a primary U.S. government securities dealer in the United States of America (a “Primary Treasury Dealer”) designated by MUFG Securities Americas Inc. and their respective affiliates or successors, each of which is a Primary Treasury Dealer, provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Section 403 *Partial Redemption*. If fewer than all of the Notes of a series are to be redeemed by the Company pursuant to this Article Four, not more than 60 days prior to the Redemption Date, the particular Notes or portions thereof for redemption will be selected from the outstanding Notes of such series not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Notes and portions of Notes in amounts of \$1,000 or whole multiples of \$1,000. A new Note in principal amount equal to the unredeemed portion of the original Note shall be issued upon the cancellation of the original Note. In the case of a partial redemption of Notes of a series registered in the name of Cede & Co., the Notes to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

Section 404 *Notice of Optional Redemption*. The Trustee, at the written direction of the Company, will send a notice of redemption prepared by the Company to each holder of Notes to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Notes registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the Redemption Date. If any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount to be redeemed.

ARTICLE FIVE

Remedies

Section 501 *Additional Event of Default; Acceleration of Maturity.*

(a) Solely with respect to the Notes of each series issued hereby, Section 501(7) of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof as an Event of Default in addition to the other events set forth in Section 501 of the Original Indenture:

“(7) the default by the Company or any Subsidiary, other than a Project Finance Subsidiary, in the payment, when due, after the expiration of any applicable grace period, of principal of indebtedness for money borrowed, other than Non-Recourse Debt, in the aggregate principal amount then outstanding of \$125 million or more, or acceleration of any indebtedness for money borrowed in such aggregate principal amount so that it becomes due and payable prior to the date on which it would otherwise have become due and payable and such acceleration is not rescinded or such default is not cured within 30 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 33% in principal amount of the Notes of such series written notice specifying such default and requiring the Company to cause such acceleration to be rescinded or such default to be cured and stating that such notice is a “Notice of Default” under the Indenture;”.

(b) Solely with respect to the Notes of each series issued hereby, the first paragraph of Section 502 of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof:

“If an Event of Default (other than an Event of Default specified in Section 501(5) or 501(6)) with respect to the Notes of either series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 33% in principal amount of the Notes of such series Outstanding may declare the principal amount of all the Notes of such series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 501(5) or 501(6) with respect to the Notes of such series at the time Outstanding occurs and is continuing, the principal amount of all the Notes of such series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.”

Section 502 *Amendment of Certain Provisions*. Solely with respect to the Notes of each series issued hereby, references to “25%” in Article Five of the Indenture are hereby deleted in their entirety and “33%” is substituted in lieu thereof.

ARTICLE SIX

Miscellaneous Provisions

Section 601 The Indenture, as supplemented and amended by this Supplemental Indenture No. 17, is in all respects hereby adopted, ratified and confirmed.

Section 602 This Supplemental Indenture No. 17 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 603 THIS SUPPLEMENTAL INDENTURE NO. 17 AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 604 If any provision in this Supplemental Indenture No. 17 limits, qualifies or conflicts with another provision hereof which is required to be included herein by any provisions of the Trust Indenture Act, such required provision shall control.

Section 605 In case any provision in this Supplemental Indenture No. 17 or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 17 to be duly executed, as of the day and year first written above.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Carla A. Kneipp
Carla A. Kneipp
Vice President and Treasurer

Attest

/s/ Vincent A. Mercaldi
Vincent A. Mercaldi
Corporate Secretary

(SEAL)

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
As Trustee

By: /s/ R. Tarnas
Authorized Signatory

Exhibit A

[FORM OF FACE OF SECURITY]

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

[FOR AS LONG AS THIS GLOBAL SECURITY IS DEPOSITED WITH OR ON BEHALF OF THE DEPOSITARY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND.] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO CENTERPOINT ENERGY RESOURCES CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CENTERPOINT ENERGY RESOURCES CORP.

3.55% Senior Notes due 2023

Original Interest Accrual Date: March 28, 2018

Stated Maturity: April 1, 2023

Interest Rate: 3.55%

Interest Payment Dates: April 1 and October 1

Initial Interest Payment Date: October 1, 2018

Regular Record Dates: March 15 and September 15 immediately preceding the applicable Interest Payment Date

Redeemable: Yes No

Redemption Date: At any time.

Redemption Price: 1) On any date prior to March 1, 2023 (the "Par Call Date") at a price equal to the greater of (i) 100% of the principal amount of this Security or the portion hereof to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security, or the portion thereof to be redeemed, that would be due if this Security matured on the Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 15 basis points; plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date; or 2) on or after the Par Call Date, at a price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date.

This Security is not an Original Issue Discount Security within the meaning of the within-mentioned Indenture.

Principal Amount

\$ _____¹

Registered No. T-1

CUSIP 15189W AK6

CENTERPOINT ENERGY RESOURCES CORP., a corporation duly organized and existing under the laws of the State of Delaware, formerly known as NorAm Energy Corp. (herein called the "Company," which term includes any successor Person under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

¹ Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

, or its registered assigns, the principal sum of DOLLARS on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on October 1, 2018, and at Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, *provided* that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 3.55% per annum (to the extent permitted by applicable law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on this Security is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. A "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Securities of this series may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in said Indenture.

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

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

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

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: _____ CENTERPOINT ENERGY RESOURCES CORP.

By: _____

Name: Carla A. Kneipp

Title: Vice President and Treasurer

(SEAL)

Attest:

Name: Vincent A. Mercaldi

Title: Corporate Secretary

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee

Dated: _____

By:

Authorized Signatory

SCHEDULE A

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

<u>Date of Adjustment</u>	<u>Decrease in Aggregate Principal Amount of Securities</u>	<u>Increase in Aggregate Principal Amount of Securities</u>	<u>Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase</u>	<u>Notation by Security Registrar</u>
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[FORM OF REVERSE SIDE OF SECURITY]

CENTERPOINT ENERGY RESOURCES CORP.

3.55% NOTES DUE 2023

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of February 1, 1998 (herein called the “Indenture,” which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association)), as Trustee (herein called the “Trustee,” which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$300,000,000; *provided, however*, that the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect.

This Security shall be redeemable, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to March 1, 2023 (the “Par Call Date”) at a price equal to the greater of (i) 100% of the principal amount of this Security (or the portion hereof to be redeemed) or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if this Security (or the portion hereof to be redeemed) matured on the Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 15 basis points plus, in each case, accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. On or after the Par Call Date, the Company may redeem this Security, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date. For purposes of calculating the Redemption Price, the following terms shall mean as follows:

“Treasury Rate” means, with respect to any Redemption Date, the yield calculated on the third Business Day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor publication) under the caption “Treasury Constant Maturities - Nominal”, the Independent Investment Banker shall

select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of this Security (assuming this Security matured on the Par Call Date) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the Independent Investment Banker shall select the maturity closest to the Par Call Date that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term (“Remaining Term”) of this Security to be redeemed (assuming for this purpose that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Term of this Security.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or MUFG Securities Americas Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

“Reference Treasury Dealer” means each of (1) Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a primary U.S. government securities dealer in the United States of America (a “Primary Treasury Dealer”) designated by MUFG Securities Americas Inc. and their respective affiliates or successors, each of which is a Primary Treasury Dealer, provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

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

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

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

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

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

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 33% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

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

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

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

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

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

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

Exhibit B

[FORM OF FACE OF SECURITY]

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

[FOR AS LONG AS THIS GLOBAL SECURITY IS DEPOSITED WITH OR ON BEHALF OF THE DEPOSITARY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND.] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO CENTERPOINT ENERGY RESOURCES CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CENTERPOINT ENERGY RESOURCES CORP.

4.00% Senior Notes due 2028

Original Interest Accrual Date: March 28, 2018
Stated Maturity: April 1, 2028
Interest Rate: 4.00%
Interest Payment Dates: April 1 and October 1
Initial Interest Payment Date: October 1, 2018
Regular Record Dates: March 15 and September 15
immediately preceding the applicable Interest Payment Date

Redeemable: Yes No
Redemption Date: At any time.
Redemption Price: 1) On any date prior to January 1, 2028 (the "Par Call Date") at a price equal to the greater of (i) 100% of the principal amount of this Security or the portion hereof to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security, or the portion thereof to be redeemed, that would be due if this Security matured on the Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date; or 2) on or after the Par Call Date, at a price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date.

This Security is not an Original Issue Discount Security within the meaning of the within-mentioned Indenture.

Principal Amount
\$ _____ †

Registered No. T-1
CUSIP 15189W AL4

CENTERPOINT ENERGY RESOURCES CORP., a corporation duly organized and existing under the laws of the State of Delaware, formerly known as NorAm Energy Corp. (herein called the "Company," which term includes any successor Person under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

†Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

, or its registered assigns, the principal sum of DOLLARS on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on October 1, 2018, and at Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment, *provided* that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 4.00% per annum (to the extent permitted by applicable law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on this Security is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. A "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Securities of this series may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in said Indenture.

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

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

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

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: _____ CENTERPOINT ENERGY RESOURCES CORP.

By: _____

Name: Carla A. Kneipp

Title: Vice President and Treasurer

(SEAL)

Attest:

Name: Vincent A. Mercaldi

Title: Corporate Secretary

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
As Trustee

Dated: _____

By:

Authorized Signatory

SCHEDULE A

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

<u>Date of Adjustment</u>	<u>Decrease in Aggregate Principal Amount of Securities</u>	<u>Increase in Aggregate Principal Amount of Securities</u>	<u>Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase</u>	<u>Notation by Security Registrar</u>
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[FORM OF REVERSE SIDE OF SECURITY]

CENTERPOINT ENERGY RESOURCES CORP.

4.00% NOTES DUE 2028

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of February 1, 1998 (herein called the “Indenture,” which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (successor to JPMorgan Chase Bank, National Association (formerly Chase Bank of Texas, National Association)), as Trustee (herein called the “Trustee,” which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, initially limited in aggregate principal amount to \$300,000,000; *provided, however*, that the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect.

This Security shall be redeemable, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to January 1, 2028 (the “Par Call Date”) at a price equal to the greater of (i) 100% of the principal amount of this Security (or the portion hereof to be redeemed) or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due if this Security (or the portion hereof to be redeemed) matured on the Par Call Date but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 20 basis points plus, in each case, accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. On or after the Par Call Date, the Company may redeem this Security, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed, if any, to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date. For purposes of calculating the Redemption Price, the following terms shall mean as follows:

“Treasury Rate” means, with respect to any Redemption Date, the yield calculated on the third Business Day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor publication) under the caption “Treasury Constant Maturities - Nominal”, the Independent Investment Banker shall

select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of this Security (assuming this Security matured on the Par Call Date) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the Independent Investment Banker shall select the maturity closest to the Par Call Date that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term (“Remaining Term”) of this Security to be redeemed (assuming for this purpose that the Securities matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Term of this Security.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or MUFG Securities Americas Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

“Reference Treasury Dealer” means each of (1) Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a primary U.S. government securities dealer in the United States of America (a “Primary Treasury Dealer”) designated by MUFG Securities Americas Inc. and their respective affiliates or successors, each of which is a Primary Treasury Dealer, provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

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

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

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

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

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

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 33% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

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

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

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

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

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

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

CENTERPOINT ENERGY, INC.
STOCK PLAN FOR OUTSIDE DIRECTORS
(As Amended and Restated Effective April 26, 2018)

ARTICLE I

PURPOSE

The purpose of this CenterPoint Energy, Inc. Stock Plan for Outside Directors, as amended and restated effective April 26, 2018 (the “Plan”) is to provide for a method of compensation of Outside Directors of CenterPoint Energy, Inc. and any successor thereto (the “Company”) that will strengthen the alignment of their financial interests with those of the Company’s shareholders through increased ownership of shares of the Company’s Common Stock by such Outside Directors. The Plan is intended to (i) enhance the Company’s ability to maintain a competitive position in attracting and retaining qualified Outside Directors who contribute, and are expected to contribute, materially to the success of the Company and its Subsidiaries; (ii) provide a means of compensating such Outside Directors whereby the compensation received will have a value dependent on the price of the Common Stock; and (iii) enhance the interest of such Outside Directors in the Company’s continued success and progress by further aligning each Outside Director’s interests with those of the Company’s shareholders. Stock Awards under this Plan shall be in addition to the annual retainer fee and meeting fees earned by Outside Directors of the Company.

ARTICLE II

DEFINITIONS

For purposes of the Plan, the terms set forth below shall have the following meanings:

“**Annual Award Date**” means the first business day of the month immediately following each Annual Meeting of Shareholders.

“**Board**” means the Board of Directors of the Company.

A “**Change of Control**” shall be deemed to have occurred upon the occurrence of any of the following events:

(a) 30% Ownership Change: Any Person makes an acquisition of Outstanding Voting Stock and is, immediately thereafter, the beneficial owner of 30% or more of the then Outstanding Voting Stock, unless such acquisition is made directly from the Company in a transaction approved by a majority of the Incumbent Directors; or any group is formed that is the beneficial owner of 30% or more of the Outstanding Voting Stock; or

(b) Board Majority Change: Individuals who are Incumbent Directors cease for any reason to constitute a majority of the members of the Board; or

(c) Major Mergers and Acquisitions: Consummation of a Business Combination unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 70% of the then outstanding shares of voting stock of the parent corporation resulting from such Business Combination in substantially the same relative proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Voting Stock, (ii) if the Business Combination involves the issuance or payment by the Company of consideration to another entity or its shareholders, the total fair market value of such consideration plus the principal amount of the consolidated long-term debt of the entity or business being acquired (in each case, determined as of the date of consummation of such Business Combination by a majority of the Incumbent Directors) does not exceed 50% of the sum of the fair market value of the Outstanding Voting Stock plus the principal amount of the Company's consolidated long-term debt (in each case, determined immediately prior to such consummation by a majority of the Incumbent Directors), (iii) no Person (other than any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of voting stock of the parent corporation resulting from such Business Combination and (iv) a majority of the members of the board of directors of the parent corporation resulting from such Business Combination were Incumbent Directors of the Company immediately prior to consummation of such Business Combination; or

(d) Major Asset Dispositions: Consummation of a Major Asset Disposition unless, immediately following such Major Asset Disposition, (i) individuals and entities that were beneficial owners of the Outstanding Voting Stock immediately prior to such Major Asset Disposition beneficially own, directly or indirectly, more than 70% of the then outstanding shares of voting stock of the Company (if it continues to exist) and of the entity that acquires the largest portion of such assets (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity) and (ii) a majority of the members of the board of directors of the Company (if it continues to exist) and of the entity that acquires the largest portion of such assets (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity) were Incumbent Directors of the Company immediately prior to consummation of such Major Asset Disposition.

For purposes of the foregoing,

(1) the term "Person" means an individual, entity or group;

(2) the term "group" is used as it is defined for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act");

(3) the term “beneficial owner” is used as it is defined for purposes of Rule 13d-3 under the Exchange Act;

(4) the term “Outstanding Voting Stock” means outstanding voting securities of the Company entitled to vote generally in the election of directors; and any specified percentage or portion of the Outstanding Voting Stock (or of other voting stock) shall be determined based on the combined voting power of such securities;

(5) the term “Incumbent Director” means a director of the Company (x) who was a director of the Company on May 7, 2003 or (y) who becomes a director subsequent to such date and whose election, or nomination for election by the Company’s shareholders, was approved by a vote of a majority of the Incumbent Directors at the time of such election or nomination, except that any such director shall not be deemed an Incumbent Director if his or her initial assumption of office occurs as a result of an actual or threatened election contest or other actual or threatened solicitation of proxies by or on behalf of a Person other than the Board;

(6) the term “election contest” is used as it is defined for purposes of Rule 14a-11 under the Exchange Act;

(7) the term “Business Combination” means (x) a merger or consolidation involving the Company or its stock or (y) an acquisition by the Company, directly or through one or more subsidiaries, of another entity or its stock or assets;

(8) the term “parent corporation resulting from a Business Combination” means the Company if its stock is not acquired or converted in the Business Combination and otherwise means the entity which as a result of such Business Combination owns the Company or all or substantially all the Company’s assets either directly or through one or more subsidiaries; and

(9) the term “Major Asset Disposition” means the sale or other disposition in one transaction or a series of related transactions of 70% or more of the assets of the Company and its subsidiaries on a consolidated basis; and any specified percentage or portion of the assets of the Company shall be based on fair market value, as determined by a majority of the Incumbent Directors.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Common Stock**” means, subject to the provisions of Section 7.3, the presently authorized common stock, \$0.01 par value, of the Company.

“**Company**” means CenterPoint Energy, Inc., a Texas corporation, and any successor thereto.

“Dividend Equivalents” means, with respect to shares of Common Stock issued or delivered at the end of the Restriction Period applicable to a Stock Award, an amount equal to all dividends and other distributions (or the economic value thereof) that are payable to shareholders of record during the Restriction Period on a like number of shares of Common Stock.

“Fair Market Value” means, as of a particular date, (i) if shares of Common Stock are listed on a national securities exchange, the closing sales price per share of Common Stock on the consolidated transaction reporting system for the principal national securities exchange on which shares of Common Stock are listed on that date, or, if there shall have been no such sale so reported on that date, on the date immediately preceding the date on which such a sale was so reported, (ii) if the Common Stock is not so listed, the average of the closing bid and asked price on that date, or, if there are no quotations available for such date, on the date immediately preceding the date on which such quotations shall be available, as reported by an inter-dealer quotation system, (iii) if shares of Common Stock are not publicly traded, the most recent value determined by an independent appraiser appointed by the Company for such purpose, or (iv) if none of the above are applicable, the fair market value of a share of Common Stock as determined in good faith by the Board.

“Outside Director” means a person who is a member of the Board on an Annual Award Date and who is not a current employee of the Company or a Subsidiary.

“Plan” means the CenterPoint Energy, Inc. Stock Plan for Outside Directors, as set forth herein and as from time to time amended.

“Restriction Period” means the period of time beginning as of the grant date of a Stock Award and ending as of the date upon which the Common Stock subject to such Stock Award is no longer subject to forfeiture provisions as provided in Section 5.3.

“Stock Award” means an award of the right to receive shares of Common Stock granted by the Company to an Outside Director pursuant to, and subject to the terms, conditions and limitations specified in, Article V.

“Stock Award Amount” means a number of shares of Common Stock equal to (i) a dollar amount determined by the Board in its discretion *divided by* (ii) the Fair Market Value of the Common Stock on the relevant award date, rounded to the nearest whole share.

“Subsidiary” means a subsidiary corporation of the Company as defined in Section 424(f) of the Code.

ARTICLE III

RESERVATION OF SHARES AND PLAN ADMINISTRATION

3.1 Shares Reserved Under Plan: The aggregate number of shares of Common Stock which may be issued or delivered under this Plan shall not exceed 700,000 shares, subject to adjustment as hereinafter provided. All or any part of such authorized shares may be issued pursuant to Stock Awards. The shares of Common Stock which may be granted pursuant to Stock Awards may consist of either authorized but unissued shares of Common Stock or shares of Common Stock which have been issued and which shall have been heretofore or are hereafter reacquired by the Company. The number of shares of Common Stock that are subject to Stock Awards under this Plan that are forfeited or terminated shall again immediately become available for Stock Awards hereunder. The Board may from time to time adopt and observe such procedures concerning the counting of shares against the Plan maximum as it may deem appropriate. The total number of shares authorized under this Plan shall be subject to increase or decrease in order to give effect to the adjustment provision of Section 7.3 and to give effect to any amendment adopted as provided in Section 6.1.

3.2 Plan Administration:

(a) This Plan shall be administered by the Board. Subject to the provisions hereof, the Board shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Board shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Stock Award in the manner and to the extent the Board deems necessary or desirable. Any decision of the Board in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. The Board may engage in or authorize the engagement of a third party administrator to carry out administrative functions under the Plan.

(b) No member of the Board or officer of the Company to whom the Board has delegated authority in accordance with the provisions of this Section shall be liable for anything done or omitted to be done by him or her, by any member of the Board or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

ARTICLE IV

PARTICIPATION IN PLAN

4.1 Eligibility to Receive Stock Awards: Stock Awards under this Plan shall be granted only to persons who are Outside Directors who are eligible to receive awards under Section 5.1 and/or 5.2.

4.2 Participation Not a Guarantee of Continuing Service as a Member of the Board: Nothing in this Plan shall in any manner be construed to (a) limit in any way the right or power of the Company's stockholders to remove an Outside Director, without regard to the effect of such removal on any rights such Outside Director would otherwise have under this Plan, or (b) give any right to such an Outside Director (i) to be nominated for reelection or to be reelected as such and/or (ii) after ceasing to be an Outside Director, to receive any shares of Common Stock of the Company under this Plan to which such Outside Director is not entitled under the express provisions of this Plan.

ARTICLE V

STOCK AWARDS

5.1 Initial Awards: On or after the date an individual first becomes an Outside Director, at the discretion of the Board, such Outside Director may be granted a one-time, initial Stock Award consisting of the right to receive the number of shares of Common Stock equal to the Stock Award Amount, as determined by the Board, with such award subject to the terms, conditions and limitations set forth in this Plan; provided, however, that such Outside Director is then in office as of the grant date of such initial Stock Award. Any Stock Award under this Section 5.1 shall be in addition to, and not in lieu of, any Stock Award granted under Section 5.2.

5.2 Annual Awards: As of each Annual Award Date, at the discretion of the Board, each Outside Director then in office may be granted a Stock Award consisting of the right to receive the number of shares of Common Stock equal to the Stock Award Amount, as determined by the Board, with such awards subject to the terms, conditions and limitations set forth in this Plan.

5.3 Vesting of Stock Awards: Each Stock Award granted under the Plan prior to April 26, 2018 shall be subject to a Restriction Period, and shall vest, as set forth under the terms of the Plan as in effect immediately prior to April 26, 2018. Each Stock Award granted under this Plan on or after April 26, 2018 shall be immediately fully vested upon grant.

5.4 Form of Award: Upon vesting in accordance with Section 5.3, the number of vested shares of Common Stock subject to the Stock Award shall be registered in the name of the Outside Director and certificates representing such Common Stock (unless the Company shall elect to use uncertificated shares) shall be delivered to the Outside Director as soon as practicable after the date upon which the Outside Director's right to such shares vested. Upon delivery of the vested shares of Common Stock pursuant to this Section, the Outside Director shall also be entitled to receive a cash payment equal to the sum of all Dividend Equivalents, if any.

ARTICLE VI

AMENDMENT AND TERMINATION OF PLAN

6.1 Amendment, Modification, Suspension or Termination: The Board may from time to time amend, modify, suspend or terminate the Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law except that no amendment or alteration shall be effective prior to approval by the Company's shareholders to the extent such approval is determined to be required by applicable legal requirements or the listing standards of the New York Stock Exchange.

6.2 Termination: This Plan shall continue indefinitely until all shares of Common Stock authorized for issuance or delivery hereunder by Section 3.1 hereof have been issued, except the Board may at any time terminate this Plan as of any date specified in a resolution adopted by the Board. No Stock Awards may be granted after this Plan has terminated. The termination of the Plan shall not affect the applicability of any provision of the Plan to Stock Awards made prior to such termination.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Restrictions Upon Grant of Stock Awards: The listing on the New York Stock Exchange or the registration or qualification under any federal or state law of any shares of Common Stock to be granted pursuant to this Plan (whether to permit the grant of Stock Awards or the resale or other disposition of any such shares of Common Stock by or on behalf of the Outside Directors receiving such shares) may be necessary or desirable and, in any such event, if the Company so determines, issuance or delivery of such shares of Common Stock shall not be made until such listing, registration or qualification shall have been completed. In such connection, the Company agrees that it will use its best efforts to effect any such listing, registration or qualification, provided, however, that the Company shall not be required to use its best efforts to effect such registration under the Securities Act of 1933, as amended, other than on Form S-8, as presently in effect, or other such forms as may be in effect from time to time calling for information comparable to that presently required to be furnished under Form S-8.

7.2 Restrictions Upon Resale of Unregistered Stock: If the shares of Common Stock that have been transferred to an Outside Director pursuant to the terms of this Plan are not registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement, such Outside Director, if the Company deems it advisable, may be required to represent and agree in writing (a) that any shares of Common Stock acquired by such Outside Director pursuant to this Plan will not be sold except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an exemption from registration under said Act and (b) that such Outside Director is acquiring such shares of Common Stock for such Outside Director's own account and not with a view to the distribution thereof.

7.3 Adjustments: In the event of any subdivision or combination of outstanding shares of Common Stock or declaration of a dividend payable in shares of Common Stock or other stock split, then (a) the number of shares of Common Stock reserved under this Plan and (b) the number of shares delivered under Section 5.4 on any date occurring after the applicable record date or effective date shall be proportionately adjusted to reflect such transaction. No adjustment shall be made in a manner that would result in any Stock Awards becoming subject to Section 409A of the Code.

7.4 Withholding of Taxes: Unless otherwise required by applicable federal or state laws or regulations, the Company shall not withhold or otherwise pay on behalf of any Outside Director any federal, state, local or other taxes arising in connection with a Stock Award under this Plan. The payment of any such taxes shall be the sole responsibility of each Outside Director.

7.5 Governing Law: This Plan and all determinations made and actions taken pursuant hereto shall be governed by the internal laws of the State of Texas, except as federal law may apply.

7.6 Exemption from Section 409A. It is intended that Stock Awards under this Plan qualify as short-term deferrals exempt from the requirements of Section 409A of the Code, and this Plan shall be interpreted and administered consistent therewith.

7.7 Unfunded Status of Plan; Establishment of Stock Award Account: This Plan shall be an unfunded plan. The grant of shares of Common Stock pursuant to a Stock Award under this Plan shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the accrual in favor of the Outside Director of the unfunded and unsecured right to receive shares of Common Stock of the Company, which right shall be subject to the terms, conditions and restrictions set forth in the Plan. Such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to establish any special or separate fund or reserve or to make any other segregation of assets to assure the issuance of any shares of Common Stock granted under this Plan. Except as otherwise provided in this Plan, the shares of Common Stock credited to the Outside Director's bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Outside Director has been registered as the holder of such shares of Common Stock on the records of the Company as provided in Section 5.4. Neither the Company nor the Board shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

7.8 No Assignment or Transfer: No rights to receive Stock Awards under the Plan shall be assignable or transferable by an Outside Director except by will or the laws of descent and distribution.

CENTERPOINT ENERGY, INC.

CENTERPOINT ENERGY, INC.
2009 LONG TERM INCENTIVE PLAN
PERFORMANCE AWARD AGREEMENT
FOR OFFICERS AND DIRECTOR EMPLOYEES
JANUARY 1, 20XX – DECEMBER 31, 20XX PERFORMANCE CYCLE

Pursuant to this Performance Award Agreement (the “Award Agreement”), **CENTERPOINT ENERGY, INC.** (the “Company”) hereby grants to <first_name> <last_name>, an employee of the Company, this Performance Award (the “Award”) covering the target number of shares, <shares_awarded>, of Common Stock (the “Target Shares”) pursuant to the **CENTERPOINT ENERGY, INC. 2009 LONG TERM INCENTIVE PLAN** (the “Plan”). The number of Target Shares shall be subject to adjustment as provided in Section 14 of the Plan, conditioned upon the Company’s achievement of the Performance Goals over the course of the 20XX – 20XX Performance Cycle, and subject to the following terms and conditions:

1. **Relationship to the Plan.** The Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant.

2. **Definitions.** Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Award Agreement:

“**Achievement Percentage**” means the percentage of achievement determined by the Committee after the end of the Performance Cycle in accordance with Section 4 that reflects the extent to which the Company achieved the Performance Goals during the Performance Cycle.

“**Cause**” means the Participant’s (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“**Change in Control Closing Date**” means the date a Change in Control is consummated during the Performance Cycle.

“**Change in Control Payment Date**” means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be a date following the last day of the Performance Cycle but no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle; provided, however, in the case of the Participant's death or Separation from Service after the Change in Control but prior to such date, all shares not previously paid shall be paid not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

“Covered Termination” means a Separation from Service that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

“Disability” means that the Participant is eligible for and in receipt of benefits under the Company's long-term disability plan.

“Employment” means employment with the Company or any of its Subsidiaries.

“Good Reason” means any one or more of the following events:

(a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;

(b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;

(c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;

(d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);

(e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;

(f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

"Non-Section 409A Change in Control" means a Change in Control that is not a Section 409A Change in Control.

"Performance Cycle" means the period beginning on January 1, 20XX and ending on December 31, 20XX.

"Performance Goal" means the standards established by the Committee for the Performance Cycle to determine in whole or in part the number of Vested Shares pursuant to Section 4, which are specified in a separate document provided with this Award Agreement and made a part hereof for all purposes.

"Retirement" means a Separation from Service (a) on or after the attainment of age 55 and (b) with at least five years of Employment; *provided, however*, that such Separation from Service is not by the Company for Cause or due to Disability.

"Section 16 Officer" means a Participant who is an "officer" within the meaning of Section 16 of the Exchange Act as of the date notice of the Participant's Retirement is provided in accordance with Section 5(b)(iv).

"Section 409A" means Code Section 409A and the Treasury regulations and guidance issued thereunder.

“Section 409A Change in Control” means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

“Separation from Service” means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

“Target Shares” means the actual number of shares originally granted to the Participant as specified in this Award Agreement.

“Vested Shares” means the shares of Common Stock actually distributable to the Participant following the Participant’s satisfaction of the vesting provisions of Section 5 and, if applicable, the determination by the Committee of the extent to which the Company has achieved the Performance Goals for the Performance Cycle pursuant to Section 4.

3. Establishment of Award Account. The grant of Target Shares pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the Participant’s unfunded and unsecured right to receive shares of Common Stock of the Company, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in this Award Agreement, the Target Shares of Common Stock credited to the Participant’s bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as a holder of shares of Common Stock on the records of the Company as provided in Section 6 or 7 of this Award Agreement.

4. Award Opportunity.

(a) Except as otherwise provided in Section 5(b)(ii), Section 5(b)(iii) or Section 6, the Participant’s Vested Shares shall be the product of the number of Target Shares and the Achievement Percentage that is based upon the Committee’s determination of whether and to what extent the Performance Goals have been achieved during the Performance Cycle.

(b) No later than 60 days after the close of the Performance Cycle, the Committee shall determine the extent to which each Performance Goal has been achieved. If the Company has performed at or above the threshold level of achievement for a Performance Goal, the Achievement Percentage shall be between X% and X%. In no event shall the Achievement Percentage exceed X%. Upon completing its determination of the level at which the Performance Goals have been achieved, the Committee shall notify the Participant, in the form and manner as determined by the Committee, of the number of Vested Shares that will be issued to the Participant pursuant to Section 5.

5. Vesting of Shares.

(a) Unless earlier forfeited in accordance with Section 5(b)(i) or unless earlier vested in accordance with Section 5(b)(ii), Section 6(b) or Section 6(c), the Participant’s right to receive shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Cycle (with the number of shares, if any, based on the Committee’s determination that each Performance Goal has been met (as provided in Section 4)). As soon

as administratively practicable, but in no event later than 70 days, after the close of the Performance Cycle, the Committee shall notify the Participant as required by Section 4 of the level at which the Performance Goals established for the Performance Cycle have been achieved.

(b) If the Participant's Separation from Service date occurs prior to the close of the Performance Cycle and the occurrence of a vesting event described in Section 6(b) or 6(c) (in connection with a Change in Control), then the applicable of the following clauses shall apply with respect to the Target Shares subject to this Award Agreement:

(i) Forfeiture of Entire Award. If the Participant's Employment is terminated, such that the Participant has a Separation from Service, by the Company or any of its Subsidiaries or by the Participant for any reason other than due to death, Disability or Retirement, then the Participant's right to receive any Target Shares shall be forfeited in its entirety as of the date of such Separation from Service.

(ii) Death or Disability. If the Participant's Employment is terminated due to death or Disability, the Participant's right to receive the Target Shares shall vest on the date of such Separation from Service. The Participant's right to receive any additional shares pursuant to this Award Agreement shall be forfeited at such time.

(iii) Retirement. If the Participant's Employment is terminated due to Retirement, the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the date the Committee determines that each Performance Goal has been met (as provided in Section 4) in a pro-rata amount determined by multiplying (1) the number of shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Cycle as of the date of the Participant's Separation from Service, and the denominator of which is the total number of days in the Performance Cycle.

(iv) Enhanced Retirement. Subject to approval for Section 16 Officers as set forth below, if the Participant's Employment is terminated due to Retirement and all of the following requirements are satisfied, then in lieu of the rights and benefits set forth in Section 5(b)(iii), on the date the Committee determines that each Performance Goal has been met (as provided in Section 4), the Participant shall vest in the right to receive the total number of Vested Shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4:

- (1) the sum of the Participants age and years of Employment is 65 or greater;
- (2) the Participant's Retirement occurs on or after the first anniversary of the beginning of the Performance Cycle;

(3) the Participant provides the Company at least six months' written notice of the Participant's Retirement; and

(4) the Participant provides to the Company a transition plan.

If the Participant is a Section 16 Officer and otherwise satisfies all of the requirements for benefits under this Section 5(b)(iv), the Committee may consider, and approve, providing the benefits set forth in this Section 5(b)(iv) above. Any such approval must occur prior to the Participant's Separation from Service and is at the sole discretion of the Committee. To satisfy the notice requirement under (3) above, a Section 16 Officer must provide the written notice to the Chief Human Resources Officer.

(c) In accordance with the provisions of this Section 5, the Vested Shares shall be distributed as provided in Section 7 hereof.

6. Change in Control.

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the shares subject to this Award.

(b) Vesting Upon a Change in Control. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if (i) there is a Change in Control during the Performance Cycle and prior to the Participant's Separation from Service due to death or Disability and (ii) the Acquiror does not assume or continue this Award or provide a substantially equivalent award in substitution for this Award pursuant to Section 6(a), then upon the Change in Control Closing Date, the Participant's right to receive the Target Shares shall vest. Notwithstanding the foregoing, in the event the Change in Control occurs after the Participant has had a Separation from Service due to Retirement, unless the requirements set forth in Section 5(b)(iv)(1), (2), (3), and (4) are satisfied, the Target Shares such Participant shall receive under this Section 6(b) shall be pro-rated based on the number of days that elapsed in the Performance Cycle as of the date of the Participant's Separation from Service over the total number of days in the Performance Cycle.

(c) Vesting Upon a Covered Termination. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if the Participant experiences a Covered Termination during the Performance Cycle, then, upon the date of the Covered Termination, the Participant's right to receive the Target Shares shall vest.

(d) Distributions Upon a Change in Control. If the Participant is entitled to a benefit pursuant to Section 6(b) or 6(c) hereof in connection with a Change in Control, then this Award shall be settled by the distribution to the Participant of:

(1) shares of Common Stock equal to the Target Shares (or such pro-rated amount as set forth in Section 6(b), if applicable); *plus*

(2) Dividend Equivalents in the form of shares of Common Stock (rounded up to the nearest whole share) for the number of such shares determined under clause (b) or (c) above, as applicable, for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in a lump cash payment equal to:

(1) the product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the Target Shares (or such pro-rated amount as set forth in Section 6(b), if applicable); *plus*

(2) Dividend Equivalents for the number of shares of Common Stock determined under clause (b) or (c) above, as applicable, for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

Such distribution, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(e) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 6(b), distributions shall be made in accordance with Section 6(d) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 6(c) on account of a Covered Termination, distributions shall be made in accordance with Section 6(d) not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

7. Distribution of Vested Shares.

(a) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(a) or Section 5(b)(iii) or (iv), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle.

(b) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(b)(ii), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed not later than the 70th day after the Participant's Separation from Service date except as otherwise provided in Section 7(c).

(c) With respect to any benefits payable hereunder upon the Participant's Separation from Service (other than a Separation from Service due to the Participant's death), if as of the Participant's Separation from Service date, the Participant is a "specified

employee” (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Separation from Service date or (y) the Participant's date of death, if death occurs during such six-month period.

(d) The Company shall have the right to withhold applicable taxes from any such distribution of Vested Shares or from other compensation payable to the Participant at the time of such vesting and distribution pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A, if applicable).

(e) Upon distribution of the Vested Shares pursuant to this Section 7, the Participant shall also be entitled to receive Dividend Equivalents for the Vested Shares for the period after the commencement of the Performance Cycle but prior to the date the Vested Shares are delivered to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

8. Confidentiality. The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

9. Participant Obligations.

(a) Confidentiality. The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission (“Government Agencies”). Participant further understands that this Award Agreement does not limit Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of

this Award Agreement, “**Confidential Information**” shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company’s plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation*. For consideration provided under this Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information (as defined in Section 9(a)) regarding the Company and the Company’s business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition*. For consideration provided under this Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information regarding the Company and the Company’s business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an

officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area.* The restrictions contained in this Section 9(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 9, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) Violations. If the Participant violates any provision of this Section 9, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 9 after amounts under this Award have been paid or if the Company learns of the violation after amounts under this Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the Award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 9.

10. Notices. For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

11. Shareholder Rights. The Participant shall have no rights of a shareholder with respect to the Target Shares, unless and until the Participant is registered as the holder of shares of Common Stock.

12. Successors and Assigns. This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the Target Shares are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

13. No Employment Guaranteed. Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

14. Waiver. Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

15. Compliance with Section 409A. It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

16. Compliance with Recoupment Policy. Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

17. Modification of Award Agreement. Any modification of this Award Agreement shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

CENTERPOINT ENERGY, INC.
2009 LONG TERM INCENTIVE PLAN

FORM OF PERFORMANCE AWARD AGREEMENT FOR EXECUTIVE CHAIRMAN
JANUARY 1, 20XX – DECEMBER 31, 20XX PERFORMANCE CYCLE

Pursuant to this Performance Award Agreement (the “Award Agreement”), **CENTERPOINT ENERGY, INC.** (the “Company”) hereby grants to <first_name> <last_name>, an employee of the Company, this Performance Award (the “Award”) covering the target number of shares, <shares_awarded>, of Common Stock (the “Target Shares”), pursuant to the **CENTERPOINT ENERGY, INC. 2009 LONG TERM INCENTIVE PLAN** (the “Plan”). The number of Target Shares shall be subject to adjustment as provided in Section 14 of the Plan, conditioned upon the Company’s achievement of the Performance Goals over the course of the 20XX – 20XX Performance Cycle, and subject to the following terms and conditions:

1. **Relationship to the Plan.** The Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant.

2. **Definitions.** Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Award Agreement:

“**Achievement Percentage**” means the percentage of achievement determined by the Committee after the end of the Performance Cycle in accordance with Section 4 that reflects the extent to which the Company achieved the Performance Goals during the Performance Cycle.

“**Cause**” means the Participant’s (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“**Change in Control Closing Date**” means the date a Change in Control is consummated during the Performance Cycle.

“**Change in Control Payment Date**” means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be a date following the last day of the Performance Cycle but no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle; provided, however, in the case of the Participant's death or Separation from Service after the Change in Control but prior to such date, all shares not previously paid shall be paid on the date that is the earlier of (i) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (ii) the Participant's date of death.

"Covered Termination" means a termination of Employment that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

"Disability" means that the Participant is eligible for and in receipt of benefits under the Company's long-term disability plan.

"Employment" means employment with the Company or any of its Subsidiaries.

"Good Reason" means any one or more of the following events:

(a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;

(b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;

(c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;

(d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);

(e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;

(f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

"Non-Section 409A Change in Control" means a Change in Control that is not a Section 409A Change in Control.

"Performance Cycle" means the period beginning on January 1, 20XX and ending on December 31, 20XX.

"Performance Goal" means the standards established by the Committee for the Performance Cycle to determine in whole or in part the number of Vested Shares pursuant to Section 4, which are specified in a separate document provided with this Award Agreement and made a part hereof for all purposes.

"Retirement" means a termination of Employment that is also a Separation from Service (i) on or after the attainment of age 55 and (ii) with at least five years of service; *provided, however*, that such termination of Employment is not by the Company for Cause or due to Disability.

"Section 409A" means Code Section 409A and the Treasury regulations and guidance issued thereunder.

"Section 409A Change in Control" means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

“Separation from Service” means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

“Target Shares” means the actual number of shares originally granted to the Participant as specified in this Award Agreement.

“Vested Shares” means the shares of Common Stock actually distributable to the Participant following the Participant’s satisfaction of the vesting provisions of Section 5 and, if applicable, the determination by the Committee of the extent to which the Company has achieved the Performance Goals for the Performance Cycle pursuant to Section 4.

3. **Establishment of Award Account.** The grant of Target Shares pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the Participant’s unfunded and unsecured right to receive shares of Common Stock of the Company, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in this Award Agreement, the Target Shares of Common Stock credited to the Participant’s bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as a holder of shares of Common Stock on the records of the Company as provided in Section 6 or 7 of this Award Agreement.

4. **Award Opportunity.**

(a) Except as otherwise provided in Section 5(b)(ii), (iii), or (iv) or Section 6, the Participant’s Vested Shares shall be the product of the number of Target Shares and the Achievement Percentage that is based upon the Committee’s determination of whether and to what extent the Performance Goals have been achieved during the Performance Cycle.

(b) No later than 60 days after the close of the Performance Cycle, the Committee shall determine the extent to which each Performance Goal has been achieved. If the Company has performed at or above the threshold level of achievement for a Performance Goal, the Achievement Percentage shall be between X% and X%. In no event shall the Achievement Percentage exceed X%. Upon completing its determination of the level at which the Performance Goals have been achieved, the Committee shall notify the Participant, in the form and manner as determined by the Committee, of the number of Vested Shares that will be issued to the Participant pursuant to Section 5.

5. **Vesting of Shares.**

(a) Unless earlier forfeited in accordance with Section 5(b)(i) or unless earlier vested in accordance with Section 5(b)(iii), Section 6(b) or Section 6(c), the Participant’s right to receive shares pursuant to this Award Agreement, if any, shall vest on the last day of the Performance Cycle (with the number of shares, if any, based on the Committee’s determination that each Performance Goal has been met (as provided in Section 4)). As soon as administratively practicable, but in no event later than 70 days, after the close of the Performance Cycle, the Committee shall notify the Participant as required by Section 4 of the level at which the Performance Goals established for the Performance Cycle have been achieved.

(b) If the date of Participant's termination of Employment occurs prior to the close of the Performance Cycle and the occurrence of a vesting event described in Section 6(b) or 6(c) (in connection with a Change in Control), then the applicable of the following clauses shall apply with respect to the Target Shares subject to this Award Agreement:

(i) Termination of Employment for Cause. If the Participant's Employment is terminated by the Company or any of its Subsidiaries for Cause, then the Participant's rights to receive any Target Shares shall be forfeited in its entirety as of the date of such termination of Employment.

(ii) Termination of Employment without Cause. If the Participant's Employment is terminated by the Company or any of its Subsidiaries without Cause or by the Participant for any reason other than due to death, Disability or Retirement, then the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the date the Committee determines that each Performance Goal has been met (as provided in Section 4) in a pro-rata amount determined by multiplying (1) the number of shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Cycle as of the date of the Participant's termination of Employment, and the denominator of which is the total number of days in the Performance Cycle.

(iii) Death or Disability. If the Participant's Separation from Service occurs due to death or Disability, the Participant's right to receive the Target Shares shall vest on the date of such Separation from Service. The Participant's right to receive any additional shares pursuant to this Award Agreement shall be forfeited at such time.

(iv) Retirement. If the Participant's Employment is terminated due to Retirement, the Participant's right to receive shares pursuant to this Award Agreement, if any, shall vest on the date the Committee determines that each Performance Goal has been met (as provided in Section 4) in a pro-rata amount determined by multiplying (1) the number of shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4, by (2) a fraction, the numerator of which is the number of days elapsed in the Performance Cycle as of the date of the Participant's termination of Employment, and the denominator of which is the total number of days in the Performance Cycle.

(v) Enhanced Retirement. If the Participant is otherwise entitled to a benefit pursuant to Section 5(b)(ii) or Section 5(b)(iv) hereof and all of the following requirements are satisfied, the Committee may consider, and approve, vesting the Participant, on the date the Committee determines that each Performance Goal has been met (as provided in Section 4), in the right to receive the total number of shares awarded to the Participant based upon the Committee's determination of achievement of Performance Goals as provided in Section 4, in lieu of the rights and benefits set forth in Section 5(b)(ii) or Section 5(b)(iv), as applicable:

(1) the Participant's termination of Employment occurs on or after the first anniversary of the beginning of the Performance Cycle;

(2) the Participant provides at least six months' written notice of the Participant's termination of Employment to the Chief Human Resources Officer; and

(3) the Participant provides to the Company a transition plan.

Any benefits under this Section 5(b)(v) shall be subject to approval by the Committee. Any such approval must occur prior to the Participant's termination of Employment and is at the sole discretion of the Committee.

(c) In accordance with the provisions of this Section 5, the Vested Shares shall be distributed as provided in Section 7 hereof.

6. Change in Control.

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the shares subject to this Award.

(b) Vesting Upon a Change in Control. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if (i) there is a Change in Control during the Performance Cycle and prior to the Participant's Separation from Service due to death or Disability and (ii) the Acquiror does not assume or continue this Award or provide a substantially equivalent award in substitution for this Award pursuant to Section 6(a), then upon the Change in Control Closing Date, the Participant's right to receive the Target Shares shall vest. Notwithstanding the foregoing, in the event the Change in Control occurs after the Participant's termination of Employment without Cause or due to Retirement, unless the requirements set forth in Section 5(b)(v)(1), (2), and (3) are satisfied, the Target Shares such Participant shall receive under this Section 6(b) shall be pro-rated based on the number of days that elapsed in the Performance Cycle as of the Participant's termination from Employment over the total number of days in the Performance Cycle.

(c) Vesting Upon a Covered Termination. Notwithstanding anything herein to the contrary and without regard to the Performance Goals, if the Participant experiences a Covered Termination during the Performance Cycle, then, upon the date of the Covered Termination, the Participant's right to receive the Target Shares shall vest.

(d) Distributions Upon a Change in Control. If the Participant is entitled to a benefit pursuant to Section 6(b) or 6(c) hereof in connection with a Change in Control, then this Award shall be settled by the distribution to the Participant of:

(1) shares of Common Stock equal to the Target Shares (or such pro-rated amount as set forth in Section 6(b), if applicable); *plus*

(2) Dividend Equivalents in the form of shares of Common Stock (rounded up to the nearest whole share) for the number of such shares determined under clause

(b) or (c), as applicable, for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in a lump cash payment equal to:

(1) the product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the Target Shares (or such pro-rated amount as set forth in Section 6(b), if applicable);
plus

(2) Dividend Equivalents for the number of shares of Common Stock determined under clause (b) or (c) above, as applicable, for the period commencing at the beginning of the Performance Cycle and ending on the date immediately preceding the date of the distribution.

Such distribution, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(e) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 6(b), distributions shall be made in accordance with Section 6(d) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 6(c) on account of a Covered Termination, distributions shall be made in accordance with Section 6(d) on a date following the last day of the Performance Cycle but no later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle or, if earlier, on (i) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (ii) the Participant's date of death.

7. Distribution of Vested Shares.

(a) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(a) or Section 5(b)(ii), (iv) or (v), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed not later than March 15th of the calendar year following the calendar year in which occurs the last day of the Performance Cycle.

(b) If the Participant's right to receive shares pursuant to this Award Agreement has vested pursuant to Section 5(b)(iii), a number of shares of Common Stock equal to the number of Vested Shares shall be distributed not later than the 70th day after the date of Participant's Separation from Service, except as otherwise provided in Section 7(c).

(c) With respect to any benefits payable hereunder upon the Participant's Separation from Service (other than a Separation from Service due to the Participant's death), if as of the Participant's Separation from Service date, the Participant is a "specified

employee” (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Separation from Service date or (y) the Participant's date of death, if death occurs during such six-month period.

(d) The Company shall have the right to withhold applicable taxes from any such distribution of Vested Shares or from other compensation payable to the Participant at the time of such vesting and distribution pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A, if applicable).

(e) Upon distribution of the Vested Shares pursuant to this Section 7, the Participant shall also be entitled to receive Dividend Equivalents for the Vested Shares for the period after the commencement of the Performance Cycle but prior to the date the Vested Shares are delivered to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

8. **Confidentiality.** The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

9. **Participant Obligations.**

(a) **Confidentiality.** The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission (“Government Agencies”). Participant further understands that this Award Agreement does not limit Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of

this Award Agreement, “**Confidential Information**” shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company’s plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation*. For consideration provided under this Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information (as defined in Section 9(a)) regarding the Company and the Company’s business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition*. For consideration provided under this Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information regarding the Company and the Company’s business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an

officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area*. The restrictions contained in this Section 9(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 9, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) Violations. If the Participant violates any provision of this Section 9, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 9 after amounts under this Award have been paid or if the Company learns of the violation after amounts under this Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the Award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 9.

10. **Notices**. For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

11. **Shareholder Rights**. The Participant shall have no rights of a shareholder with respect to the Target Shares, unless and until the Participant is registered as the holder of shares of Common Stock.

12. **Successors and Assigns.** This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the Target Shares are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

13. **No Employment Guaranteed.** Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

14. **Waiver.** Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

15. **Compliance with Section 409A.** It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

16. **Compliance with Recoupment Policy.** Any amounts payable, paid, or distributed under this Award Agreement are subject to the recoupment policy of the Company as in effect from time to time.

17. **Modification of Award Agreement.** Any modification of this Award Agreement shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

CENTERPOINT ENERGY, INC.
2009 LONG TERM INCENTIVE PLAN
FORM OF RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR OFFICERS AND DIRECTOR EMPLOYEES

Pursuant to this Restricted Stock Unit Award Agreement (“Award Agreement”), **CENTERPOINT ENERGY, INC.** (the “Company”) hereby grants to <first_name> <last_name>, an employee of the Company, on <award_date> (the “Award Date”), a restricted stock unit award of <shares_awarded> units of Common Stock of the Company (the “RSU Award”) pursuant to the **CENTERPOINT ENERGY, INC. 2009 LONG TERM INCENTIVE PLAN** (the “Plan”), subject to the terms, conditions and restrictions described in the Plan and as follows:

1. **Relationship to the Plan; Definitions.** This RSU Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant. For purposes of this Award Agreement:

“**Award Date**” means the date this RSU Award is granted to the Participant as specified in this Award Agreement.

“**Cause**” means the Participant's (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“**Change in Control Closing Date**” means the date a Change in Control is consummated.

“**Change in Control Payment Date**” means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be the Vesting Date(s) on which the units are paid under Section 3 hereof for the number of units indicated in Section 3 assuming continuous Employment by the Participant as of such Vesting Date(s); provided, however, in the case of the Participant's death or Separation from Service prior to the Vesting Date(s), all shares not previously paid shall be paid not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

“Covered Termination” means a Separation from Service that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

“Disability” means that the Participant is both eligible for and in receipt of benefits under the Company's long-term disability plan.

“Employment” means employment with the Company or any of its Subsidiaries.

“Good Reason” means any one or more of the following events:

(a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;

(b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;

(c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;

(d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);

(e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;

(f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

"Non-Section 409A Change in Control" means a Change in Control that is not a Section 409A Change in Control.

"Retirement" means a Separation from Service (a) on or after attainment of age 55 and (b) with at least five years of Employment; *provided, however*, that such Separation from Service is not by the Company for Cause or due to Disability.

"Section 16 Officer" means a Participant who is an "officer" within the meaning of Section 16 of the Exchange Act as of the date notice of the Participant's Retirement is provided in accordance with Section 4(c).

"Section 409A" means Code Section 409A and the Treasury regulations and guidance issued thereunder.

"Section 409A Change in Control" means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

"Separation from Service" means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

“**Termination Date**” means the date of the Participant's Separation from Service.

“**Vesting Date**” means one or more vesting dates as specified in Section 3.

2. Establishment of RSU Award Account. The grant of units of Common Stock of the Company pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the accrual in favor of the Participant of the unfunded and unsecured right to receive a corresponding number of shares of Common Stock, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in Section 12 of this Award Agreement, the units of Common Stock credited to the Participant's bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as the holder of shares of Common Stock on the records of the Company, as provided in Sections 4, 5 6, or 7 of this Award Agreement.

3. Vesting of RSU Award. Unless earlier (a) vested or forfeited pursuant to this Section 3 or Section 4 below or (b) vested in connection with a Change in Control pursuant to Section 5 below, the Participant's right to receive shares of Common Stock under this Award Agreement shall vest with respect to the number of units and on the Vesting Date(s) as shown in the following schedule:

<vesting_schedule>

Except as provided in Sections 4 and 5 below, the Participant must be in continuous Employment during the period beginning on the Award Date and ending on the Vesting Date(s) in order for the units (as indicated above) of the RSU Award to vest on such Vesting Date(s); otherwise, all unvested units shall be forfeited as of the Participant's Termination Date.

4. Effect of Separation from Service; Timing of Distribution.

(a) Death or Disability. Notwithstanding Section 3 above, if the Participant's Termination Date occurs prior to (i) the final Vesting Date and (ii) the occurrence of a vesting event described in Section 5(b) or 5(c) (in connection with a Change in Control), and is due to the Participant's death or Separation from Service due to Disability, then the Participant shall vest in the right to receive the total number of unvested units of Common Stock subject to this Award Agreement.

(b) Retirement. Notwithstanding Section 3 above, if the Participant's Termination Date occurs prior to (i) the final Vesting Date and (ii) the occurrence of a vesting event described in Section 5(b) or 5(c) (in connection with a Change in Control), and is due to the Participant's Separation from Service due to Retirement, then the Participant shall vest in the right to receive a number of the shares of Common Stock (rounded up to the nearest whole share) with respect to the unvested portion of this RSU Award determined by multiplying (A) the total number of units of Common Stock covered by this RSU Award by (B) a fraction, the numerator of which is the number of days that have elapsed from the Award Date to the Participant's Termination Date, and the denominator of which is the total number of days from the Award Date until the final Vesting Date.

(c) Enhanced Retirement. Subject to approval for Section 16 Officers as set forth below, if the Participant is otherwise entitled to a benefit pursuant to Section 4(b) hereof due to the Participant's Retirement and all of the following requirements are satisfied, then in lieu of the benefits set forth in Section 4(b), the Participant shall vest, upon Retirement, in the right to receive the total number of unvested units of Common Stock subject to this Award Agreement:

- (1) the sum of the Participants age and years of Employment is 65 or greater;
- (2) the Participant's Termination Date occurs on or after the January 1 immediately following the Award Date;
- (3) the Participant provides the Company at least six months' written notice of the Participant's Retirement; and
- (4) the Participant provides to the Company a transition plan.

If the Participant is a Section 16 Officer and otherwise satisfies all of the requirements for benefits under this Section 4(c), the Committee may consider, and approve, providing the benefits set forth in this Section 4(c) above. Any such approval must occur prior to the Participant's Termination Date and is at the sole discretion of the Committee. To satisfy the notice requirement under (3) above, a Section 16 Officer must provide the written notice to the Chief Human Resources Officer.

(d) Timing of Distribution.

(1) *Death or Disability.* If the Participant is entitled to a benefit pursuant to Section 4(a) hereof due to the Participant's death or Separation from Service due to Disability, then the number of shares of Common Stock determined in accordance with the applicable provision of this Section 4 shall be distributed not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

(2) *Retirement.* If the Participant is entitled to a benefit pursuant to Section 4(b) or Section 4(c) hereof due to the Participant's Separation from Service due to Retirement, then the number of shares of Common Stock determined in accordance with Section 4(b) or Section 4(c), as applicable, shall be distributed on or within 70 days after the Vesting Date(s) upon which such units would be paid under Section 3 hereof assuming continuous Employment by the Participant as of such Vesting Date(s).

(e) Dividend Equivalents. Upon the date of distribution of shares of Common Stock under this Section 4, the Participant shall also be entitled to receive Dividend Equivalents for the period from the Award Date to the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

5. Change in Control.

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the units subject to this RSU Award.

(b) Vesting Upon a Change in Control. Notwithstanding any provision of this Award Agreement to the contrary, if (i) there is a Change in Control and the Change in Control Closing Date occurs during the Participant's Employment and prior to the final Vesting Date and any vesting event under Section 4 above and (ii) the Acquiror does not assume or continue this RSU Award or provide a substantially equivalent award in substitution for this RSU Award pursuant to Section 5(a), then, upon the Change in Control Closing Date, the Participant's right to receive the unvested units of Common Stock subject to this Award Agreement shall be fully vested.

(c) Vesting Upon a Covered Termination. Notwithstanding any provision of this Award Agreement to the contrary, if the Participant experiences a Covered Termination prior to the final Vesting Date, then, upon the date of the Covered Termination, the Participant's right to receive any unvested units of Common Stock subject to this Award Agreement shall be fully vested.

(d) Distributions Upon a Change in Control. If the Participant is entitled to a benefit pursuant to Section 5(b) or 5(c) hereof in connection with a Change in Control, then this RSU Award shall be settled by one or more distributions to the Participant of:

(1) The number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above, *plus*

(2) Dividend Equivalents in the form of shares of Common Stock (rounded up to the nearest whole share) for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in one or more cash payments equal to:

(1) The product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above, *plus*

(2) Dividend Equivalents for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

Such distribution under this Section 5, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(e) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 5(b), distributions shall be made in accordance with Section 5(d) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 5(c) on account of a Covered Termination, distributions shall be made in accordance with Section 5(d) not later than the 70th day after the Participant's Termination Date except as otherwise provided in Section 7.

6. Payment of RSU Award Under Section 3. Upon the vesting of the Participant's right to receive a number of the shares of Common Stock pursuant to Section 3 under this Award Agreement, such shares of Common Stock will be distributed not later than the 70th day after the applicable Vesting Date. Moreover, upon the date of distribution of shares of Common Stock, the Participant shall also be entitled to receive Dividend Equivalents for the period commencing on the Award Date and ending on the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

7. Delay of Distribution to Certain Participants. With respect to any benefits payable hereunder upon the Participant's Separation from Service (other than a Separation from Service due to the Participant's death), if as of the Participant's Termination Date, the Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (y) the Participant's date of death, if death occurs during such six-month period.

8. Confidentiality. The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

9. Participant Obligations.

(a) Confidentiality. The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that

he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission (“Government Agencies”). Participant further understands that this Award Agreement does not limit Participant’s ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of this Award Agreement, “**Confidential Information**” shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company’s plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation*. For consideration provided under this Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information (as defined in Section 9(a)) regarding the

Company and the Company's business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition.* For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area.* The restrictions contained in this Section 9(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 9, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) Violations. If the Participant violates any provision of this Section 9, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this RSU Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 9 after amounts under this RSU Award have been paid or if the Company learns of the violation after amounts under this RSU Award have been paid, the Participant shall repay to the Company the Common Shares (or

the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 9.

10. Notices. For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

11. Shareholder Rights. The Participant shall have no rights of a shareholder with respect to the units of Common Stock subject to this Award Agreement, unless and until the Participant is registered as the holder of such shares of Common Stock.

12. Successors and Assigns. This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the units of Common Stock are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

13. No Employment Guaranteed. Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary, or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

14. Waiver. Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

15. Compliance with Section 409A. It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the RSU Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

16. Withholding. The Company shall have the right to withhold applicable taxes from any distribution of the Common Stock (including, but not limited to, Dividend Equivalents) or from other cash compensation payable to the Participant at the time of such vesting and delivery pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A, if applicable).

17. Modification of Award Agreement. Any modification of this Award Agreement is subject to Section 13 hereof and shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

CENTERPOINT ENERGY, INC.
2009 LONG TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to this Restricted Stock Unit Award Agreement (this "RSU Award Agreement"), **CENTERPOINT ENERGY, INC.** (the "Company") hereby grants to [Name] (the "Participant"), effective on [Date] (the "Grant Date"), a restricted stock unit award of [Number] units of Common Stock of the Company (the "RSU Award"), pursuant to the **CENTERPOINT ENERGY, INC. 2009 LONG TERM INCENTIVE PLAN** (the "Plan"), with such number of units being subject to adjustment as provided in Section 14 of the Plan, and further subject to the terms, conditions and restrictions described in the Plan and as follows:

1. **Relationship to the Plan; Definitions.** This RSU Award is subject to all of the terms, conditions and provisions of the Plan and administrative interpretations thereunder, if any, which have been adopted by the Committee and are in effect on the date hereof. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. To the extent that any provision of this RSU Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this RSU Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant.

2. **Establishment of RSU Award Account.** The grant of units of Common Stock of the Company pursuant to this RSU Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the accrual in favor of the Participant of the unfunded and unsecured right to receive a corresponding number of shares of Common Stock, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this RSU Award Agreement. Except as otherwise provided in Section 10 of this RSU Award Agreement, the units of Common Stock credited to the Participant's bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as the holder of such shares of Common Stock on the records of the Company as provided in Section 4 or 5 of this RSU Award Agreement.

3. **Vesting of RSU Award.** Unless Participant receives a distribution pursuant to Section 4 below, the Participant's right to receive shares of Common Stock under this RSU Award shall vest as follows:

(a) [Number] units of Common Stock of the Company covered under the RSU Award shall vest on the [Years] anniversary of the Grant Date; and

(b) [Number] units of Common Stock of the Company covered under the RSU Award shall vest on the [Years] anniversary of the Grant Date, such that 100% of the RSU Award shall be vested as of the [Years] anniversary of the Grant Date.

The Participant must be in continuous employment with the Company or any of its Subsidiaries ("Employment") from the Grant Date through and as of the applicable vesting date for the Common Stock to vest; otherwise, all such unvested shares as of the date the Participant's Employment terminates for any reason shall be forfeited as of such termination date.

4. **Change in Control.**

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this RSU Award Agreement or provide a substantially equivalent award in substitution for the units subject to this RSU Award.

(b) Vesting Upon a Change in Control. Notwithstanding any provision of this RSU Award Agreement to the contrary, upon the occurrence of a Change in Control of the Company, if (i) the Participant's Employment has not terminated prior to such date and (ii) the Acquiror does not assume or continue this RSU Award or provide a substantially equivalent award in substitution for this RSU Award pursuant to Section 4(a), the Participant's right to receive the unvested shares of Common Stock subject to this RSU Award Agreement shall be fully vested.

(c) Vesting Upon a Covered Termination. Notwithstanding any provision of this RSU Award Agreement to the contrary, if the Participant experiences a Covered Termination prior to the final vesting date, then, upon the date of the Covered Termination, the Participant's right to receive any unvested units of Common Stock subject to this RSU Award Agreement shall be fully vested.

(d) Distributions Upon a Change in Control. If the Participant is entitled to a benefit pursuant to Section 4(b) or 4(c) hereof in connection with a Change in Control, then this RSU Award shall be settled by a distribution to the Participant of:

- (1) the number of shares of Common Stock subject to this RSU Award Agreement not previously vested pursuant to Section 3 above, *plus*
- (2) Dividend Equivalents on such shares of Common Stock in the form of shares of Common Stock (rounded up to the nearest whole share) for the period commencing on the Grant Date and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in a lump sum cash payment equal to:

(1) the product of (x) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (y) the number of shares of Common Stock subject to this RSU Award Agreement not previously vested pursuant to Section 3 above, *plus*

(2) Dividend Equivalents on such shares of Common Stock for the period commencing on the Grant Date and ending on the date immediately preceding the date of the distribution;

The distribution under this Section 4, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this RSU Award Agreement in full.

(e) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 4(b), distributions shall be made in accordance with Section 4(d) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 4(b) on account of a Covered Termination, distributions shall be made in accordance with Section 4(d) not later than the 70th day after the Participant's Covered Termination except as otherwise provided in Paragraph (3) below.

(3) *Delay of Distribution to Certain Participants.* With respect to any benefits payable hereunder upon the Participant's Separation from Service (including a Covered Termination), if as of the Participant's Separation from Service, the Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B)), then such benefits shall not be distributed until the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the date of the Participant's Separation from Service or (y) the Participant's date of death, if death occurs during such six-month period.

(f) Definitions. For purposes of this Section 4:

"Change in Control Payment Date" means the following:

(i) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the date the Change in Control is consummated; and

(ii) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be the vesting date(s) on which the units are paid under Section 3 hereof for the number of units indicated in Section 3 assuming continuous Employment by the Participant as of such vesting date(s); provided, however, in the case of the Participant's death or Separation from Service prior to the vesting date(s), all shares not previously paid shall be paid not later than the 70th day after the date of the Participant's Separation from Service except as otherwise provided in Section 4(e)(3).

“Covered Termination” means a Separation from Service that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (i) death;
- (ii) Disability;
- (iii) involuntary termination for Cause; or
- (iv) resignation by the Participant, unless such resignation is for Good Reason.

“Disability” for this purpose means that the Participant is both eligible for and in receipt of benefits under the Company's long-term disability plan. “Cause” means the Participant's (i) gross negligence in the performance of his or her duties, (ii) intentional and continued failure to perform his or her duties, (iii) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (iv) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“Good Reason” means any one or more of the following events:

- (i) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;
- (ii) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;

(iii) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;

(iv) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (iv);

(v) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;

(vi) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(vii) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

"Non-Section 409A Change in Control" means a Change in Control that is not a Section 409A Change in Control.

"Section 409A" means Code Section 409A and the Treasury regulations and guidance issued thereunder.

“Section 409A Change in Control” means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

“Separation from Service” means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

5. **Payment of Award Under Section 3.** Upon the vesting of the Participant's right to receive the shares of Common Stock pursuant to Section 3 of this RSU Award Agreement, a number of shares of Common Stock equal to the number of vested units of Common Stock under this RSU Award Agreement shall be distributed not later than 70 days after the applicable vesting dates. Moreover, upon the date of distribution of shares of Common Stock in settlement of such units, the Participant shall also be entitled to receive Dividend Equivalents on such shares of Common Stock for the period from the Grant Date to the date such shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A of the Code, to the extent applicable).

6. **Confidentiality.** The Participant agrees that the terms of this RSU Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this RSU Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this RSU Award Agreement.

7. Participant Obligations.

(a) **Confidentiality.** The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this RSU Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this RSU Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration,

the Securities and Exchange Commission or any other federal, state, or local government agency or commission (“Government Agencies”). Participant further understands that this RSU Award Agreement does not limit Participant’s ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of this RSU Award Agreement, “**Confidential Information**” shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this RSU Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company’s plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation.* For consideration provided under this RSU Award Agreement, including, but not limited to the Company’s agreement to provide the Participant with Confidential Information (as defined in Section 7(a)) regarding the Company and the Company’s business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition.* For consideration provided under this RSU Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area.* The restrictions contained in this Section 7(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 7, for which the Participant received valuable consideration from the Company as provided in this RSU Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this RSU Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this RSU Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) Violations. If the Participant violates any provision of this Section 7, the Participant shall not be entitled to receive any amounts that would otherwise be payable to the Participant with respect to this RSU Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 7 after amounts under this RSU Award have been paid or if the Company learns of the violation after amounts under this RSU Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 7.

8. **Notices.** For purposes of this RSU Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

9. **Shareholder Rights.** The Participant shall have no rights of a shareholder with respect to the shares of Common Stock granted pursuant to this RSU Award, unless and until the Participant is registered as the holder of such shares of Common Stock.

10. **Successors and Assigns.** This RSU Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the shares of Common Stock are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

11. **No Employment Guaranteed.** Nothing in this RSU Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary, or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

12. **Waiver.** Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

13. **Section 409A.** It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A of the Code and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the RSU Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A of the Code, to the extent applicable.

14. **Withholding.** The Company shall have the right to withhold applicable taxes from any distribution of the Common Stock (including, but not limited to, Dividend Equivalents) or from other cash compensation payable to the Participant at the time of such vesting and delivery pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A of the Code, if applicable).

15. **Modification of RSU Award Agreement.** Any modification of this RSU Award Agreement is subject to Section 13 hereof and shall be binding only if evidenced in writing.

CENTERPOINT ENERGY, INC.
2009 LONG TERM INCENTIVE PLAN
FORM OF EXECUTIVE CHAIRMAN RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to this Restricted Stock Unit Award Agreement (“Award Agreement”), **CENTERPOINT ENERGY, INC.** (the “Company”) hereby grants to <first_name> <last_name>, an employee of the Company, on <award_date> (the “Award Date”), a restricted stock unit award of <shares_awarded> units of Common Stock of the Company (the “RSU Award”), pursuant to the **CENTERPOINT ENERGY, INC. 2009 LONG TERM INCENTIVE PLAN** (the “Plan”), subject to the terms, conditions and restrictions described in the Plan and as follows:

1. **Relationship to the Plan; Definitions.** This RSU Award is subject to all of the terms, conditions and provisions of the Plan in effect on the date hereof and administrative interpretations thereunder, if any, adopted by the Committee. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. To the extent that any provision of this Award Agreement conflicts with the express terms of the Plan, it is hereby acknowledged and agreed that the terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan. References to the Participant herein also include the heirs or other legal representatives of the Participant. For purposes of this Award Agreement:

“**Award Date**” means the date this RSU Award is granted to the Participant as specified in this Award Agreement.

“**Cause**” means the Participant’s (a) gross negligence in the performance of his or her duties, (b) intentional and continued failure to perform his or her duties, (c) intentional engagement in conduct which is materially injurious to the Company or its Subsidiaries (monetarily or otherwise) or (d) conviction of a felony or a misdemeanor involving moral turpitude. For this purpose, an act or failure to act on the part of the Participant will be deemed “intentional” only if done or omitted to be done by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company, and no act or failure to act on the part of the Participant will be deemed “intentional” if it was due primarily to an error in judgment or negligence.

“**Change in Control Closing Date**” means the date a Change in Control is consummated.

“**Change in Control Payment Date**” means the following:

(a) If the Change in Control is a Section 409A Change in Control, then the Change in Control Payment Date shall be not later than the 70th day after the Change in Control Closing Date; and

(b) If the Change in Control is a Non-Section 409A Change in Control, then the Change in Control Payment Date shall be the Vesting Date(s) on which the units are paid under Section 3 hereof for the number of units indicated in Section 3 assuming continuous Employment by the Participant as of such Vesting Date(s); provided, however, in the case of the Participant's death or Separation from Service prior to the Vesting Date(s), all shares not previously paid shall be paid on the date that is the earlier of (i) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (ii) the Participant's date of death.

"Covered Termination" means a termination of Employment that occurs within two years after the date upon which a Change in Control occurs and that does not result from any of the following:

- (a) death;
- (b) Disability;
- (c) involuntary termination for Cause; or
- (d) resignation by the Participant, unless such resignation is for Good Reason.

"Disability" means that the Participant is both eligible for and in receipt of benefits under the Company's long-term disability plan.

"Employment" means employment with the Company or any of its Subsidiaries.

"Good Reason" means any one or more of the following events:

(a) a failure to maintain the Participant in the position, or a substantially equivalent position, with the Company and/or a Subsidiary, as the case may be, which the Participant held immediately prior to the Change in Control;

(b) a significant adverse change in the authorities, powers, functions, responsibilities, duties, or reporting structure which the Participant held immediately prior to the Change in Control;

(c) a significant reduction in the Participant's annual base salary as in effect immediately prior to the date on which a Change in Control occurs;

(d) a significant reduction in the Participant's qualified retirement benefits, nonqualified benefits and welfare benefits provided to the Participant immediately prior to the date on which a Change in Control occurs; provided, however, that a contemporaneous diminution of or reduction in qualified retirement benefits and/or welfare benefits which is of general application and which uniformly and contemporaneously reduces or diminishes the benefits of all covered employees

shall be ignored and not be considered a reduction in remuneration for purposes of this paragraph (d);

(e) a significant reduction in the Participant's overall compensation opportunities (as contrasted with overall compensation actually paid or awarded) under a short-term incentive plan, a long-term incentive plan or other equity plan (or in such substitute or alternative plans) from that provided to the Participant immediately prior to the date on which a Change in Control occurs;

(f) a change in the location of the Participant's principal place of employment with the Company by more than 50 miles from the location where the Participant was principally employed immediately prior to the date on which a Change in Control occurs; or

(g) a failure by the Company to provide directors and officers liability insurance covering the Participant comparable to that provided to the Participant immediately prior to the date on which a Change in Control occurs;

provided, however, that no later than 30 days after learning of the action (or inaction) described herein as the basis for a termination of employment for Good Reason, the Participant shall advise the Company in writing that the action (or inaction) constitutes grounds for a termination of his or her Employment for Good Reason, in which event the Company shall have 30 days (the "Cure Period") to correct such action (or inaction). If such action (or inaction) is not corrected prior to the end of the Cure Period, then the Participant may terminate his or her Employment with the Company for Good Reason within the 30-day period following the end of the Cure Period by giving written notice to the Company. If such action (or inaction) is corrected before the end of the Cure Period, then the Participant shall not be entitled to terminate his or her Employment for Good Reason as a result of such action (or inaction).

"Non-Section 409A Change in Control" means a Change in Control that is not a Section 409A Change in Control.

"Retirement" means a termination of Employment that is also Separation from Service (a) on or after attainment of age 55 and (b) with at least five years of service; *provided, however*, that such termination of Employment is not by the Company for Cause or due to Disability.

"Section 409A" means Code Section 409A and the Treasury regulations and guidance issued thereunder.

"Section 409A Change in Control" means a Change in Control that satisfies the requirements of a change in control for purposes of Code Section 409A(a)(2)(A)(v) and the Treasury regulations and guidance issued thereunder.

"Separation from Service" means a separation from service with the Company or any of its Subsidiaries within the meaning of Treasury Regulation § 1.409A-1(h) (or any successor regulation).

“**Termination Date**” means the date of the Participant’s Separation from Service.

“**Vesting Date**” means one or more vesting dates as specified in Section 3.

2. Establishment of RSU Award Account. The grant of units of Common Stock of the Company pursuant to this Award Agreement shall be implemented by a credit to a bookkeeping account maintained by the Company evidencing the accrual in favor of the Participant of the unfunded and unsecured right to receive a corresponding number of shares of Common Stock, which right shall be subject to the terms, conditions and restrictions set forth in the Plan and to the further terms, conditions and restrictions set forth in this Award Agreement. Except as otherwise provided in Section 11 of this Award Agreement, the units of Common Stock credited to the Participant’s bookkeeping account may not be sold, assigned, transferred, pledged or otherwise encumbered until the Participant has been registered as the holder of shares of Common Stock on the records of the Company, as provided in Sections 4, 5, or 6 of this Award Agreement.

3. Vesting of RSU Award. Unless earlier (a) vested or forfeited pursuant to this Section 3 or Section 4 below or (b) vested in connection with a Change in Control pursuant to Section 5 below, the Participant’s right to receive shares of Common Stock under this Award Agreement shall vest with respect to the number of units and on the Vesting Date(s) as shown in the following schedule:

<vesting_schedule>

Except as provided in Sections 4 and 5 below, the Participant must be in continuous Employment during the period beginning on the Award Date and ending on the Vesting Date(s) in order for the units (as indicated above) of the RSU Award to vest on such Vesting Date(s); otherwise, all unvested units shall be forfeited as of the Participant’s termination of Employment.

4. Effect of Termination of Employment Prior to the Final Vesting Date or Change in Control; Timing of Distribution.

(a) Death or Disability. Notwithstanding Section 3 above, if the Participant’s Termination Date occurs prior to (i) the final Vesting Date or (ii) the occurrence of a vesting event described in Section 5(b) or 5(c) (in connection with a Change in Control), and is due to the Participant’s death or Disability, then the Participant shall vest in the right to receive the total number of unvested units of Common Stock subject to this Award Agreement.

(b) Retirement. Notwithstanding Section 3 above, if the Participant’s Termination Date occurs prior to (i) the final Vesting Date or (ii) the occurrence of a vesting event described in Section 5(b) or 5(c) (in connection with a Change in Control), and is due to the Participant’s Retirement, Participant shall vest in the right to receive a number of the shares of Common Stock (rounded up to the nearest whole share) with respect to the unvested portion of this RSU Award determined by multiplying (A) the total number of units of Common Stock covered by this RSU Award by (B) a fraction, the numerator of which is the number of days that have elapsed from the Award Date to the Participant’s Termination Date, and the denominator of which is the total number of days from the Award Date until the final Vesting Date.

(c) Other Termination of Employment without Cause. If the Participant's Employment is terminated by the Company or any of its Subsidiaries without Cause or by the Participant for any reason other than due to death, Disability or Retirement, then the Participant shall vest in the right to receive a number of the shares of Common Stock (rounded up to the nearest whole share) with respect to the unvested portion of this RSU Award determined by multiplying (A) the total number of units of Common Stock covered by this RSU Award by (B) a fraction, the numerator of which is the number of days that have elapsed from the Award Date to the date of Participant's termination of Employment, and the denominator of which is the total number of days from the Award Date until the final Vesting Date.

(d) Enhanced Retirement. If the Participant is otherwise entitled to a benefit pursuant to Section 4(b) hereof due to the Participant's Retirement or pursuant to Section 4(c) hereof and all of the following requirements are satisfied, the Committee may consider, and approve, vesting the Participant upon termination of Employment in the right to receive the total number of unvested units of Common Stock subject to this Award Agreement in lieu of the benefits set forth in Section 4(b) or Section 4(c), as applicable:

(1) the Participant's termination of Employment occurs on or after the January 1 immediately following the Award Date;

(2) the Participant provides at least six months' written notice of the Participant's termination of Employment to the Chief Human Resources Officer; and

(3) the Participant provides to the Company a transition plan.

Any benefits under this Section 4(d) shall be subject to approval by the Committee. Any such approval must occur prior to the Participant's termination of Employment and is at the sole discretion of the Committee.

(e) Timing of Distribution.

(1) *Death*. If the Participant is entitled to a benefit pursuant to Section 4(a) hereof due to the Participant's death, the number of shares of Common Stock determined in accordance with Section 4(a) shall be distributed as soon as practicable but not later than the 70th day after the date of the Participant's death.

(2) *Disability*. If the Participant is entitled to a benefit pursuant to Section 4(a) hereof due to the Participant's Disability or Retirement, then the number of shares of Common Stock determined in accordance with Section 4(a) shall be distributed on the date that is the earlier of (x) the second business day following the end of the six-month period commencing on the Participant's Termination Date or (y) the Participant's date of death, if death occurs during such six-month period.

(3) *Other Termination of Employment without Cause, Retirement, or Enhanced Retirement*. If the Participant is entitled to a benefit pursuant to Section

4(b), (c), or (d) hereof, then the number of shares of Common Stock determined in accordance with Section 4(b), (c), (d), as applicable, shall be distributed on or within 70 days after the Vesting Date(s) upon which such units would be paid under Section 3 hereof assuming continuous Employment by the Participant as of such Vesting Date(s).

(f) Dividend Equivalents. Upon the date of distribution of shares of Common Stock under this Section 4, the Participant shall also be entitled to receive Dividend Equivalents for the period from the Award Date to the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

5. Change in Control.

(a) Assumption or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiror"), may, without the Participant's consent, either assume or continue the Company's rights and obligations under this Award Agreement or provide a substantially equivalent award in substitution for the units subject to this RSU Award.

(b) Vesting Upon a Change in Control. Notwithstanding any provision of this Award Agreement to the contrary, if (i) there is a Change in Control and the Change in Control Closing Date occurs during the Participant's Employment and prior to the final Vesting Date and any vesting event under Section 4 above and (ii) the Acquiror does not assume or continue this RSU Award or provide a substantially equivalent award in substitution for this RSU Award pursuant to Section 5(a), then, upon the Change in Control Closing Date, the Participant's right to receive the unvested units of Common Stock subject to this Award Agreement shall be fully vested.

(c) Vesting Upon a Covered Termination. Notwithstanding any provision of this Award Agreement to the contrary, if the Participant experiences a Covered Termination prior to the final Vesting Date, then, upon the date of the Covered Termination, the Participant's right to receive any unvested units of Common Stock subject to this Award Agreement shall be fully vested.

(d) Distributions Upon a Change in Control. If the Participant is entitled to a benefit pursuant to Section 5(b) or 5(c) hereof in connection with a Change in Control, then this RSU Award shall be settled by one or more distributions to the Participant of:

(1) The number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above, *plus*

(2) Dividend Equivalents in the form of shares of Common Stock (rounded up to the nearest whole share) for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

In lieu of the foregoing distribution in shares, the Committee, in its sole discretion, may direct that such distribution be made to the Participant in one or more cash payments equal to:

(1) The product of (i) the Fair Market Value per share of Common Stock on the date immediately preceding the date of the distribution and (ii) the number of units of Common Stock subject to this Award Agreement not previously vested or forfeited pursuant to Sections 3 or 4 above, *plus*

(2) Dividend Equivalents for the period commencing on the Award Date and ending on the date immediately preceding the date of the distribution.

Such distribution under this Section 5, whether in the form of shares of Common Stock or, if directed by the Committee, in cash, shall satisfy the rights of the Participant and the obligations of the Company under this Award Agreement in full.

(e) Timing of Distribution.

(1) *No Assumption or Substitution.* If the Participant is entitled to a benefit pursuant to Section 5(b), distributions shall be made in accordance with Section 5(d) on the Change in Control Payment Date.

(2) *Covered Termination.* If the Participant is entitled to a benefit pursuant to Section 5(c) on account of a Covered Termination, distributions shall be made in accordance with Section 5(d) on the date that is the earlier of (i) the second business day following the end of the six-month period commencing on the Participant's Termination Date, (ii) the Participant's date of death, or (iii) the Vesting Date(s) on which such units would be paid under Section 3 hereof assuming continuous Employment by the Participant as of such Vesting Date(s).

6. Payment of RSU Award Under Section 3. Upon the vesting of the Participant's right to receive a number of the shares of Common Stock pursuant to Section 3 under this Award Agreement, such shares of Common Stock will be distributed not later than the 70th day after the applicable Vesting Date. Moreover, upon the date of distribution of shares of Common Stock, the Participant shall also be entitled to receive Dividend Equivalents for the period commencing on the Award Date and ending on the date such vested shares of Common Stock are distributed to the Participant (in accordance with the requirements of Section 409A, to the extent applicable).

7. Confidentiality. The Participant agrees that the terms of this Award Agreement are confidential and that any disclosure to anyone for any purpose whatsoever (save and except disclosure to financial institutions as part of a financial statement, financial, tax and legal advisors, or as required by law) by the Participant or his or her agents, representatives, heirs, children, spouse, employees or spokespersons shall be a breach of this Award Agreement and the Company may elect to revoke the grant made hereunder, seek damages, plus interest and reasonable attorneys' fees, and take any other lawful actions to enforce this Award Agreement.

8. Participant Obligations.

(a) Confidentiality. The Participant acknowledges that in the course of his or her employment with the Company, the Company agrees to provide to the Participant Confidential Information regarding the Company and the Company's business and has previously provided the Participant other such Confidential Information. In return for this and other consideration, provided under this Award Agreement, the Participant agrees that he or she will not, while employed by the Company and thereafter, disclose or make available to any other person or entity, or use for his own personal gain, any Confidential Information, except for such disclosures as required in the performance of his or her duties hereunder or as may otherwise be required by law or legal process (in which case the Participant shall notify the Company of such legal or judicial proceeding by a non-governmental party as soon as practicable following his receipt of notice of such a proceeding, and permit the Company to seek to protect its interests and information). Nothing in this Award Agreement, however, limits or precludes Participant from making a good faith voluntary report, charge, complaint, or claim to or providing truthful testimony and documents as required by law or under oath pursuant to a subpoena, court order, or request by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission ("Government Agencies"). Participant further understands that this Award Agreement does not limit Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information to the Government Agency, without notice to the Company. For purposes of this Award Agreement, "**Confidential Information**" shall mean any and all information, data and knowledge that has been created, discovered, developed or otherwise become known to the Company or any of its affiliates or ventures or in which property rights have been assigned or otherwise conveyed to the Company or any of its affiliates or ventures, which information, data or knowledge has commercial value in the business in which the Company is engaged, except such information, data or knowledge as is or becomes known to the public without violation of the terms of this Award Agreement. By way of illustration, but not limitation, Confidential Information includes business trade secrets, secrets concerning the Company's plans and strategies, nonpublic information concerning material market opportunities, technical trade secrets, processes, formulas, know-how, improvements, discoveries, developments, designs, inventions, techniques, marketing plans, manuals, records of research, reports, memoranda, computer software, strategies, forecasts, new products, unpublished financial information, projections, licenses, prices, costs, and employee, customer and supplier lists or parts thereof.

(b) Return of Property. The Participant agrees that at the time of his or her Separation from Service, he or she will deliver to the Company (and will not keep in his or her possession, recreate or deliver to anyone else) all Confidential Information as well as all other devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, customer or client lists or information, or any other documents or property (including all reproductions of the aforementioned items) belonging to the Company or any of its affiliates or ventures, regardless of whether such items were prepared by the Participant.

(c) Non-Solicitation and Non-Competition.

(1) *Non-Solicitation.* For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information (as defined in Section 8(a)) regarding the Company and the Company's business, the Participant agrees that, while employed by the Company and for one year following his or her Separation from Service, he or she shall not, without the prior written consent of the Company, directly or indirectly, (i) hire or induce, entice or solicit (or attempt to induce, entice or solicit) any employee of the Company or any of its affiliates or ventures to leave the employment of the Company or any of its affiliates or ventures or (ii) solicit or attempt to solicit the business of any customer or acquisition prospect of the Company or any of its affiliates or ventures with whom the Participant had any actual contact while employed at the Company.

(2) *Non-Competition.* For consideration provided under this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business, the Participant agrees that while employed by the Company and for one year following a Separation from Service he or she will not, without the prior written consent of the Company, acting alone or in conjunction with others, either directly or indirectly, engage in any business that is in competition with the Company or accept employment with or render services to such a business as an officer, agent, employee, independent contractor or consultant, or otherwise engage in activities that are in competition with the Company.

(3) *Restricted Area.* The restrictions contained in this Section 8(c) are limited to a 50-mile radius around any geographical area in which the Company engages (or has definite plans to engage) in operations or the marketing of its products or services at the time of the Participant's Separation from Service.

(d) Restrictions Reasonable. The Participant acknowledges that the restrictive covenants under this Section 8, for which the Participant received valuable consideration from the Company as provided in this Award Agreement, including, but not limited to the Company's agreement to provide the Participant with Confidential Information regarding the Company and the Company's business are ancillary to otherwise enforceable provisions of this Award Agreement that the consideration provided by the Company gives rise to the Company's interest in restraining the Participant from competing and that the restrictive covenants are designed to enforce the Participant's consideration or return promises under this Award Agreement. Additionally, the Participant acknowledges that these restrictive covenants contain limitations as to time, geographical area, and scope of activity to be restrained that are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other legitimate business interests of the Company, including, but not limited to, the Company's need to protect its Confidential Information.

(e) Violations. If the Participant violates any provision of this Section 8, the Participant shall not be entitled to receive any amounts that would otherwise be payable to

the Participant with respect to this RSU Award, and such amounts shall be forfeited. If the Participant violates any provision of this Section 8 after amounts under this RSU Award have been paid or if the Company learns of the violation after amounts under this RSU Award have been paid, the Participant shall repay to the Company the Common Shares (or the equivalent value thereof determined as of the date of the Company's demand) or the cash received, as the case may be, within thirty (30) days of receiving a demand from the Company for the repayment of the award. Further, the Company shall be entitled to an award of attorneys' fees incurred with securing any relief hereunder and/or pursuant to a breach or threatened breach of this Section 8.

9. Notices. For purposes of this Award Agreement, notices to the Company shall be deemed to have been duly given upon receipt of written notice by the Corporate Secretary of CenterPoint Energy, Inc., 1111 Louisiana, Houston, Texas 77002, or to such other address as the Company may furnish to the Participant.

Notices to the Participant shall be deemed effectively delivered or given upon personal, electronic, or postal delivery of written notice to the Participant, the place of Employment of the Participant, the address on record for the Participant at the human resources department of the Company, or such other address as the Participant hereafter designates by written notice to the Company.

10. Shareholder Rights. The Participant shall have no rights of a shareholder with respect to the units of Common Stock subject to this Award Agreement, unless and until the Participant is registered as the holder of such shares of Common Stock.

11. Successors and Assigns. This Award Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns except as expressly prohibited herein and in the Plan. Notwithstanding anything herein or in the Plan to the contrary, the units of Common Stock are transferable by the Participant to Immediate Family Members, Immediate Family Member trusts, and Immediate Family Member partnerships pursuant to Section 13 of the Plan.

12. No Employment Guaranteed. Nothing in this Award Agreement shall give the Participant any rights to (or impose any obligations for) continued Employment by the Company or any Subsidiary, or any successor thereto, nor shall it give such entities any rights (or impose any obligations) with respect to continued performance of duties by the Participant.

13. Waiver. Failure of either party to demand strict compliance with any of the terms or conditions hereof shall not be deemed a waiver of such term or condition, nor shall any waiver by either party of any right hereunder at any one time or more times be deemed a waiver of such right at any other time or times. No term or condition hereof shall be deemed to have been waived except by written instrument.

14. Compliance with Section 409A. It is the intent of the Company and the Participant that the provisions of the Plan and this Award Agreement comply with Section 409A and will be interpreted and administered consistent therewith. Accordingly, (i) no adjustment to the RSU Award pursuant to Section 14 of the Plan and (ii) no substitutions of the benefits under

this Award Agreement, in each case, shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

15. Withholding. The Company shall have the right to withhold applicable taxes from any distribution of the Common Stock (including, but not limited to, Dividend Equivalents) or from other cash compensation payable to the Participant at the time of such vesting and delivery pursuant to Section 11 of the Plan (but subject to compliance with the requirements of Section 409A, if applicable).

16. Modification of Award Agreement. Any modification of this Award Agreement is subject to Section 13 hereof and shall be binding only if evidenced in writing and signed by an authorized representative of the Company.

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31,	
	2018	2017
	(in millions, except ratios)	
Net income	\$ 165	\$ 192
Equity in earnings of unconsolidated affiliates, net of distributions	5	2
Income tax expense	47	107
Capitalized interest	(2)	(2)
	<u>215</u>	<u>299</u>
Fixed charges, as defined:		
Interest	94	98
Capitalized interest	2	2
Interest component of rentals charged to operating expense	1	1
Total fixed charges	<u>97</u>	<u>101</u>
Earnings, as defined	<u>\$ 312</u>	<u>\$ 400</u>
Ratio of earnings to fixed charges	<u>3.22</u>	<u>3.96</u>

CERTIFICATIONS

I, Scott M. Prochazka, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ Scott M. Prochazka

Scott M. Prochazka

President and Chief Executive Officer

CERTIFICATIONS

I, William D. Rogers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ William D. Rogers

William D. Rogers

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2018 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott M. Prochazka, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott M. Prochazka

Scott M. Prochazka

President and Chief Executive Officer

May 4, 2018

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CenterPoint Energy, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2018 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William D. Rogers, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William D. Rogers

William D. Rogers

Executive Vice President and Chief Financial Officer

May 4, 2018