The Benefits of a Balanced Electric & Natural Gas Portfolio

Bank of America Merrill Lynch
Houston, TX
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NYSE: CNP
www.CenterPointEnergy.com

CREATING AN INTELLIGENT FUTURE, TODAY

Cautionary Statement Regarding Forward-Looking Information

This presentation contains 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,” “will,” or other similar words.

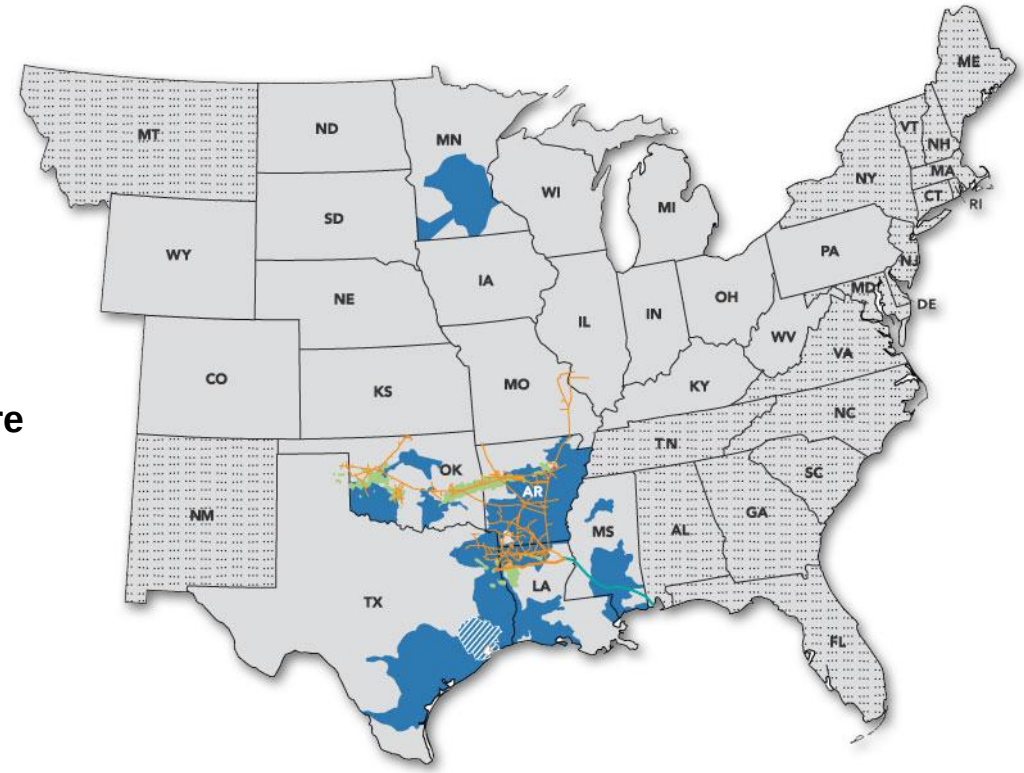
We have based our forward-looking statements on our management's beliefs and assumptions based on information currently available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions, and projections about future events may and often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

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include the timing and impact of future regulatory, legislative and IRS decisions, financial and future market conditions, and other factors described in CenterPoint Energy, Inc.’s Form 10-K for the period ended December 31, 2011, under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Certain Factors Affecting Future Earnings,” and in other filings with the SEC by CenterPoint Energy.

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

Investment Highlights

- **Strategically located assets and attractive service territories which provide operating scale and diversification of risk**
- **Regulated and fee-based operations provide over 90 percent of operating income with stable earnings and cash flow**
- **Opportunity to leverage market position as a leading provider of gas infrastructure services to capture opportunities, particularly in shale plays**
- **Organic growth opportunities across all businesses**
- **Committed to a secure, competitive dividend with growth while continuing to improve financial strength and flexibility**



Electric TDU
Natural Gas LDCs
Competitive Natural Gas Sales and Services
Interstate Pipelines
Southeast Supply Header
Gathering infrastructure

Our Corporate Vision Remains…

Our Vision

To Be Recognized As America's Leading Energy Delivery Company…and More

"… America's Energy Delivery…"

- **Focused on domestic energy delivery businesses**
  - Continental U.S. market
  - Regulated energy delivery
    - Electric transmission and distribution (TDU)
    - Natural gas local distribution companies (LDCs)
    - Natural gas interstate pipelines
  - Unregulated energy delivery
    - Natural gas field services (gas gathering, treating and processing)

"… and More"

- **Pursue complementary businesses that leverage our core businesses/business skills**
  - Competitive natural gas sales and energy services

Our Strategy Builds on Our Strengths

Building a domestic energy delivery company with a balanced portfolio of electric and natural gas businesses consistent with CNP's risk profile and earnings growth objectives.

- **Capture organic growth in our attractive electric and natural gas service territories**
- **Optimize our interstate pipeline assets with access to active natural gas supply basins**
- **Invest in gas gathering, treating and processing facilities in attractive gas producing areas, primarily in the shale plays**
- **Optimize our competitive natural gas sales and services business**
- **Pursue new business opportunities based on market, technology and service capabilities**
- **Seek opportunities to acquire other electric and natural gas businesses which provide geographic, economic and regulatory diversity**

Committed to our investment thesis of
providing a secure, competitive dividend with growth

Complementary Electric and Natural Gas Portfolio

CenterPoint Energy

Electric Transmission & Distribution

- Regulated 'wires only' business
- 5,000 sq. mile service territory in and around Houston
- Over 2.1 million metered customers in the Houston area
- Consistent customer growth

Natural Gas Distribution

- Regulated local gas distribution companies in AR, LA, MN, MS, OK, TX
- ~3.3 million customers
- Solid growth in key urban areas
- 423 Bcf throughput in 2011

Natural Gas Pipelines

- FERC regulated pipelines and storage
- Strategically located at the center of the nation's gas transportation infrastructure
- Connected to over 20 other pipelines
- 1,579 Bcf throughput in 2011

Natural Gas Field Services

- Non-rate regulated; primarily fee-based business
- Gathering, treating and processing
- Primarily focused on mid-continent production basins and new shale plays
- 823 Bcf gathering throughput in 2011

Natural Gas Sales & Services

- Non-rate regulated
- Markets natural gas and services
- ~14,300 commercial, industrial and utility customers in 21 states
- 558 Bcf throughput in 2011

Adjusted Operating Income (in millions)

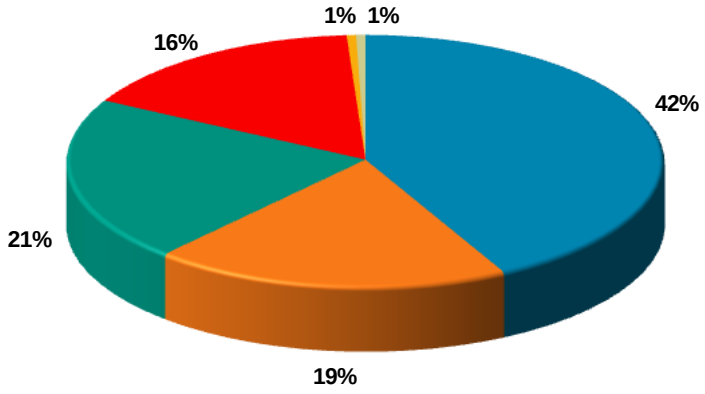
	Electric Transmission & Distribution	Natural Gas Distribution	Natural Gas Pipelines	Natural Gas Field Services	Natural Gas Sales & Services
2011:	$496[1]	$226	$248	$189	$ 6
2010:	$427[1]	$231	$270	$151	$16
2009:	$414[1]	$204	$256	$ 94	$21
2008:	$407[1]	$215	$293	$147	$62
2007:	$383[1]	$218	$237	$ 99	$75

(1) Results exclude operating income from the Transition and System Restoration Bond Companies, the Competition Transition Charge and the Final Fuel Reconciliation (see reconciliation on page 17).

Attractive and Balanced Portfolio with Stability and Growth

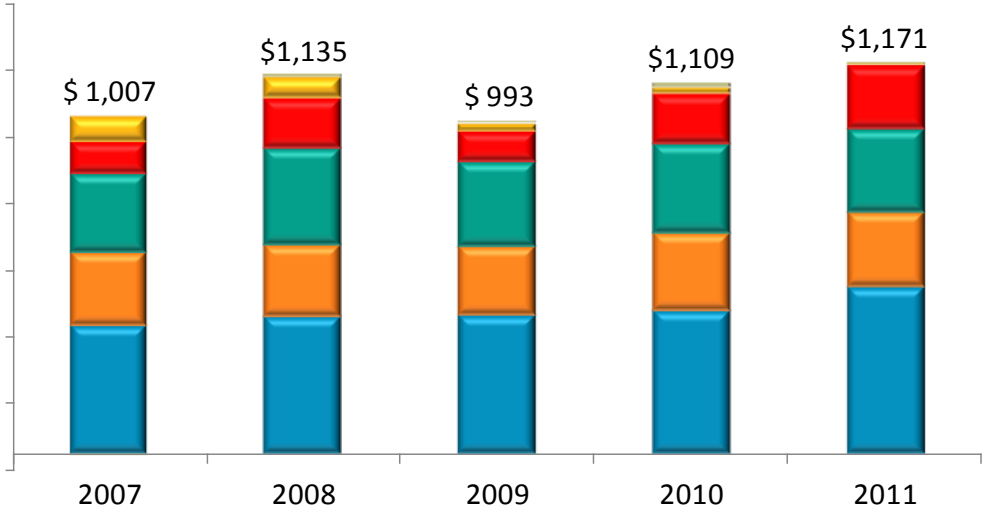
Balanced Portfolio

2011 Adjusted Operating Income: $1,171[1]



Stability and Growth

2007 – 2011 Adjusted Operating Income[2]



Electric Transmission & Distribution | Natural Gas Distribution | Natural Gas Interstate Pipelines | Natural Gas Field Services | Natural Gas Sales & Services | Other Operations

(1) In millions; excludes operating income from Transition and System Restoration Bond Companies (see reconciliation on page 17).

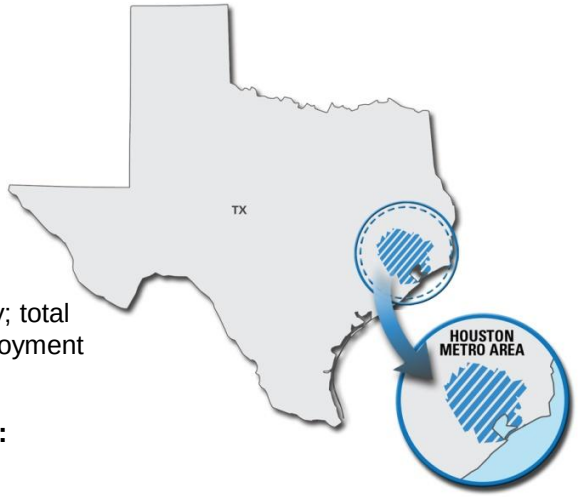
(2) In millions; excludes operating income from Transition and System Restoration Bond Companies, the Competition Transition Charge and the Final Fuel Reconciliation (see reconciliation on page 17).

CenterPoint Energy Houston Electric

Electric Transmission & Distribution

- **Final resolution of true-up remand issues enabled issuance of $1.695 billion in transition bonds in January 2012**
  - Of this amount ~$1.1 billion will be recorded as after-tax earnings in different time frames
    - $811 million was recognized in third quarter 2011 representing stranded costs and transition expenses, and the debt component of interest
    - $258 million representing the equity component of interest will be recognized over life of the transition bonds
  - Cash flow impact: $1.695 billion received upon issuance of transition bonds; taxes of $609 million to be paid over life of bonds
- **Final order in Houston Electric rate case issued June 23, 2011; rates implemented September 1, 2011**
  - The PUC authorized the following:
    - ~$14.7 million increase for distribution customers; ~$12.3 million decrease for transmission customers
    - 10% return on equity; capital structure of 45% equity/ 55% debt
  - Minimal impact on cash flow, but estimated operating income decrease of ~$35 million in 2012, including effect of change in depreciation rates
- **In September 2011, PUC approved a periodic rate adjustment mechanism that mitigates regulatory lag for distribution capital investment; a similar adjustment mechanism for transmission costs is already in place**
- **Advanced meter deployment over 90 percent complete**
  - ~2 million advanced meters installed through December 2011; full deployment expected to be completed 2Q 2012
  - $590 million invested through December 2011, total estimated investment $645 million of which $150 million funded through a DOE grant
- **Intelligent Grid**
  - $39 million invested through December 2011 for initial deployment in portion of service territory; total estimated investment $115 million, of which, $50 million funded through DOE grant; initial deployment expected to be complete 2013
- **New capital expenditures drive growth in rate base *(in millions, source 2011 Form 10-K)*:**

2011A	2012E	2013E	2014E	2015E	2016E
$ 538	$ 575	$ 571	$ 557	$ 514	$ 440



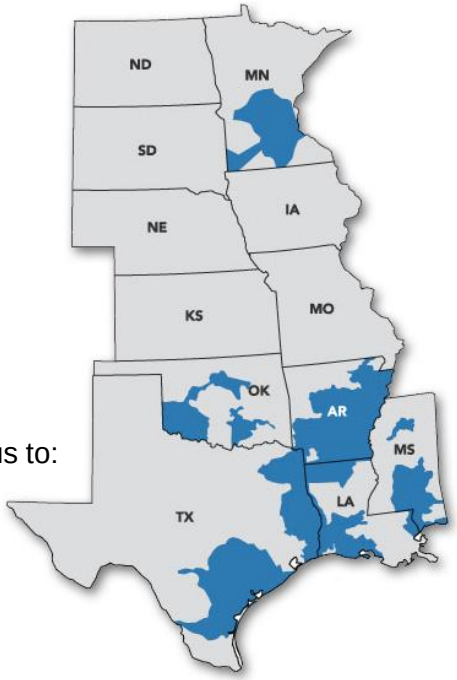
CenterPoint Energy Resources Corp.

Natural Gas Distribution

- **Focused on implementation of rate strategies that reduce rate case frequency and decouple revenues from consumption**
  - Align company and customers' interests on conservation and energy efficiency
  - Significant progress in a number of jurisdictions
    - Weather normalization approved in AR, LA and OK
    - Decoupling or cost of service adjustment mechanisms in AR, LA, MN (pilot project), OK and parts of TX (subject to appeal)
    - Capital recovery mechanisms in TX and AR
    - Energy efficiency riders in AR, MN and OK
    - Asset management agreements providing sharing of benefits in AR, LA, MS, and OK; substantial reduction in working capital realized
- **Continue to promote natural gas as the clean fuel of choice for cooking, space and water heating**
- **Business model structured to capture scale benefits and synergies**
  - Excellent results in reducing delinquencies and bad debts and controlling operation and maintenance expenses
- **Capital expenditures *(in millions, source 2011 Form 10-K)*:**

2011A	2012E	2013E	2014E	2015E	2016E
$ 295	$ 354	$ 365	$ 361	$ 363	$ 349

  - Increased capital investment primarily for infrastructure, safety and technology which will allow us to:
    - Comply with pipeline safety regulations
    - Improve customer service
    - Reduce O&M
  - In most jurisdictions, such investments can be recovered in a timely manner



CenterPoint Energy Resources Corp.

Interstate Pipelines

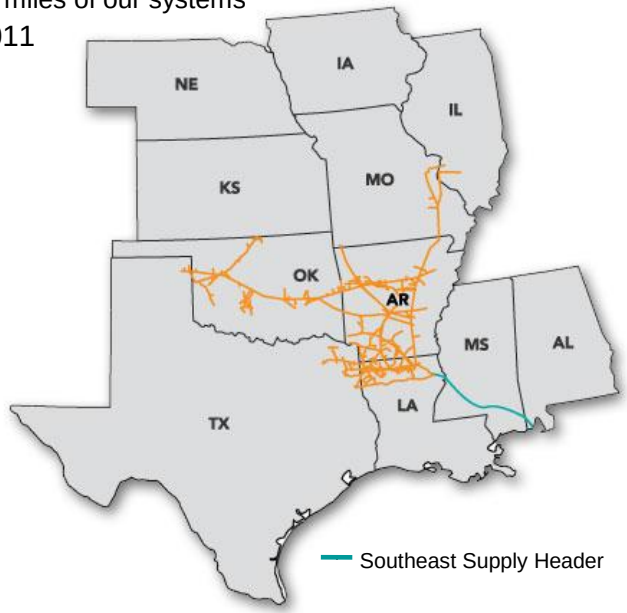
- **Maintain core customer base and revenue stability through effective and timely re-contracting**
  - Long-term agreements with affiliated LDCs extended into 2021
  - Focused on shifting short-term contracts to longer-term arrangements
  - Initiated rate case settlement process for Mississippi River Transmission (MRT) pipeline

- **Pursue on-system customer growth, pipeline extensions and greenfield development projects**
  - Shift focus from off-system to on-system customers in light of changing market dynamics, i.e. lack of basis
  - Continue to pursue extension opportunities especially power generation load
    - Nearly 0.88 Bcf per day of contracted power generation load with 12 plants
    - Currently attached to 22 gas-fired power plants (7.7 GW of power load)
      - 29 additional gas-fired power plants (12 GW of power load) are located within 10 miles of our systems
    - Delivered peak hourly load of nearly 877 MMcf to power plants in summer 2011
  - Pursue SESH expansion opportunities as well as expansion opportunities on core system

- **Capital expenditures *(in millions, source 2011 Form 10-K)*:**

2011A	2012E	2013E	2014E	2015E	2016E
$ 98	$ 181	$ 125	$ 96	$ 121	$ 91

  - Maintenance capital expected to average $80 to $100 million annually
  - New environmental regulations (e.g. RICE MACT) will increase environmental capital expenditures
  - Expanded integrity management programs likely from pending pipeline legislation



CenterPoint Energy Resources Corp.
Field Services

- **Secure core business through superior customer service and product offerings**
  - Attractive margins despite highly competitive business dynamics
  - Relatively low risk business model
    - Majority of recent capital expenditures supported by agreements with guaranteed throughput or return provisions
    - Positioned to capture value from commodity up-swings
    - Over half of near-term gross margin projected to come from XTO/Exxon, Shell and Encana
  - Strategic footprint in both traditional and shale basins
    - Drilling in shale areas remains steady
    - Well positioned to benefit when drilling returns to traditional basins
- **Significant increase in throughput driven primarily by shale gas infrastructure investments**
  - Average throughput increased from 1.15 Bcf per day in 2008 to 2.25 Bcf per day in 2011
    - Averaged 2.58 Bcf per day during fourth quarter 2011
  - Strategic footprint and attractive long-term contracts position business for solid long-term growth
    - Haynesville – 2 Bcf per day gathering and treating capacity
    - Fayetteville – 800 MMcf per day gathering capacity
    - Woodford – 500 MMcf per day gathering, 400 MMcf per day treating capacity
- **Actively pursuing other opportunities in liquids-rich shale plays**
    - Exploiting Waskom JV as rich gas drilling in East Texas and Northwest Louisiana accelerates
    - Proposed White Eagle Gathering System in Mississippi Lime
- **Capital expenditures *(in millions, source 2011 Form 10-K)*:**

2011A	2012E	2013E	2014E	2015E	2016E
$ 201	$ 139	$ 59	$ 73	$ 104	$ 74

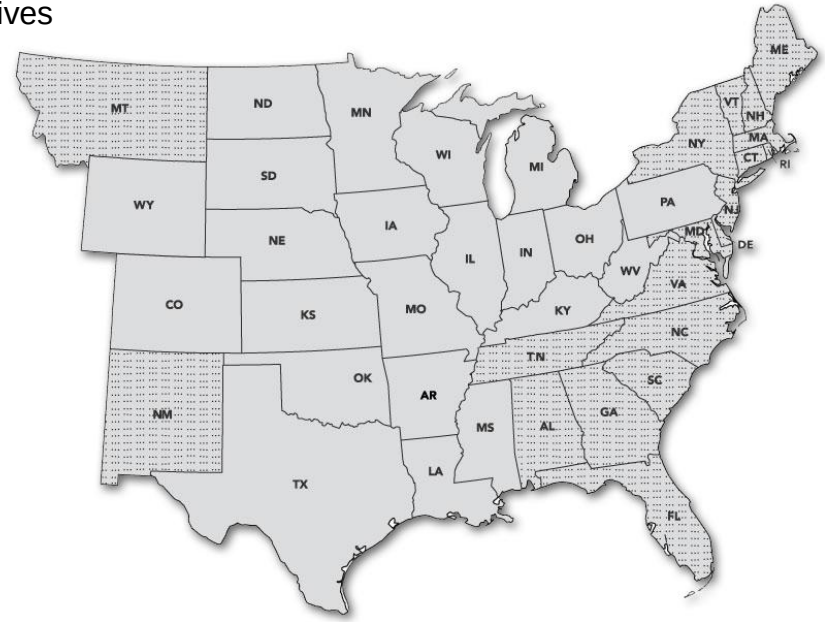
CenterPoint Energy Resources Corp.

Competitive Natural Gas Sales and Services

- **Business focus is on commercial and industrial natural gas sales; asset optimization opportunities have declined due to reduced seasonal and geographic basis differentials**

- **Risk management and internal controls essential to success (maintain a low risk model)**
  - Principally a physical gas provider using back-to-back contracting strategy
  - Disciplined risk management model
  - Low Value at Risk (VaR) limit of $4 million
  - Rigorous credit scoring and collateral management
  - Economic gains locked in through the use of financial derivatives

- **Retail growth through organic and geographic expansion**



Competitive Natural Gas Sales and Services

Fourth Quarter and Full Year 2011 Consolidated Results

(unaudited, in millions except per share amounts)	Quarter ended December 31,		Year ended December 31,	
	2010	2011	2010	2011
Revenues	**$ 2,098**	**$ 2,145**	**$ 8,785**	**$ 8,450**
Expenses:				
Natural gas	1,053	1,066	4,574	4,055
Operation and maintenance	451	502	1,719	1,835
Depreciation and amortization	204	209	864	886
Taxes other than income taxes	88	94	379	376
Total	**1,796**	**1,871**	**7,536**	**7,152**
Operating Income	**302**	**274**	**1,249**	**1,298**
Gain on marketable securities	32	49	67	19
Gain (loss) on indexed debt securities	(31)	(30)	(31)	35
Interest and other finance charges	(117)	(115)	(481)	(456)
Interest on transition and system restoration bonds	(34)	(31)	(140)	(127)
Equity in earnings of unconsoliated affiliates	7	8	29	30
Return on true-up balance	-	-	-	352
Other income - net	5	4	12	23
Income tax expense	(40)	(42)	(263)	(404)
Inccome Before Extraordinary Item	**124**	**117**	**442**	**770**
Extraordinary Item, net of tax	-	-	-	587
Net Income	**$ 124**	**$ 117**	**$ 442**	**$ 1,357**
Diluted Earnings Per Share:				
As reported	**0.29**	**0.27**	**1.07**	**3.17**
True-up related items:				
Debt component return, net of taxes	-	-	-	(0.52)
Extraordinary item, net of taxes	-	-	-	(1.37)
Excluding true-up related items	**$ 0.29**	**$ 0.27**	**$ 1.07**	**$ 1.27 ***

* rounding

Fourth Quarter and Full Year 2011 Operating Income by Segment

(unaudited, in millions)	Quarter ended December 31,		Year ended December 31,	
	2010	2011	2010	2011
Electric Transmission & Distribution:				
Electric Transmission and Distribution Operations	$ 56	$ 62	$ 427	$ 496
Transition and System Restoration Bond Companies	34	31	140	127
Total Electric Transmission & Distribution	90	93	567	623
Natural Gas Distribution	86	73	231	226
Competitive Natural Gas Sales and Services	-	3	16	6
Interstate Pipelines	63	52	270	248
Field Services	57	53	151	189
Other Operations	6	-	14	6
Total Operating Income	**$ 302**	**$ 274**	**$ 1,249**	**$ 1,298**

CenterPoint Energy
Objectives for 2012 and beyond

- **Maximize return on regulated utilities portfolio**
- **Pursue growth projects in interstate pipelines and field services**
- **Capture profitability of competitive natural gas sales and services while maintaining appropriate level of risk**
- **Maintain and improve strong liquidity and credit profile**
- **Provide secure, competitive dividend with growth**
- **Consistently achieve top quartile shareholder returns**

Appendix

Reconciliation of Operating Income to Adjusted Operating Income

(in millions)

Consolidated

	2007	2008	2009	2010	2011
Operating Income	$ 1,185	$ 1,273	$ 1,124	$ 1,249	$ 1,298
Transition and System Restoration Bond Companies	(119)	(133)	(131)	(140)	(127)
Competition Transition Charge	(42)	(5)	-	-	-
Final Fuel Reconciliation	(17)	-	-	-	-
Adjusted Operating Income	$ 1,007	$ 1,135	$ 993	$ 1,109	$ 1,171

Electric Transmission & Distribution

	2007	2008	2009	2010	2011
Operating Income	$ 561	$ 545	$ 545	$ 567	$ 623
Transition and System Restoration Bond Companies	(119)	(133)	(131)	(140)	(127)
Competition Transition Charge	(42)	(5)	-	-	-
Final Fuel Reconciliation	(17)	-	-	-	-
Adjusted Operating Income	$ 383	$ 407	$ 414	$ 427	$ 496

Note: Pursuant to financing orders issued by the Texas Utility Commission in accordance with the Texas Electric Choice Plan (Texas electric restructuring law), subsidiaries of CenterPoint Energy Houston Electric issued $749 million, $1.85 billion, $488 million, and $1.695 billion of transition bonds in October 2001, December 2005, February 2008, and January 2012, respectively. Final maturity dates on the bonds range from September 2015 to October 2025. The transition bonds were issued to recover certain costs determined by the Texas Utility Commission to be recoverable in connection with the transition to competition under the Texas electric restructuring law. Pursuant to a financing order issued by the Texas Utility Commission in August 2009, a subsidiary of CenterPoint Energy Houston Electric issued $665 million of system restoration bonds in November 2009. Final maturity dates on the bonds range from February 2016 to August 2023. The system restoration bonds were issued to recover the portion of approved distribution-related storm restoration costs associated with Hurricane Ike. The transition and system restoration bonds are non-recourse to CenterPoint Energy and CenterPoint Energy Houston Electric and are serviced through dedicated amounts included in revenues.

Debt and Capitalization Ratio
Excluding transition and system restoration bonds

(in millions)

	December 31, 2010	December 31, 2011
Short-term Debt:		
Short-term borrowings	53	62
Current portion of transition and system restoration bonds*	283	307
Current portion of indexed debt (ZENS)**	126	131
Current portion of other long-term debt	19	46
Long-term Debt:		
Transition and system restoration bonds*	2,522	2,215
Other	6,479	6,426
Total Debt	$ 9,482	$ 9,187
Less: Transition and system restoration bonds (including current portion)*	2,805	2,522
Total Debt, excluding transition and system restoration bonds	$ 6,677	$ 6,665
Total Shareholders' Equity	$ 3,198	$ 4,222
Total Capitalization, excluding transition and system restoration bonds	$ 9,875	$ 10,887
Total Debt/Total Capitalization, excluding transition and system restoration bonds	**67.6%**	**61.2%**

* The transition and system restoration bonds are non-recourse to CenterPoint Energy and CenterPoint Energy Houston Electric and are serviced through collections of separate charges which are held in trust.

** The debt component reflected on the financial statements was $131 million as of December 31, 2011 and $126 million as of December 31, 2010. The principal amount on which 2% interest is paid was $840 million as of December 31, 2011 and December 31, 2010 . The contingent principal amount was $797 million as of December 31, 2011 and $805 million as of December 31, 2010.

Liquidity and Credit Ratings

Available Liquidity ($MM)

Bank Facilities	Type of Facility	Size of Facility	Amount Utilized at February 13, 2012	Amount Unutilized at February 13, 2012
CenterPoint Energy	Revolver	$ 1,200	$ 13 (1)	$ 1,187
CEHE	Revolver	300	4 (1)	296
CERC	Revolver	950	-	950
Total Credit Facilities		**$ 2,450**	**$ 17**	**$ 2,433**

(1) Represents outstanding letters of credit.

Temporary Investments	
Investments in Money Market Funds (as of February 13, 2012)	1,486
Available Liquidity	**$ 3,919**

Credit Ratings

	Moody's		S&P		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
CenterPoint Energy (Senior Unsecured)	Baa3	Stable	BBB	Stable	BBB-	Positive
CEHE (Senior Secured) (1)	A3	Stable	A-	Stable	A-	Positive
CERC (Senior Unsecured)	Baa2	Stable	BBB+	Stable	BBB	Stable

(1) General mortgage bonds and first mortgage bonds.

Principal amounts of external debt

As of December 31, 2011

(in millions)

CenterPoint Energy, Inc.

ZENS	$ 131 (1)
Senior Notes	750
Collateralized Pollution Control Bonds	
First Mortgage Bond Collateral	151 (2)
General Mortgage Bond Collateral	218 (2) (3)
Uncollateralized Pollution Control Bonds	344 (4)
Commercial Paper	0
Bank Loans	0 (5)
Total	$1,594

Utility Holding, LLC

CenterPoint Energy Resources Corp.

Senior Notes	$2,693
Commercial Paper	285
Bank Loans	0 (6)
Total	$2,978

CenterPoint Energy Houston Electric, LLC

First Mortgage Bonds	$ 103
General Mortgage Bonds	1,762
Collateralized Pollution Control Bonds	229 (7)
Bank Loans	0 (8)
Total	$2,094

CenterPoint Energy Transition Bond Company, LLC

Transition Bonds	$208

CenterPoint Energy Transition Bond Company II, LLC

Transition Bonds	$1,322

CenterPoint Energy Transition Bond Company III, LLC

Transition Bonds	$392

CenterPoint Energy Restoration Bond Company, LLC

System Restoration Bonds	$601

(1) The principal amount on which 2% interest was paid is $840 million. The debt component reflected on the financial statements was $131 million. The contingent principal amount was $797 million.

(2) The collateralized pollution control bonds aggregating $369 million are obligations of CenterPoint Energy, Inc. However, CenterPoint Energy Houston Electric, LLC has issued first mortgage bonds aggregating $151 million and general mortgage bonds aggregating $218 million as collateral for these CenterPoint Energy, Inc. obligations.

(3) Excludes $290 million of tax-exempt bonds issued on behalf of CenterPoint Energy, Inc. which were purchased by CenterPoint Energy, Inc. in January 2010 and are held for future remarketing.

(4) Excludes $175 million of tax-exempt bonds issued on behalf of CenterPoint Energy, Inc. which were purchased by CenterPoint Energy, Inc. in April 2008 and are held for future remarketing.

(5) Borrowings under $1.2 billion bank facility.

(6) Borrowings under $950 million bank facility.

(7) The pollution control bonds are collateralized by general mortgage bonds.

(8) Borrowings under $300 million bank facility.

Principal amounts of maturing external debt

As of December 31, 2011

($ in millions)

Year	CenterPoint Energy (1)	CEHE	CERC	Sub-total	Transition Bonds (2) (Series 2001-1)	Transition Bonds (2) (Series A)	Transition Bonds (2) (Series 2008)	System Restoration Bonds (2) (Series 2009)	Total
2012	$ -	$ 46	$ -	$ 46	$ 99	$ 127	$ 36	$ 45	**$ 353**
2013	-	450	365	815	109	137	38	46	**1,145**
2014	-	800	160	960	-	147	41	47	**1,195**
2015	419	-	-	419	-	158	44	48	**669**
2016	-	-	609	609	-	169	46	51	**875**
2017-2021	700 (3)	230	1,143	2,073	-	583	187	295	**3,138**
2022-2026	100	200	-	300	-	-	-	69	**369**
2027-2031	1,040 (4)	56	-	1,096	-	-	-	-	**1,096**
2032-2036	-	312	-	312	-	-	-	-	**312**
2037-2041	-	-	700	700	-	-	-	-	**700**
Total	**$ 2,259**	**$ 2,094**	**$ 2,977**	**$ 7,330**	**$ 208**	**$ 1,321**	**$ 392**	**$ 601**	**$ 9,852**

(1) Debt of $150.85 milion collateralized by First Mortgage Bonds of CEHE matures in 2015. Debt collateralized by General Mortgage Bonds of CEHE matures on the following dates: 2018, $50 million; 2026, $100 million; and 2028, $68 million.

(2) Using scheduled payment dates.

(3) Excludes $390 million of tax-exempt bonds issued on behalf of CenterPoint Energy, Inc. which were purchased by CenterPoint Energy, Inc. in April 2008 ($100 million) and January 2010 ($290 million) and are held for future remarketing.

(4) Includes ZENS at their contingent principal amount of $797 million. The principal amount of ZENS on which interest is paid was $840 million. The ZENS debt component reflected on the Company's financial statements was $131 million as of 12/31/2011. Excludes $75 million of tax-exempt bonds issued on behalf of CenterPoint Energy, Inc. which were purchased by CenterPoint Energy, Inc. in April 2008 and are held for future remarketing.