



Energy for You

CenterPoint Energy 2016 Annual Report





To Put You in Control

CATERING TO YOUR PREFERENCE

Our soon to be introduced online preference center will give customers options on when and how we contact them.

51%

Calls answered through personalized, automated self-service options

580,000

Customers enrolled in Power Alert Service



To Build Stronger Communities

GIVING OUR SUPPORT

We volunteer our time and give our support to make our communities a better place.

237,500+

Volunteer hours valued at \$5 million in 2016

\$3.4 million

Corporate charitable contributions



To Make Life Even Better

ENSURING SAFETY & RELIABILITY

By keeping the lights on and the gas flowing, we enable our customers to enjoy their lives.

7,600

Miles of pipeline checked by our advanced leak detection tool last year

34%

Improved electric reliability on intelligent grid circuits in 2016 alone



To Be *Always There*

PUTTING TECHNOLOGY TO WORK FOR YOU

We continue to make significant investments to keep up with the growth and energy demands of our service territory.

90,000

Customers added in 2016

\$7 billion

Capital investments planned over the next five years

Dear Fellow Stakeholder,

Energy for You summarizes why our business is centered on our customers and communities. Our employees give their best each day to deliver the energy that makes lives more comfortable, productive, and enjoyable.

We have a commitment to be *Always There* – providing reliable electricity and natural gas to our customers. We make significant investments for safety, reliability, and the growing energy demands of our service territory. Over the next five years, we plan to spend nearly \$7 billion in capital.

To put customers in control, we've made significant investments in technology. In 2017, customers will be introduced to our new online preference center, which will give them even more options for when and how we contact them regarding their billing options, program promotions, and usage.

To make life better, we endeavor to ensure the safety and reliability of our systems. By keeping the lights on and the natural gas flowing, we help our customers enjoy their lives. For example, we invested in drive-by leak detection tools, which enable us to check more miles of pipe than ever before to help maintain the safety of our natural gas delivery system.

To build stronger communities, we volunteer our time and give our support to make a positive difference in our communities. In 2016, our employees donated nearly 5,000 units of blood, which is enough to impact more than 14,000 lives. Giving back is core to who we are as a company.

2016: A year of strong growth

We had a strong year in 2016, marked by a dividend increase, growth in earnings, and acquisitions. Our results were driven by a number of factors, including solid customer growth in both our electric and natural gas utilities with more than 90,000 additional meters.

“We had a strong year in 2016, marked by a dividend increase, growth in earnings, and acquisitions.”

Total shareholder return for the company in 2016 was 40.88 percent, outperforming the S&P 500 Utilities Index of 16.29 percent and the S&P 500 Index of 11.96 percent.

In early 2017, we raised our dividend for the 12th consecutive year when our board declared a regular quarterly cash dividend of 26.75 cents per share. This represents a 4 percent increase from the previous quarterly dividend and, when annualized, equates to \$1.07 per share.

CenterPoint Energy reported 2016 net income of \$432 million, or \$1.00 per diluted share. Our annual adjusted earnings, using the same basis as our guidance, were \$501 million, or \$1.16 per diluted share⁽¹⁾. The majority of earnings, \$380 million, were from utility operations, while \$121 million were related to our investments in Enable Midstream, a publicly traded master limited partnership that owns, operates, and develops strategically located natural gas and crude oil infrastructure assets.

We continue to look for additional opportunities to grow earnings. CenterPoint Energy Services (CES), our unregulated energy services business, completed the purchase of Continuum Retail Energy Services last year and closed on the Atmos Energy Marketing transaction in January 2017. These acquisitions provide CES with the kind of scale, geographic reach, and expanded capabilities that will enable it to grow. Accessing more markets and efficiently increasing our customer base, our retail energy business now operates in 33 states and serves approximately 100,000 customers.

The strength of our utilities

CenterPoint Energy's long-term success is driven by the disciplined execution of our strategy to Operate, Serve and Grow. By addressing the needs of our growing service territories through capital investment, we are increasing our rate base, which helps drive our financial performance.

The **electric transmission & distribution** segment had an excellent year. Earnings growth was driven primarily through rate relief from investments needed to serve our increasing customer base, customer growth, and higher equity return.

Building the infrastructure to serve the energy needs of today and tomorrow remains a priority. Scheduled to be in service by summer 2018, the Brazos Valley Connection is a 60-mile, 345-kilovolt electric transmission line in Texas that will run from Harris County to Grimes County, where it connects to the northern portion of a similar project.

⁽¹⁾ See table on back inside cover for reconciliation of this non-GAAP measure.

Our continuing investment in intelligent grid technology increases reliability, reduces average restoration time, saves consumers money, and drives innovation. In 2016, we improved electric reliability 34 percent on intelligent grid circuits. Through the intelligent grid, customers have avoided nearly 200 million outage minutes since 2011. Smart meters save consumers more than \$20 million per year in eliminated fees through service automation. This technology has also saved more than 1.6 million gallons of fuel, preventing nearly 15,000 tons of CO₂ emissions.

The **natural gas distribution** segment also had a strong year. Earnings growth was driven by rate relief and customer growth.

Last year, we filed with municipal and state regulatory authorities to change natural gas distribution rates for Houston-area customers. Our objective in this filing is for customers throughout Houston and surrounding areas to pay a uniform rate for the cost of service and the cost of gas. We also implemented new rates in Arkansas and Minnesota. The purpose of these rate proceedings is to allow us to earn a reasonable return for the hundreds of million dollars spent each year in our service territories to accommodate growth and make our system safe and reliable.

Continued future growth

Through the leadership of our board of directors, we remain dedicated to delivering long-term value to our shareholders by growing earnings and providing a competitive dividend.

In 2017, we expect increased earnings from continued utility customer growth, rate relief, our competitive retail business, and our investment in Enable Midstream. We also expect lower interest expense. We expect these items collectively to result in solid growth year over year.

Together, our electric and natural gas utilities are expected to invest \$1.5 billion in capital in 2017. Our electric business anticipates capital spending of \$922 million to support sustained customer growth. Our natural gas distribution business plans to invest \$534 million of capital to accommodate ongoing growth and pipeline replacement needs.

Our dedicated employees

At the heart of CenterPoint Energy are our employees, who demonstrate our values of safety, integrity, accountability, initiative and respect.

2016 Financial Results

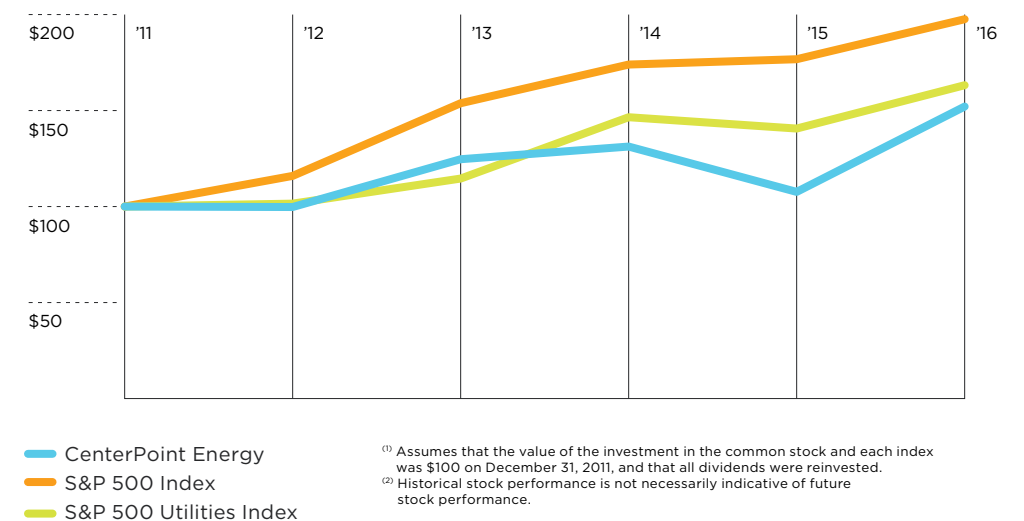
\$432 million
net income

\$959 million
operating income

\$1.00
earnings per share

40.88%
total shareholder
return

Five-Year Cumulative Total Return Comparison for the Fiscal Years Ended December 31⁽¹⁾⁽²⁾





Milton Carroll
Executive Chairman
of the Board

Scott M. Prochazka
President & CEO

Safety of our employees, delivery systems and the public is our priority. CenterPoint Energy was placed in the top quartile for Edison Electric Institute and American Gas Association safety rankings in 2016. However, we also had several serious safety incidents that reinforced our commitment to working safely and continuing to improve our safety programs and performance. Our overall approach to safety performance is focused on behavior-based safety programs and a commitment to sustaining a strong safety culture.

We have been honored with several prestigious awards thanks to the efforts of our employees. For example, we received the Emergency Recovery Award from the Edison Electric Institute for our power restoration efforts after severe flooding hit Houston in April 2016. Our crews devoted nearly 16,000 hours to this recovery, and our intelligent grid saved 26 million outage minutes during this event.

Additionally, we're proud to have been recognized for our customer service. In 2016, we were named the top Texas Electric Transmission and Distribution Service Provider (TDSP) by Cogent Energy Reports in the Texas TDSP Trusted Brand & Customer Engagement Study.

We also received several environmental awards in 2016, including the Climate Leadership Award and ENERGY STAR Partners of the Year award, both from the U.S. Environmental Protection Agency.

Our energy-efficiency efforts span across commercial, residential, and low-income programs for both electric and natural gas consumers. In 2016, approximately 170,000 megawatt hours of energy were saved. Rebates from our conservation improvements led to customers saving nearly \$18 million – the equivalent of the annual energy usage of about 27,000 homes.

Last year, we conducted an employee survey, which reflected high levels of pride, commitment, and employee engagement. Studies have demonstrated that an engaged workforce can have a significant effect on financial and operational results as well as higher customer satisfaction.

Our successes and awards reflect the commitment and talent of our dedicated workforce.

Our Energy for You

Your investment in CenterPoint Energy supports our company, our employees, our communities and, ultimately, energy for you. Thank you for your confidence in our company, leadership, and vision to **lead the nation in delivering energy, service, and value.**

Sincerely,


MILTON CARROLL
Executive Chairman
of the Board


SCOTT M. PROCHAZKA
President & CEO

Investor Information

Annual Meeting

The 2017 Annual Meeting of Shareholders will be held on Thursday, April 27, at 9 a.m. CDT in the CenterPoint Energy Tower auditorium, 1111 Louisiana Street, Houston, TX. Shareholders who hold shares of CenterPoint Energy at the close of business on March 1, 2017, will receive notice of the meeting and will be eligible to vote.

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CenterPointEnergy.com

Auditors

Independent Registered Public
Accounting Firm
Deloitte & Touche LLP
Houston, TX

Investor Services

If you have questions about your CenterPoint Energy investor account, please contact our Transfer Agent:
Broadridge Corporate
Issuer Solutions, Inc.
P.O. Box 1342
Brentwood, NY 11717
<http://shareholder.broadridge.com/cnp>
(713) 207-3060
Toll Free: (800) 231-6406

Investor Services, online tools and a list of publications can be found on the company's website at Investors.CenterPointEnergy.com.

Investor Services representatives are available from 8 a.m. to 5 p.m. CDT, Monday through Friday, to help you with questions about CenterPoint Energy common stock or enrollment in the CenterPoint Energy Investor's Choice Plan.

The Investor's Choice Plan provides easy, inexpensive investment options, including direct purchase and sale of CenterPoint Energy common stock; dividend reinvestment; statement-based accounting and monthly or quarterly automatic investing by electronic transfer. You can become a registered CenterPoint Energy shareholder by making an initial investment of at least \$250 through Investor's Choice.

Information Requests

Download or call (888) 468-3020 toll free for additional copies of our: 2016 Annual Report and Form 10-K
2017 Proxy Statement

Dividend Payments

Common stock dividends are generally paid quarterly in March, June, September and December. Dividends are subject to declaration by the Board of Directors, who establish the amount of each quarterly common stock dividend and fix the record and payment dates.

Institutional Investors

Security analysts and other investment professionals should contact David Mordy, Investor Relations Director, at (713) 207-6500.

Stock Listing

CenterPoint Energy, Inc. common stock is traded under the symbol CNP on the New York and Chicago stock exchanges.

Cautionary Statement

Certain disclosures in this annual report may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The "cautionary statement" on page ii of CenterPoint Energy's Form 10-K for the fiscal year ended December 31, 2016, and the disclosure referenced therein should be read in conjunction with the forward-looking statements.

Reconciliation of Net Income (loss) and diluted EPS to the basis used in providing 2016 and 2015 annual earnings guidance

	TWELVE MONTHS ENDED			
	DECEMBER 31, 2016		DECEMBER 31, 2015	
	NET INCOME	DILUTED EPS	NET INCOME	DILUTED EPS
	(IN MILLIONS, EXCEPT DILUTED EPS)			
Consolidated as reported	\$ 432	\$ 1.00	\$ (692)	\$ (1.61)
Midstream Investments	(121)	(0.28)	1,024	2.38
Utility Operations ⁽¹⁾	311	0.72	332	0.77
Loss on impairment of Midstream Investments:				
CenterPoint's impairment of its investment in Enable (net of taxes of \$456) ⁽³⁾	-	-	769	1.79
CenterPoint's share of Enable's impairment of its goodwill and long-lived assets (net of taxes of \$233) ⁽³⁾	-	-	388	0.90
Total loss on impairment	-	-	1,157	2.69
Midstream Investments excluding loss on impairment	\$ 121	\$ 0.28	\$ 133	\$ 0.31
Consolidated excluding loss on impairment	\$ 432	\$ 1.00	\$ 465	\$ 1.08
Timing effects impacting CES ⁽²⁾ :				
Mark-to-market (gains) losses (net of taxes of \$8 and \$2) ⁽³⁾	13	0.03	(2)	(0.01)
ZENS-related mark-to-market (gains) losses:				
Marketable securities (net of taxes of \$114 and \$33) ^{(3) (4)}	(212)	(0.49)	60	0.14
Indexed debt securities (net of taxes of \$145 and \$26) ^{(3) (5)}	268	0.62	(48)	(0.11)
Utility Operations earnings on an adjusted guidance basis	\$ 380	\$ 0.88	\$ 342	\$ 0.79
Adjusted net income and adjusted diluted EPS used in providing earnings guidance:				
Utility Operations on a guidance basis	\$ 380	\$ 0.88	\$ 342	\$ 0.79
Midstream Investments excluding loss on impairment	121	0.28	133	0.31
Consolidated on a guidance basis	\$ 501	\$ 1.16	\$ 475	\$ 1.10

⁽¹⁾ CenterPoint earnings excluding Midstream Investments

⁽²⁾ Energy Services segment

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

⁽⁴⁾ As of May 18, 2016, comprised of Time Warner Inc., Charter Communications, Inc. and Time Inc. Prior to May 18, 2016, comprised of Time Warner Inc., Time Warner Cable Inc. and Time Inc. Results prior to June 23, 2015, also included AOL Inc.

⁽⁵⁾ 2016 includes amount associated with the Charter Communications, Inc. and Time Warner Cable Inc. merger
2015 includes amount associated with Verizon tender offer for AOL, Inc common stock



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CenterPointEnergy.com



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