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**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, 2021

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)

**1111 Louisiana**

(Address of Principal Executive Offices)

**Houston Texas**

**(713) 207-1111**

Registrant's telephone number, including area code

**74-0694415**

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

**77002**

(Zip Code)

Commission file number 1-3187

**CenterPoint Energy Houston Electric, LLC**

(Exact name of registrant as specified in its charter)

**Texas**

(State or other jurisdiction of incorporation or organization)

**1111 Louisiana**

(Address of Principal Executive Offices)

**Houston Texas**

**(713) 207-1111**

Registrant's telephone number, including area code

**22-3865106**

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

**77002**

(Zip Code)

Commission file number 1-13265

**CenterPoint Energy Resources Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**1111 Louisiana**

(Address of Principal Executive Offices)

**Houston Texas**

**(713) 207-1111**

Registrant's telephone number, including area code

**76-0511406**

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

**77002**

(Zip Code)

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**Securities registered pursuant to Section 12(b) of the Act:**

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
CenterPoint Energy, Inc.	Common Stock, \$0.01 par value	CNP	The New York Stock Exchange Chicago Stock Exchange, Inc.
CenterPoint Energy, Inc.	Depository Shares for 1/20 of 7.00% Series B Mandatory Convertible Preferred Stock, \$0.01 par value	CNP/PB	The New York Stock Exchange
CenterPoint Energy Houston Electric, LLC	9.15% First Mortgage Bonds due 2021	n/a	The New York Stock Exchange
CenterPoint Energy Houston Electric, LLC	6.95% General Mortgage Bonds due 2033	n/a	The New York Stock Exchange
CenterPoint Energy Resources Corp.	6.625% Senior Notes due 2037	n/a	The New York Stock Exchange

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.

CenterPoint Energy, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

CenterPoint Energy, Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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.

	<b>Large accelerated filer</b>	<b>Accelerated filer</b>	<b>Non-accelerated filer</b>	<b>Smaller reporting company</b>	<b>Emerging growth company</b>
CenterPoint Energy, Inc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CenterPoint Energy Resources Corp.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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).

CenterPoint Energy, Inc.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
CenterPoint Energy Houston Electric, LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
CenterPoint Energy Resources Corp.	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate the number of shares outstanding of each of the issuers' classes of common stock as of April 29, 2021:

CenterPoint Energy, Inc.	580,495,853	shares of common stock outstanding, excluding 166 shares held as treasury stock
CenterPoint Energy Houston Electric, LLC	1,000	common shares outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.
CenterPoint Energy Resources Corp.	1,000	shares of common stock outstanding, all held by Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy, Inc.

CenterPoint Energy Houston Electric, LLC and CenterPoint Energy Resources Corp. meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

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## GLOSSARY

<b>ACE</b>	Affordable Clean Energy
<b>AMA</b>	Asset Management Agreement
<b>AMS</b>	Advanced Metering System
<b>APSC</b>	Arkansas Public Service Commission
<b>ARAM</b>	Average rate assumption method
<b>ARO</b>	Asset retirement obligation
<b>ARP</b>	Alternative revenue program
<b>ARPA</b>	American Rescue Plan Act of 2021
<b>ASC</b>	Accounting Standards Codification
<b>Asset Purchase Agreement</b>	Asset Purchase Agreement, dated as of April 29, 2021, by and between CERC Corp. and Southern Col Midco, LLC, a Delaware limited liability company and an affiliate of Summit Utilities, Inc.
<b>ASU</b>	Accounting Standards Update
<b>AT&amp;T Common</b>	AT&T Inc. common stock
<b>Bcf</b>	Billion cubic feet
<b>Bond Companies</b>	Bond Company III, Bond Company IV and Restoration Bond Company, each a wholly-owned, bankruptcy remote entity formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of Securitization Bonds
<b>Bond Company III</b>	CenterPoint Energy Transition Bond Company III, LLC, a wholly-owned subsidiary of Houston Electric
<b>Bond Company IV</b>	CenterPoint Energy Transition Bond Company IV, LLC, a wholly-owned subsidiary of Houston Electric
<b>BTA</b>	Build Transfer Agreement
<b>Capital Dynamics</b>	Capital Dynamics, Inc.
<b>CARES Act</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CCR</b>	Coal Combustion Residuals
<b>CEIP</b>	CenterPoint Energy Intrastate Pipelines, LLC, a wholly-owned subsidiary of CERC Corp.
<b>CenterPoint Energy</b>	CenterPoint Energy, Inc., and its subsidiaries
<b>CERC</b>	CERC Corp., together with its subsidiaries
<b>CERC Corp.</b>	CenterPoint Energy Resources Corp.
<b>CES</b>	CenterPoint Energy Services, Inc. (now known as Symmetry Energy Solutions, LLC), previously a wholly-owned subsidiary of CERC Corp.
<b>Charter Common</b>	Charter Communications, Inc. common stock
<b>CIP</b>	Conservation Improvement Program
<b>CNG</b>	Compressed Natural Gas
<b>CNP Midstream</b>	CenterPoint Energy Midstream, Inc., a wholly-owned subsidiary of CenterPoint Energy
<b>CODM</b>	Chief Operating Decision Maker, who is each Registrant's Chief Operating Executive
<b>Common Stock</b>	CenterPoint Energy, Inc. common stock, par value \$0.01 per share
<b>COVID-19</b>	Novel coronavirus disease 2019 and related global outbreak that was subsequently declared a pandemic by the World Health Organization
<b>COVID-19 ERP</b>	COVID-19 Electricity Relief Program
<b>CPCN</b>	Certificate of Public Convenience and Necessity
<b>CPP</b>	Clean Power Plan
<b>CSIA</b>	Compliance and System Improvement Adjustment
<b>DCRF</b>	Distribution Cost Recovery Factor
<b>DRR</b>	Distribution Replacement Rider
<b>DSMA</b>	Demand Side Management Adjustment
<b>ECA</b>	Environmental Cost Adjustment

## GLOSSARY

<b>EDIT</b>	Excess deferred income taxes
<b>EECR</b>	Energy Efficiency Cost Recovery
<b>EECRF</b>	Energy Efficiency Cost Recovery Factor
<b>EEFC</b>	Energy Efficiency Funding Component
<b>EEFR</b>	Energy Efficiency Funding Rider
<b>ELG</b>	Effluent Limitation Guidelines
<b>Elk GP Merger Sub</b>	Elk GP Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
<b>Elk Merger Sub</b>	Elk Merger Sub LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Energy Transfer
<b>Enable</b>	Enable Midstream Partners, LP
<b>Enable GP</b>	Enable GP, LLC, Enable's general partner
<b>Enable Merger</b>	The proposed merger of Elk Merger Sub with and into Enable and the merger of Elk GP Merger Sub with and into Enable GP, in each case on the terms and subject to the conditions set forth in the Enable Merger Agreement, with Enable and Enable GP surviving as wholly-owned subsidiaries of Energy Transfer
<b>Enable Merger Agreement</b>	Agreement and Plan of Merger by and among Energy Transfer, Elk Merger Sub LLC, Elk GP Merger Sub, Enable, Enable GP and, solely for the purposes of Section 2.1(a)(i) therein, Energy Transfer GP, and solely for the purposes of Section 1.1(b)(i) therein, CenterPoint Energy
<b>Enable Series A Preferred Units</b>	Enable's 10% Series A Fixed-to-Floating Non-Cumulative Redeemable Perpetual Preferred Units, representing limited partner interests in Enable
<b>Energy Services</b>	Offered competitive variable and fixed-priced physical natural gas supplies primarily to commercial and industrial customers and electric and natural gas utilities through CES and CEIP
<b>Energy Services Disposal Group</b>	Substantially all of the businesses within CenterPoint Energy's and CERC's Energy Services reporting unit that were sold under the Equity Purchase Agreement
<b>Energy Transfer</b>	Energy Transfer LP, a Delaware limited partnership
<b>Energy Transfer GP</b>	LE GP, LLC, a Delaware limited liability company and sole general partner of Energy Transfer
<b>Energy Transfer Series G Preferred Units</b>	Energy Transfer Series G Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Units
<b>EPA</b>	Environmental Protection Agency
<b>Equity Purchase Agreement</b>	Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Symmetry Energy Solutions Acquisition, LLC (f/k/a Athena Energy Services Buyer, LLC)
<b>ERCOT</b>	Electric Reliability Council of Texas
<b>ESG</b>	Energy Systems Group, LLC, a wholly-owned subsidiary of Vectren
<b>February 2021 Winter Storm Event</b>	The extreme and unprecedented winter weather event in February 2021 (Winter Storm Uri) resulting in electricity generation supply shortages, including in Texas, and natural gas supply shortages and increased wholesale prices of natural gas in the United States, primarily due to prolonged freezing temperatures
<b>FERC</b>	Federal Energy Regulatory Commission
<b>Fitch</b>	Fitch Ratings, Inc.
<b>Form 10-Q</b>	Quarterly Report on Form 10-Q
<b>FRP</b>	Formula Rate Plan
<b>GHG</b>	Greenhouse gases
<b>GRIP</b>	Gas Reliability Infrastructure Program
<b>GSR</b>	Gas Supply Rate
<b>GWh</b>	Gigawatt-hours
<b>Houston Electric</b>	CenterPoint Energy Houston Electric, LLC and its subsidiaries
<b>IDEM</b>	Indiana Department of Environmental Management

## GLOSSARY

<b>Indiana Electric</b>	Operations of SIGECO's electric transmission and distribution services, and includes its power generating and wholesale power operations
<b>Indiana Gas</b>	Indiana Gas Company, Inc., a wholly-owned subsidiary of Vectren
<b>Indiana North</b>	Gas operations of Indiana Gas
<b>Indiana South</b>	Gas operations of SIGECO
<b>Indiana Utilities</b>	The combination of Indiana Electric, Indiana North and Indiana South
<b>Infrastructure Services</b>	Provided underground pipeline construction and repair services through VISCO and its wholly-owned subsidiaries, Miller Pipeline, LLC and Minnesota Limited, LLC
<b>Infrastructure Services Disposal Group</b>	Businesses within the Infrastructure Services reporting unit that were sold under the Securities Purchase Agreement
<b>Interim Condensed Financial Statements</b>	Unaudited condensed consolidated interim financial statements and combined notes
<b>IRP</b>	Integrated Resource Plan
<b>IRS</b>	Internal Revenue Service
<b>IURC</b>	Indiana Utility Regulatory Commission
<b>kV</b>	Kilovolt
<b>LIBOR</b>	London Interbank Offered Rate
<b>LNG</b>	Liquefied Natural Gas
<b>LPSC</b>	Louisiana Public Service Commission
<b>Merger</b>	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.
<b>Merger Agreement</b>	Agreement and Plan of Merger, dated as of April 21, 2018, among CenterPoint Energy, Vectren and Merger Sub
<b>Merger Sub</b>	Pacer Merger Sub, Inc., an Indiana corporation and wholly-owned subsidiary of CenterPoint Energy
<b>MES</b>	CenterPoint Energy Mobile Energy Solutions, Inc., a wholly-owned subsidiary of CERC Corp.
<b>MGP</b>	Manufactured gas plant
<b>MLP</b>	Master Limited Partnership
<b>Moody's</b>	Moody's Investors Service, Inc.
<b>MPSC</b>	Mississippi Public Service Commission
<b>MPUC</b>	Minnesota Public Utilities Commission
<b>MW</b>	Megawatts
<b>NERC</b>	North American Electric Reliability Corporation
<b>NGLs</b>	Natural gas liquids
<b>NOLs</b>	Net operating losses
<b>NRG</b>	NRG Energy, Inc.
<b>OCC</b>	Oklahoma Corporation Commission
<b>OGE</b>	OGE Energy Corp.
<b>PBRC</b>	Performance Based Rate Change
<b>Posey Solar</b>	Posey Solar, LLC, a special purpose entity
<b>PowerTeam Services</b>	PowerTeam Services, LLC, a Delaware limited liability company, now known as Artera Services, LLC
<b>PPA</b>	Power Purchase Agreement
<b>PRPs</b>	Potentially responsible parties
<b>PUCO</b>	Public Utilities Commission of Ohio
<b>PUCT</b>	Public Utility Commission of Texas
<b>Railroad Commission</b>	Railroad Commission of Texas
<b>RCRA</b>	Resource Conservation and Recovery Act of 1976

## GLOSSARY

<b>Registrants</b>	CenterPoint Energy, Houston Electric and CERC, collectively
<b>REP</b>	Retail electric provider
<b>Restoration Bond Company</b>	CenterPoint Energy Restoration Bond Company, LLC, a wholly-owned subsidiary of Houston Electric
<b>ROE</b>	Return on equity
<b>ROU</b>	Right of use
<b>RRA</b>	Rate Regulation Adjustment
<b>RSP</b>	Rate Stabilization Plan
<b>SEC</b>	Securities and Exchange Commission
<b>Securities Purchase Agreement</b>	Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., PowerTeam Services and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren
<b>Securitization Bonds</b>	Transition and system restoration bonds
<b>Series A Preferred Stock</b>	CenterPoint Energy's Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<b>Series B Preferred Stock</b>	CenterPoint Energy's 7.00% Series B Mandatory Convertible Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<b>Series C Preferred Stock</b>	CenterPoint Energy's Series C Mandatory Convertible Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$1,000 per share
<b>SIGECO</b>	Southern Indiana Gas and Electric Company, a wholly-owned subsidiary of Vectren
<b>S&amp;P</b>	S&P Global Ratings
<b>SRC</b>	Sales Reconciliation Component
<b>Symmetry Energy Solutions Acquisition</b>	Symmetry Energy Solutions Acquisition, LLC, a Delaware limited liability company (f/k/a Athena Energy Services Buyer, LLC) and subsidiary of Energy Capital Partners, LLC
<b>TBD</b>	To be determined
<b>TCJA</b>	Tax reform legislation informally called the Tax Cuts and Jobs Act of 2017
<b>TCOS</b>	Transmission Cost of Service
<b>TCRF</b>	Transmission Cost Recovery Factor
<b>TDSIC</b>	Transmission, Distribution and Storage System Improvement Charge
<b>TDU</b>	Transmission and distribution utility
<b>Tenaska</b>	Tenaska Wind Holdings, LLC
<b>Texas RE</b>	Texas Reliability Entity
<b>TOB</b>	Tariffed On Bill
<b>Utility Holding</b>	Utility Holding, LLC, a wholly-owned subsidiary of CenterPoint Energy
<b>Vectren</b>	Vectren Corporation, a wholly-owned subsidiary of CenterPoint Energy as of February 1, 2019
<b>VEDO</b>	Vectren Energy Delivery of Ohio, Inc., a wholly-owned subsidiary of Vectren
<b>VIE</b>	Variable interest entity
<b>VISCO</b>	Vectren Infrastructure Services Corporation, formerly a wholly-owned subsidiary of Vectren
<b>Vistra Energy Corp.</b>	Texas-based energy company focused on the competitive energy and power generation markets, whose major subsidiaries include Luminant and TXU Energy
<b>VRP</b>	Voluntary Remediation Program
<b>VUHI</b>	Vectren Utility Holdings, Inc., a wholly-owned subsidiary of Vectren

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**GLOSSARY**

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<b>ZENS</b>	2.0% Zero-Premium Exchangeable Subordinated Notes due 2029
<b>ZENS-Related Securities</b>	As of both March 31, 2021 and December 31, 2020, consisted of AT&T Common and Charter Common
<b>2020 Form 10-K</b>	Annual Report on Form 10-K for the fiscal year ended December 31, 2020 as filed with the SEC on February 25, 2021



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time the Registrants make statements concerning their 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 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.

The Registrants have based their forward-looking statements on management’s beliefs and assumptions based on information reasonably available to management at the time the statements are made. The Registrants caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, the Registrants cannot assure you that actual results will not differ materially from those expressed or implied by the Registrants’ forward-looking statements. In this Form 10-Q, unless context requires otherwise, the terms “our,” “we” and “us” are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries, including Houston Electric, CERC and Vectren.

The following are some of the factors that could cause actual results to differ from those expressed or implied by the Registrants’ forward-looking statements and apply to all Registrants unless otherwise indicated:

- the performance of Enable, the amount of cash distributions CenterPoint Energy receives from Enable, Enable’s ability to redeem the Enable Series A Preferred Units in certain circumstances and the value of CenterPoint Energy’s 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 drilling, production and capital spending decisions of third parties and 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 and its commodity risk management activities;
  - economic effects of the actions of certain crude oil-exporting countries and the Organization of Petroleum Exporting Countries, which have resulted in a substantial decrease in oil and natural gas prices, and the combined impact of these events and COVID-19 on commodity prices;
  - 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 goodwill, long-lived asset or other than temporary impairment charges by or related to Enable;
  - the timing of payments from Enable’s customers under existing contracts, including minimum volume commitment payments;
  - changes in tax status; and
- access to debt and equity capital;
- the integration of the businesses acquired in the Merger, including the integration of technology systems; the outcome of shareholder litigation filed against Vectren that could reduce the benefits of the Merger; the ability to realize additional benefits and commercial opportunities from the Merger, including the development of new opportunities and the performance of projects undertaken by ESG, which are subject to, among other factors, the level of success in bidding contracts and cancellation and/or reductions in the scope of projects by customers, and obligations related to warranties, guarantees and other contractual and legal obligations;
- the recording of impairment charges;
- industrial, commercial and residential growth in our service territories and changes in market demand, including the demand for our non-utility products and services and effects of energy efficiency measures and demographic patterns;
- timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment, including the timing and recovery of natural gas purchase costs associated with the February 2021 Winter Storm Event;
- 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, including impacts from the February 2021 Winter Storm Event;
- CenterPoint Energy’s or Enable’s business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses, including the announced sale of our Natural Gas businesses in

Arkansas and Oklahoma, which we cannot assure will be completed or will have the anticipated benefits to us, and the Enable Merger, which we cannot assure will be completed or will have the anticipated benefits to us or Enable;

- the outcome of litigation, including litigation related to the February 2021 Winter Storm Event;
- the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., to satisfy their obligations to CenterPoint Energy and Houston Electric, including the negative impact on such ability related to COVID-19 and the February 2021 Winter Storm Event;
- the COVID-19 pandemic and its effect on our and Enable's operations, business and financial condition, our industries and the communities we serve, U.S. and world financial markets and supply chains, potential regulatory actions and changes in customer and stakeholder behaviors relating thereto;
- volatility and a substantial decline in the markets for oil and natural gas as a result of the actions of certain crude-oil exporting countries and the Organization of Petroleum Exporting Countries and reduced worldwide consumption due to the COVID-19 pandemic;
- 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;
- 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, ice, earthquakes, explosions, leaks, floods, droughts, hurricanes, tornadoes, pandemic health events or other occurrences;
- tax legislation, including the effects of the CARES Act and of the TCJA (which includes but is not limited to any potential changes to tax rates, tax credits and/or interest deductibility), as well as any changes in tax laws under the Biden administration, 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;
- actions by credit rating agencies, including any potential downgrades to credit ratings;
- matters affecting regulatory approval, legislative actions, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or cancellation 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, among others, those related to global climate change, air emissions, carbon, waste water discharges and the handling and disposal of CCR that could impact the continued operation, cost recovery of generation plant costs and related assets, and CenterPoint Energy's carbon emissions reduction targets;
- the impact of unplanned facility outages or other closures;
- our ability to fund and invest planned capital and the timely recovery of our investments, including those related to Indiana Electric's generation transition plan as part of its most recent IRP;
- our ability to successfully construct and operate electric generating facilities, including complying with applicable environmental standards and the implementation of a well-balanced energy and resource mix, as appropriate;
- the sufficiency of our insurance coverage, including availability, cost, coverage and terms and ability to recover claims;
- the availability and prices of raw materials and services and changes in labor for current and future construction projects and operations and maintenance costs, including our ability to control such costs;
- the investment performance of CenterPoint Energy's pension and postretirement benefit plans;
- changes in interest rates and their impact on costs of borrowing and the valuation of CenterPoint Energy's pension benefit obligation;
- 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 and Enable's risk management and hedging activities, including, but not limited to financial and weather hedges;
- timely and appropriate regulatory actions, which include actions allowing securitization, for any future hurricanes or natural disasters or other recovery of costs;
- 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;

- changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation;
- the impact of alternate energy sources on the demand for natural gas;
- the timing and outcome of any audits, disputes and other proceedings related to taxes;
- the effective tax rates;
- political and economic developments, including energy and environmental policies under the Biden administration;
- the transition to a replacement for the LIBOR benchmark interest rate;
- the effect of changes in and application of accounting standards and pronouncements; and
- other factors discussed in [“Risk Factors” in Item 1A of Part I of the Registrants’ combined 2020 Form 10-K](#), which are incorporated herein by reference, and in other reports the Registrants 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 the Registrants undertake no obligation to update or revise any forward-looking statements. Investors should note that the Registrants announce material financial information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, the Registrants may use the Investors section of CenterPoint Energy’s website ([www.centerpointenergy.com](http://www.centerpointenergy.com)) to communicate with investors about the Registrants. It is possible that the financial and other information posted there could be deemed to be material information. The information on CenterPoint Energy’s website is not part of this combined Form 10-Q.

**PART I. FINANCIAL INFORMATION**

**Item 1. FINANCIAL STATEMENTS**

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**  
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
(in millions, except per share amounts)		
<b>Revenues:</b>		
Utility revenues	\$ 2,484	\$ 2,073
Non-utility revenues	63	94
Total	2,547	2,167
<b>Expenses:</b>		
Utility natural gas, fuel and purchased power	935	609
Non-utility cost of revenues, including natural gas	40	64
Operation and maintenance	669	674
Depreciation and amortization	307	282
Taxes other than income taxes	143	136
Goodwill impairment	—	185
Total	2,094	1,950
<b>Operating Income</b>	453	217
<b>Other Income (Expense):</b>		
Loss on marketable securities	(23)	(144)
Gain on indexed debt securities	26	135
Interest expense and other finance charges	(113)	(139)
Interest expense on Securitization Bonds	(6)	(8)
Equity in earnings (loss) of unconsolidated affiliates, net	108	(1,475)
Other income (expense), net	(8)	14
Total	(16)	(1,617)
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	437	(1,400)
Income tax expense (benefit)	74	(347)
<b>Income (Loss) from Continuing Operations</b>	363	(1,053)
Loss from Discontinued Operations (net of tax benefit of \$-0- and \$17, respectively)	—	(146)
<b>Net Income (Loss)</b>	363	(1,199)
Income allocated to preferred shareholders	29	29
<b>Income (Loss) Available to Common Shareholders</b>	\$ 334	\$ (1,228)
Basic earnings (loss) per common share - continuing operations	\$ 0.56	\$ (2.15)
Basic earnings (loss) per common share - discontinued operations	—	(0.29)
<b>Basic Earnings (Loss) Per Common Share</b>	0.56	(2.44)
Diluted earnings (loss) per common share - continuing operations	\$ 0.56	\$ (2.15)
Diluted earnings (loss) per common share - discontinued operations	—	(0.29)
<b>Diluted Earnings (Loss) Per Common Share</b>	\$ 0.56	\$ (2.44)
<b>Weighted Average Common Shares Outstanding, Basic</b>	552	502
<b>Weighted Average Common Shares Outstanding, Diluted</b>	631	502

See Combined Notes to Interim Condensed Financial Statements

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

	Three Months Ended	
	March 31,	
	2021	2020
	(in millions)	
Net Income (Loss)	\$ 363	\$ (1,199)
Other comprehensive income (loss):		
Adjustment to pension and other postretirement plans (net of tax of \$-0- and \$1)	2	1
Other comprehensive income (loss) from unconsolidated affiliates (net of tax of \$-0- and \$-0-)	1	(3)
Total	3	(2)
Comprehensive income (loss)	366	(1,201)
Income allocated to preferred shareholders	29	29
Comprehensive income (loss) available to common shareholders	\$ 337	\$ (1,230)

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

**ASSETS**

	March 31, 2021	December 31, 2020
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents (\$142 and \$139 related to VIEs, respectively)	\$ 146	\$ 147
Investment in marketable securities	848	871
Accounts receivable (\$24 and \$23 related to VIEs, respectively), less allowance for credit losses of \$65 and \$52, respectively	780	676
Accrued unbilled revenues, less allowance for credit losses of \$4 and \$5, respectively	343	505
Natural gas and coal inventory	67	203
Materials and supplies	310	297
Taxes receivable	79	82
Prepaid expenses and other current assets (\$16 and \$15 related to VIEs, respectively)	646	139
Total current assets	3,219	2,920
<b>Property, Plant and Equipment:</b>		
Property, plant and equipment	32,991	32,514
Less: accumulated depreciation and amortization	10,252	10,152
Property, plant and equipment, net	22,739	22,362
<b>Other Assets:</b>		
Goodwill	4,697	4,697
Regulatory assets (\$597 and \$633 related to VIEs, respectively)	3,795	2,094
Investment in unconsolidated affiliates	853	783
Preferred units – unconsolidated affiliate	363	363
Other non-current assets	240	252
Total other assets	9,948	8,189
<b>Total Assets</b>	<b>\$ 35,906</b>	<b>\$ 33,471</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)**  
**(Unaudited)**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	March 31, 2021	December 31, 2020
	(in millions, except share amounts)	
<b>Current Liabilities:</b>		
Short-term borrowings	\$ —	\$ 24
Current portion of VIE Securitization Bonds long-term debt	212	211
Indexed debt, net	13	15
Current portion of other long-term debt	1,563	1,669
Indexed debt securities derivative	927	953
Accounts payable	797	853
Taxes accrued	229	265
Interest accrued	119	145
Dividends accrued	—	136
Customer deposits	120	119
Non-trading derivative liabilities	2	3
Other current liabilities	344	432
<b>Total current liabilities</b>	<b>4,326</b>	<b>4,825</b>
<b>Other Liabilities:</b>		
Deferred income taxes, net	3,687	3,603
Non-trading derivative liabilities	14	27
Benefit obligations	675	680
Regulatory liabilities	3,407	3,448
Other non-current liabilities	1,033	1,019
<b>Total other liabilities</b>	<b>8,816</b>	<b>8,777</b>
<b>Long-term Debt:</b>		
VIE Securitization Bonds, net	499	536
Other long-term debt, net	13,549	10,985
<b>Total long-term debt, net</b>	<b>14,048</b>	<b>11,521</b>
<b>Commitments and Contingencies (Note 14)</b>		
<b>Shareholders' Equity:</b>		
Cumulative preferred stock, \$0.01 par value, 20,000,000 shares authorized, 2,402,400 shares outstanding, \$2,402 liquidation preference (Note 19)	2,363	2,363
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 551,865,588 shares and 551,355,861 shares outstanding, respectively	6	6
Additional paid-in capital	6,916	6,914
Accumulated deficit	(482)	(845)
Accumulated other comprehensive loss	(87)	(90)
<b>Total shareholders' equity</b>	<b>8,716</b>	<b>8,348</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 35,906</b>	<b>\$ 33,471</b>

See Combined Notes to Interim Condensed Financial Statements

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

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 363	\$ (1,199)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	307	282
Amortization of deferred financing costs	7	7
Deferred income taxes	66	(377)
Goodwill impairment and loss from reclassification to held for sale	—	214
Goodwill impairment	—	185
Unrealized loss on marketable securities	23	144
Gain on indexed debt securities	(26)	(135)
Write-down of natural gas inventory	—	3
Equity in (earnings) losses of unconsolidated affiliates	(108)	1,475
Distributions from unconsolidated affiliates	39	70
Pension contributions	(8)	(2)
Changes in other assets and liabilities, excluding acquisitions:		
Accounts receivable and unbilled revenues, net	29	236
Inventory	99	110
Taxes receivable	3	13
Accounts payable	(55)	(192)
Non-trading derivatives, net	(14)	(53)
Margin deposits, net	—	21
Interest and taxes accrued	(62)	(95)
Net regulatory assets and liabilities	(2,297)	(27)
Other current assets	—	(5)
Other current liabilities	(59)	(37)
Other non-current assets	—	19
Other non-current liabilities	17	1
Other, net	(5)	4
Net cash provided by (used in) operating activities	<u>(1,681)</u>	<u>662</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(594)	(664)
Distributions from unconsolidated affiliate in excess of cumulative earnings	—	7
Other, net	(10)	3
Net cash used in investing activities	<u>(604)</u>	<u>(654)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from (payments of) commercial paper, net	38	(828)
Proceeds from long-term debt	2,795	—
Payments of long-term debt	(388)	(63)
Borrowings from revolving credit facilities	—	1,050
Payment of debt issuance costs	(20)	—
Payment of dividends on Common Stock	(88)	(145)
Payment of dividends on Preferred Stock	(48)	(42)
Other, net	(4)	(4)
Net cash provided by (used in) financing activities	<u>2,285</u>	<u>(32)</u>
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash</b>	<u>—</u>	<u>(24)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Period</b>	<u>167</u>	<u>271</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<u>\$ 167</u>	<u>\$ 247</u>

See Combined Notes to Interim Condensed Financial Statements



**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
(Unaudited)

	Three Months Ended March 31,			
	2021		2020	
	Shares	Amount	Shares	Amount
(in millions of dollars and shares)				
<b>Cumulative Preferred Stock, \$0.01 par value; authorized 20,000,000 shares</b>				
Balance, beginning of period	3	\$ 2,363	2	\$ 1,740
Balance, end of period	3	2,363	2	1,740
<b>Common Stock, \$0.01 par value; authorized 1,000,000,000 shares</b>				
Balance, beginning of period	551	6	502	5
Issuances related to benefit and investment plans	1	—	—	—
Balance, end of period	552	6	502	5
<b>Additional Paid-in-Capital</b>				
Balance, beginning of period		6,914		6,080
Issuances related to benefit and investment plans		2		6
Balance, end of period		6,916		6,086
<b>Retained Earnings (Accumulated Deficit)</b>				
Balance, beginning of period		(845)		632
Net income (loss)		363		(1,199)
Common Stock dividends declared (see Note 19)		—		(145)
Preferred Stock dividends declared (see Note 19)		—		(42)
Adoption of ASU 2016-13		—		(7)
Balance, end of period		(482)		(761)
<b>Accumulated Other Comprehensive Loss</b>				
Balance, beginning of period		(90)		(98)
Other comprehensive income (loss)		3		(2)
Balance, end of period		(87)		(100)
<b>Total Shareholders' Equity</b>		<u>\$ 8,716</u>		<u>\$ 6,970</u>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**  
**(Unaudited)**

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
<b>Revenues</b>	\$ 684	\$ 634
<b>Expenses:</b>		
Operation and maintenance	373	359
Depreciation and amortization	141	129
Taxes other than income taxes	63	64
Total	577	552
<b>Operating Income</b>	107	82
<b>Other Income (Expense):</b>		
Interest expense and other finance charges	(45)	(41)
Interest expense on Securitization Bonds	(6)	(8)
Other income, net	5	5
Total	(46)	(44)
<b>Income Before Income Taxes</b>	61	38
Income tax expense	8	5
<b>Net Income</b>	\$ 53	\$ 33

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(in millions)</b>	
Net income	<b>\$ 53</b>	<b>\$ 33</b>
Comprehensive income	<b>\$ 53</b>	<b>\$ 33</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

**ASSETS**

	March 31, 2021	December 31, 2020
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents (\$142 and \$139 related to VIEs, respectively)	\$ 143	\$ 139
Accounts receivable (\$24 and \$23 related to VIEs, respectively), less allowance for credit losses of \$1 and \$1, respectively	263	268
Accounts and notes receivable—affiliated companies	674	7
Accrued unbilled revenues	83	113
Materials and supplies	202	195
Prepaid expenses and other current assets (\$16 and \$15 related to VIEs, respectively)	32	47
<b>Total current assets</b>	<b>1,397</b>	<b>769</b>
<b>Property, Plant and Equipment:</b>		
Property, plant and equipment	13,889	13,593
Less: accumulated depreciation and amortization	3,967	3,930
<b>Property, plant and equipment, net</b>	<b>9,922</b>	<b>9,663</b>
<b>Other Assets:</b>		
Regulatory assets (\$597 and \$633 related to VIEs, respectively)	828	848
Other non-current assets	38	36
<b>Total other assets</b>	<b>866</b>	<b>884</b>
<b>Total Assets</b>	<b>\$ 12,185</b>	<b>\$ 11,316</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)**  
**(Unaudited)**

**LIABILITIES AND MEMBER'S EQUITY**

	March 31, 2021	December 31, 2020
	(in millions)	
<b>Current Liabilities:</b>		
Current portion of VIE Securitization Bonds long-term debt	212	211
Current portion of other long-term debt	300	402
Accounts payable	333	281
Accounts and notes payable—affiliated companies	41	96
Taxes accrued	103	158
Interest accrued	53	71
Other current liabilities	115	117
Total current liabilities	1,157	1,336
<b>Other Liabilities:</b>		
Deferred income taxes, net	1,051	1,041
Benefit obligations	75	75
Regulatory liabilities	1,187	1,252
Other non-current liabilities	95	95
Total other liabilities	2,408	2,463
<b>Long-term Debt:</b>		
VIE Securitization Bonds, net	499	536
Other long-term debt, net	4,957	3,870
Total long-term debt, net	5,456	4,406
<b>Commitments and Contingencies (Note 14)</b>		
<b>Member's Equity:</b>		
Common stock	—	—
Additional paid-in capital	2,548	2,548
Retained earnings	616	563
Total member's equity	3,164	3,111
<b>Total Liabilities and Member's Equity</b>	<b>\$ 12,185</b>	<b>\$ 11,316</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS**  
**(Unaudited)**

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 53	\$ 33
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141	129
Amortization of deferred financing costs	3	3
Deferred income taxes	(5)	(1)
Changes in other assets and liabilities:		
Accounts and notes receivable, net	21	19
Accounts receivable/payable—affiliated companies	(49)	(3)
Inventory	(7)	(10)
Accounts payable	14	(2)
Interest and taxes accrued	(73)	(80)
Net regulatory assets and liabilities	(63)	(11)
Other current assets	16	13
Other current liabilities	(2)	8
Other assets	3	—
Other liabilities	—	8
Other, net	(5)	(3)
Net cash provided by operating activities	<u>47</u>	<u>103</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(314)	(286)
Decrease (increase) in notes receivable—affiliated companies	(665)	481
Other, net	(3)	(3)
Net cash provided by (used in) investing activities	<u>(982)</u>	<u>192</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt	1,096	—
Payments of long-term debt	(138)	(63)
Increase (decrease) in notes payable—affiliated companies	(8)	133
Dividend to parent	—	(385)
Payment of debt issuance costs	(10)	—
Net cash provided by (used in) financing activities	<u>940</u>	<u>(315)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<u>5</u>	<u>(20)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Period</b>	<u>154</u>	<u>235</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<u>\$ 159</u>	<u>\$ 215</u>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
**(Unaudited)**

	Three Months Ended March 31,			
	2021		2020	
	Shares	Amount	Shares	Amount
	(in millions, except share amounts)			
<b>Common Stock</b>				
Balance, beginning of period	1,000	\$ —	1,000	\$ —
Balance, end of period	1,000	—	1,000	—
<b>Additional Paid-in-Capital</b>				
Balance, beginning of period		2,548		2,486
Balance, end of period		2,548		2,486
<b>Retained Earnings</b>				
Balance, beginning of period		563		780
Net income		53		33
Dividend to parent		—		(385)
Balance, end of period		616		428
<b>Accumulated Other Comprehensive Loss</b>				
Balance, beginning of period		—		(15)
Balance, end of period		—		(15)
<b>Total Member's Equity</b>		<u>\$ 3,164</u>		<u>\$ 2,899</u>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**  
**(Unaudited)**

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
<b>Revenues:</b>		
Utility revenues	\$ 1,168	\$ 996
Non-utility revenues	9	15
Total	1,177	1,011
<b>Expenses:</b>		
Utility natural gas	623	472
Non-utility cost of revenues, including natural gas	2	6
Operation and maintenance	198	209
Depreciation and amortization	80	74
Taxes other than income taxes	56	50
Total	959	811
<b>Operating Income</b>	<b>218</b>	<b>200</b>
<b>Other Expense:</b>		
Interest expense and other finance charges	(24)	(30)
Other expense, net	(1)	(4)
Total	(25)	(34)
<b>Income From Continuing Operations Before Income Taxes</b>	<b>193</b>	<b>166</b>
Income tax expense	42	35
<b>Income From Continuing Operations</b>	<b>151</b>	<b>131</b>
Loss from Discontinued Operations (net of tax benefit of \$-0- and \$11, respectively)	—	(64)
<b>Net Income</b>	<b>\$ 151</b>	<b>\$ 67</b>

See Combined Notes to Interim Condensed Financial Statements



**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME**  
**(Unaudited)**

	Three Months Ended	
	March 31,	
	2021	2020
	(in millions)	
Net income (loss)	\$ 151	\$ 67
Comprehensive income (loss)	\$ 151	\$ 67

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

**ASSETS**

	March 31, 2021	December 31, 2020
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1	\$ 1
Accounts receivable, less allowance for credit losses of \$56 and \$45, respectively	349	233
Accrued unbilled revenues, less allowance for credit losses of \$3 and \$4, respectively	167	260
Accounts and notes receivable—affiliated companies	11	8
Materials and supplies	64	58
Natural gas inventory	27	121
Prepaid expenses and other current assets	381	26
Total current assets	1,000	707
<b>Property, Plant and Equipment:</b>		
Property, plant and equipment	9,070	8,972
Less: accumulated depreciation and amortization	2,466	2,414
Property, plant and equipment, net	6,604	6,558
<b>Other Assets:</b>		
Goodwill	757	757
Regulatory assets	1,947	220
Other non-current assets	48	66
Total other assets	2,752	1,043
<b>Total Assets</b>	<b>\$ 10,356</b>	<b>\$ 8,308</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS – (continued)**  
**(Unaudited)**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

	March 31, 2021	December 31, 2020
	(in millions)	
<b>Current Liabilities:</b>		
Short-term borrowings	\$ —	\$ 24
Accounts payable	273	296
Accounts and notes payable—affiliated companies	48	50
Taxes accrued	90	74
Interest accrued	30	28
Customer deposits	76	76
Other current liabilities	137	178
Total current liabilities	<u>654</u>	<u>726</u>
<b>Other Liabilities:</b>		
Deferred income taxes, net	632	584
Benefit obligations	83	83
Regulatory liabilities	1,242	1,226
Other non-current liabilities	678	694
Total other liabilities	<u>2,635</u>	<u>2,587</u>
<b>Long-Term Debt</b>	<u>4,349</u>	<u>2,428</u>
<b>Commitments and Contingencies (Note 14)</b>		
<b>Stockholder's Equity:</b>		
Common stock	—	—
Additional paid-in capital	2,046	2,046
Retained earnings	662	511
Accumulated other comprehensive income	10	10
Total stockholder's equity	<u>2,718</u>	<u>2,567</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 10,356</u>	<u>\$ 8,308</u>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS**  
**(Unaudited)**

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 151	\$ 67
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80	74
Amortization of deferred financing costs	1	3
Deferred income taxes	41	23
Goodwill impairment and loss from reclassification to held for sale	—	132
Write-down of natural gas inventory	—	3
Changes in other assets and liabilities:		
Accounts receivable and unbilled revenues, net	(41)	169
Accounts receivable/payable—affiliated companies	(5)	—
Inventory	64	114
Accounts payable	(10)	(159)
Interest and taxes accrued	18	(11)
Non-trading derivatives, net	—	(54)
Margin deposits, net	—	21
Net regulatory assets and liabilities	(2,065)	10
Other current assets	2	(1)
Other current liabilities	(13)	(13)
Other assets	(2)	18
Other liabilities	(8)	(15)
Net cash provided by (used in) operating activities	<u>(1,787)</u>	<u>381</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(133)	(176)
Other, net	2	(1)
Net cash used in investing activities	<u>(131)</u>	<u>(177)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from (payments of) commercial paper, net	226	(172)
Proceeds from long-term debt	1,699	—
Dividends to parent	—	(32)
Debt issuance costs	(6)	—
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	<u>1,918</u>	<u>(205)</u>
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash</b>	<u>—</u>	<u>(1)</u>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Period</b>	<u>1</u>	<u>2</u>
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<u>\$ 1</u>	<u>\$ 1</u>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**  
**(AN INDIRECT, WHOLLY-OWNED SUBSIDIARY OF CENTERPOINT ENERGY, INC.)**  
**CONDENSED STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY**  
**(Unaudited)**

	Three Months Ended March 31,			
	2021		2020	
	Shares	Amount	Shares	Amount
	(in millions, except share amounts)			
<b>Common Stock</b>				
Balance, beginning of period	1,000	\$ —	1,000	\$ —
Balance, end of period	1,000	—	1,000	—
<b>Additional Paid-in-Capital</b>				
Balance, beginning of period		2,046		2,116
Balance, end of period		2,046		2,116
<b>Retained Earnings</b>				
Balance, beginning of period		511		515
Net income (loss)		151		67
Dividend to parent		—		(32)
Adoption of ASU 2016-13		—		(5)
Balance, end of period		662		545
<b>Accumulated Other Comprehensive Income</b>				
Balance, beginning of period		10		10
Balance, end of period		10		10
<b>Total Stockholder's Equity</b>		<b>\$ 2,718</b>		<b>\$ 2,671</b>

See Combined Notes to Interim Condensed Financial Statements

**CENTERPOINT ENERGY, INC. AND SUBSIDIARIES**  
**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC AND SUBSIDIARIES**  
**CENTERPOINT ENERGY RESOURCES CORP. AND SUBSIDIARIES**

**COMBINED NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**(1) Background and Basis of Presentation**

*General.* This combined Form 10-Q is filed separately by three registrants: CenterPoint Energy, Inc., CenterPoint Energy Houston Electric, LLC and CenterPoint Energy Resources Corp. Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other Registrants or the subsidiaries of CenterPoint Energy other than itself or its subsidiaries.

Except as discussed in the last paragraph in Note 12 to the Registrants' Interim Condensed Financial Statements, no registrant has an obligation in respect of any other Registrant's debt securities, and holders of such debt securities should not consider the financial resources or results of operations of any Registrant other than the obligor in making a decision with respect to such securities.

Included in this combined Form 10-Q are the Interim Condensed Financial Statements of CenterPoint Energy, Houston Electric and CERC, which are referred to collectively as the Registrants. The Interim Condensed Financial Statements are unaudited, omit certain financial statement disclosures and should be read with the Registrants' financial statements included in the Registrants' combined 2020 Form 10-K. The Combined Notes to Interim Condensed Financial Statements apply to all Registrants and specific references to Houston Electric and CERC herein also pertain to CenterPoint Energy, unless otherwise indicated.

*Background.* CenterPoint Energy, Inc. is a public utility holding company and owns interests in Enable, a publicly traded MLP, as described below. As of March 31, 2021, CenterPoint Energy's operating subsidiaries reported as continuing operations were as follows:

- Houston Electric provides electric transmission service to transmission service customers in the ERCOT region and distribution service to REPs serving the Texas Gulf Coast area that includes the city of Houston.
- CERC (i) owns and operates natural gas distribution systems in six states; (ii) owns and operates permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP; and (iii) provides temporary delivery of LNG and CNG throughout the contiguous 48 states through MES.
- Vectren holds three public utilities through its wholly-owned subsidiary, VUHI, a public utility holding company:
  - Indiana Gas provides energy delivery services to natural gas customers located in central and southern Indiana;
  - SIGECO provides energy delivery services to electric and natural gas customers located in and near Evansville in southwestern Indiana and owns and operates electric generation assets to serve its electric customers and optimizes those assets in the wholesale power market; and
  - VEDO provides energy delivery services to natural gas customers located in and near Dayton in west-central Ohio.
- Vectren performs non-utility activities through ESG, which provides energy performance contracting and sustainable infrastructure services, such as renewables, distributed generation and combined heat and power projects.

As of March 31, 2021, CenterPoint Energy's reportable segments were Electric, Natural Gas and Midstream Investments. Houston Electric and CERC each consist of a single reportable segment. For a description of CenterPoint Energy's reportable segments, see Note 16.

As of March 31, 2021, CNP Midstream owned approximately 53.7% of the common units representing limited partner interests in Enable, which owns, operates and develops natural gas and crude oil infrastructure assets; CNP Midstream also owned 50% of the management rights and 40% of the incentive distribution rights in Enable GP. On February 16, 2021, Enable entered into the Enable Merger Agreement. At the closing of the transactions contemplated by the Enable Merger Agreement, if

and when it occurs, Energy Transfer will acquire all of Enable's outstanding equity interests, including all Enable common units and Enable Series A Preferred Units held by CenterPoint Energy, and in return CenterPoint Energy will receive Energy Transfer common units and Energy Transfer Series G Preferred Units. For additional information regarding CenterPoint Energy's interest in Enable, including the 14,520,000 Enable Series A Preferred Units directly owned by CenterPoint Energy, and the Enable Merger, see Note 9.

As of March 31, 2021, CenterPoint Energy and Houston Electric had VIEs consisting of the Bond Companies, which are consolidated. The consolidated VIEs are wholly-owned, bankruptcy-remote, special purpose entities that were formed solely for the purpose of securitizing transition and system restoration-related property. Creditors of CenterPoint Energy and Houston Electric 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 or Houston Electric.

*Basis of Presentation.* The preparation of the Registrants' 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.

The 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 the 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. Certain prior year amounts have been reclassified to conform to the current year reportable segment presentation described in the 2020 Form 10-K.

## **(2) New Accounting Pronouncements**

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

## **(3) Divestitures (CenterPoint Energy and CERC)**

CenterPoint Energy completed the sale of the Infrastructure Services Disposal Group on April 9, 2020 for \$850 million and collected a receivable of \$4 million from PowerTeam Services in January 2021 for full and final settlement of the working capital adjustment in the Securities Purchase Agreement. CenterPoint Energy, through its subsidiary CERC Corp., completed the sale of the Energy Services Disposal Group on June 1, 2020 for \$286 million in cash and collected a receivable for \$79 million in October 2020 for full and final settlement of the working capital adjustment. The earnings and expenses directly associated with these dispositions for the three months ended March 31, 2020 are reflected as discontinued operations on CenterPoint Energy's and CERC's Condensed Statements of Consolidated Income, as applicable.

A summary of the Infrastructure Services and Energy Services Disposal Groups presented in CenterPoint Energy's and CERC's Condensed Statements of Consolidated Income, as applicable, is as follows:

	Three Months Ended March 31, 2020			
	CenterPoint Energy			CERC
	Infrastructure Services Disposal Group	Energy Services Disposal Group	Total	Energy Services Disposal Group
	(in millions)			
Revenues	\$ 222	\$ 886	\$ 1,108	\$ 886
Expenses:				
Non-utility cost of revenues	44	808	852	808
Operation and maintenance	163	20	183	20
Taxes other than income taxes	1	1	2	1
Total expenses	208	829	1,037	829
Income (loss) from Discontinued Operations before income taxes	14	57	71	57
Loss on classification to held for sale, net <sup>(1)</sup>	(96)	(138)	(234)	(132)
Income tax benefit	(5)	(12)	(17)	(11)
Net loss from Discontinued Operations	\$ (77)	\$ (69)	\$ (146)	\$ (64)

(1) Loss from classification to held for sale is inclusive of goodwill impairment, gains and losses recognized upon sale, and for CenterPoint Energy, its costs to sell.

CenterPoint Energy and CERC have elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. Unregulated long-lived assets are not depreciated or amortized once they are classified as held for sale. The following table summarizes CenterPoint Energy's and CERC's cash flows from discontinued operations and certain supplemental cash flow disclosures related to the Infrastructure Services and Energy Services Disposal Groups, as applicable:

	Three Months Ended March 31, 2020			
	CenterPoint Energy			CERC
	Infrastructure Services Disposal Group	Energy Services Disposal Group	Total	Energy Services Disposal Group
	(in millions)			
Write-down of natural gas inventory	\$ —	\$ 3	\$ 3	\$ 3
Capital expenditures	16	1	1	1
<b>Non-cash transactions:</b>				
Accounts payable related to capital expenditures	2	4	4	4

*Other Sale Related Matters (CenterPoint Energy and CERC).* CES provided natural gas supply to CenterPoint Energy's and CERC's Natural Gas under contracts executed in a competitive bidding process, with the duration of some contracts extending into 2021. In addition, CERC is the natural gas transportation provider for a portion of CES's customer base and will continue to be the transportation provider for these customers as long as these customers retain a relationship with the divested CES business.

Transactions between CES and CenterPoint Energy's and CERC's Natural Gas that were previously eliminated in consolidation have been reflected in continuing operations until June 1, 2020, which was the date of closing of the sale of the Energy Services Disposal Group. Revenues and expenses included in continuing operations were as follows:

	Three Months Ended March 31, 2020			
	CenterPoint Energy			CERC
	(in millions)			
Transportation revenue	\$	16	\$	16
Natural gas expense		45		44

Natural Gas had AMAs associated with their utility distribution service in Arkansas, Louisiana and Oklahoma with the



Energy Services Disposal Group which expired in March 2021. The expired AMAs were replaced with new third-party AMAs beginning in April 2021. CenterPoint Energy and CERC had outstanding obligations related to the AMAs of \$-0- and \$24 million as of March 31, 2021 and December 31, 2020, respectively.

The Infrastructure Services Disposal Group provided pipeline construction and repair services to CenterPoint Energy's and CERC's Natural Gas. In accordance with consolidation guidance in ASC 980—Regulated Operations, costs incurred by Natural Gas utilities for these pipeline construction and repair services are not eliminated in consolidation when capitalized and included in rate base by the Natural Gas utility. Amounts charged for these services that are not capitalized are included primarily in Operation and maintenance expenses. Fees incurred by CenterPoint Energy's and CERC's Natural Gas for pipeline construction and repair services are as follows:

	Three Months Ended March 31, 2020	
	CenterPoint Energy	CERC
	(in millions)	
Pipeline construction and repair services capitalized	\$ 34	\$ —
Pipeline construction and repair service charges in operations and maintenance expense	1	1

In the Securities Purchase Agreement, CenterPoint Energy agreed to a mechanism to reimburse PowerTeam Services subsequent to closing of the sale for certain amounts of specifically identified change orders that may be ultimately rejected by one of VISCO's customers as part of on-going audits. CenterPoint Energy's maximum contractual exposure under the Securities Purchase Agreement, in addition to the amount reflected in the working capital adjustment, for these change orders is \$21 million. CenterPoint Energy does not expect the ultimate outcome of this matter to have a material adverse effect on its financial condition, results of operations or cash flows. CenterPoint Energy anticipates this matter will be resolved in 2021.

#### (4) Revenue Recognition and Allowance for Credit Losses

##### Revenues from Contracts with Customers

In accordance with ASC 606, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Registrants expect to be entitled to receive in exchange for these goods or services. The revenues and related balances in the following tables exclude operating revenues and balances from the Energy Services Disposal Group and the Infrastructure Services Disposal Group, which are reflected as discontinued operations prior to the date of closing of each transaction. See Note 3 for further information. Certain prior year amounts have been reclassified to conform to the current year reportable segment presentation described in the Registrants' combined 2020 Form 10-K.

ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize 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.

The following tables disaggregate revenues by reportable segment and major source:

##### CenterPoint Energy

	Three Months Ended March 31, 2021			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	\$ 833	\$ 1,655	\$ 53	\$ 2,541
Other (1)	(3)	8	1	6
Total revenues	\$ 830	\$ 1,663	\$ 54	\$ 2,547

  

	Three Months Ended March 31, 2020			
	Electric	Natural Gas	Corporate and Other	Total
	(in millions)			
Revenue from contracts	\$ 767	\$ 1,296	\$ 78	\$ 2,141
Other (1)	—	25	1	26
Total revenues	\$ 767	\$ 1,321	\$ 79	\$ 2,167

- (1) Primarily consists of income from ARPs, weather hedge gains (losses) and leases. Total lease income was \$2 million and \$1 million for the three months ended March 31, 2021 and 2020, respectively.

### Houston Electric

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Revenue from contracts	\$ 687	\$ 638
Other (1)	(3)	(4)
Total revenues	\$ 684	\$ 634

- (1) Primarily consists of income from ARPs and leases. Lease income was not significant for the three months ended March 31, 2021 and 2020.

### CERC

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Revenue from contracts	\$ 1,172	\$ 984
Other (1)	5	27
Total revenues	\$ 1,177	\$ 1,011

- (1) Primarily consists of income from ARPs, weather hedge gains (losses) and leases. Lease income was not significant for the three months ended March 31, 2021 and 2020.

### Revenues from Contracts with Customers

**Electric (CenterPoint Energy and Houston Electric).** Houston Electric distributes electricity to customers over time and customers consume the electricity when delivered. Indiana Electric generates, distributes and transmits electricity to customers over time, and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by state regulators, such as the PUCT and the IURC, 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 provided by Houston Electric 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 regulator. Payments are received on a monthly basis. Indiana Electric customers are billed monthly and payment terms, set by the regulator, require payment within a month of billing.

**Natural Gas (CenterPoint Energy and CERC).** CenterPoint Energy and CERC distribute and transport 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.

**Contract Balances.** When the timing of delivery of service is different from the timing of the payments made by customers and when the right to consideration is conditioned on something other than the passage of time, the Registrants recognize either a contract asset (performance precedes billing) or a contract liability (customer payment precedes performance). Those customers that prepay are represented by contract liabilities until the performance obligations are satisfied. The Registrants' contract assets are included in Accrued unbilled revenues in their Condensed Consolidated Balance Sheets. As of March 31, 2021, CenterPoint Energy's contract assets primarily relate to ESG contracts where revenue is recognized using the input method. The Registrants' contract liabilities are included in Accounts payable and Other current liabilities in their Condensed Consolidated Balance Sheets. As of March 31, 2021, CenterPoint Energy's contract liabilities primarily relate to ESG contracts where revenue is recognized using the input method.

The opening and closing balances of accounts receivable related to ASC 606 revenues, other accrued unbilled revenue, contract assets and contract liabilities from contracts with customers from continuing operations as of December 31, 2020 and March 31, 2021, respectively, are as follows:

### CenterPoint Energy

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Assets	Contract Liabilities
	(in millions)			
Opening balance as of December 31, 2020	\$ 604	\$ 505	\$ 27	\$ 18
Closing balance as of March 31, 2021	675	343	23	23
Increase (decrease)	<u>\$ 71</u>	<u>\$ (162)</u>	<u>\$ (4)</u>	<u>\$ 5</u>

The amount of revenue recognized in the three-month period ended March 31, 2021 that was included in the opening contract liability was \$11 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between CenterPoint Energy's performance and the customer's payment.

### Houston Electric

	Accounts Receivable	Other Accrued Unbilled Revenues	Contract Liabilities
	(in millions)		
Opening balance as of December 31, 2020	\$ 225	\$ 113	\$ 3
Closing balance as of March 31, 2021	216	83	8
Increase (decrease)	<u>\$ (9)</u>	<u>\$ (30)</u>	<u>\$ 5</u>

The amount of revenue recognized in the three-month period ended March 31, 2021 that was included in the opening contract liability was \$1 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between Houston Electric's performance and the customer's payment.

### CERC

	Accounts Receivable	Other Accrued Unbilled Revenues
	(in millions)	
Opening balance as of December 31, 2020	\$ 214	\$ 261
Closing balance as of March 31, 2021	299	168
Increase (decrease)	<u>\$ 85</u>	<u>\$ (93)</u>

CERC does not have any opening or closing contract asset or contract liability balances.

**Remaining Performance Obligations (CenterPoint Energy).** The table below discloses (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for contracts and (2) when CenterPoint Energy expects to recognize this revenue. Such contracts include energy performance and sustainable infrastructure services contracts of ESG, which are included in Corporate and Other.

	Rolling 12 Months	Thereafter	Total
	(in millions)		
Revenue expected to be recognized on contracts in place as of March 31, 2021:			
Corporate and Other	\$ 259	\$ 554	\$ 813
	<u>\$ 259</u>	<u>\$ 554</u>	<u>\$ 813</u>

**Practical Expedients and Exemption.** Sales taxes and other similar taxes collected from customers are excluded from the transaction price. For contracts for which revenue from the satisfaction of the performance obligations is recognized in the amount invoiced, the practical expedient was elected and revenue expected to be recognized on these contracts has not been disclosed.

## Allowance for Credit Losses

CenterPoint Energy and CERC segregate financial assets that fall under the scope of Topic 326, primarily trade receivables due in one year or less, into portfolio segments based on shared risk characteristics, such as geographical location and regulatory environment, for evaluation of expected credit losses. Historical and current information, such as average write-offs, are applied to each portfolio segment to estimate the allowance for losses on uncollectible receivables. Additionally, the allowance for losses on uncollectible receivables is adjusted for reasonable and supportable forecasts of future economic conditions, which can include changing weather, commodity prices, regulations, and macroeconomic factors, among others. Houston Electric recognizes losses on financial assets that fall under the scope of Topic 326. Losses on financial assets are primarily recoverable through regulatory mechanisms and do not materially impact Houston Electric's allowance for credit losses. For a discussion of regulatory deferrals related to COVID-19 and the February 2021 Winter Storm Event, see Note 6.

## (5) Employee Benefit Plans

The Registrants' 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 postretirement benefits:

### Pension Benefits (CenterPoint Energy)

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Service cost (1)	\$ 10	\$ 10
Interest cost (2)	15	19
Expected return on plan assets (2)	(26)	(28)
Amortization of net loss (2)	9	10
Net periodic cost	\$ 8	\$ 11

- (1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Condensed Statements of Consolidated Income, net of amounts capitalized and regulatory deferrals.
- (2) Amounts presented in the table above are included in Other income (expense), net in CenterPoint Energy's Condensed Statements of Consolidated Income, net of regulatory deferrals.

### Postretirement Benefits

	Three Months Ended March 31,					
	2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Service cost (1)	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost (2)	2	1	1	3	1	1
Expected return on plan assets (2)	(1)	(1)	—	(1)	(1)	—
Amortization of prior service cost (credit) (2)	(1)	(1)	—	(1)	(1)	—
Net periodic cost (income)	\$ 1	\$ (1)	\$ 1	\$ 1	\$ (1)	\$ 1

- (1) Amounts presented in the tables above are included in Operation and maintenance expense in each of the Registrants' respective Condensed Statements of Consolidated Income, net of amounts capitalized and regulatory deferrals.
- (2) Amounts presented in the tables above are included in Other income (expense), net in each of the Registrants' respective Condensed Statements of Consolidated Income, net of regulatory deferrals.

The table below reflects the expected contributions to be made to the pension and postretirement benefit plans during 2021:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Expected minimum contribution to pension plans during 2021	\$ 61	\$ —	\$ —
Expected contribution to postretirement benefit plans in 2021	9	1	3

On March 11, 2021, the ARPA was signed into law which includes pension plan funding relief for the sponsoring employers. As a result, the expected minimum contribution to pension plans for 2021 as disclosed is likely to be significantly reduced. However, at this time, CenterPoint Energy is not able to quantify the reduction amount until further IRS guidance related to the pension funding relief under the ARPA becomes available.

The table below reflects the contributions made to the pension and postretirement benefit plans during 2021:

	Three Months Ended March 31, 2021		
	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Pension plans	\$ 8	\$ —	\$ —
Postretirement benefit plans	3	—	1

## (6) Regulatory Matters

### Equity Return

The Registrants are at times allowed by a regulator to defer an equity return as part of the recoverable carrying costs of a regulatory asset. A deferred equity return is capitalized for rate-making purposes, but it is not included in the Registrant's regulatory assets on its Condensed Consolidated Balance Sheets. The allowed equity return is recognized in the Condensed Statements of Consolidated Income as it is recovered in rates. The recoverable allowed equity return not yet recognized by the Registrants is as follows:

	March 31, 2021			December 31, 2020		
	CenterPoint Energy (1)	Houston Electric (2)	CERC (3)	CenterPoint Energy (1)	Houston Electric (2)	CERC (3)
	(in millions)					
Allowed equity return not recognized	\$ 224	\$ 130	\$ 13	\$ 229	\$ 137	\$ 13

- (1) In addition to the amounts described in (2) and (3) below, CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with federally mandated investments in Indiana.
- (2) Houston Electric's allowed equity return on its true-up balance of stranded costs, other changes and related interest resulting from the formerly integrated electric utilities prior to Texas deregulation and certain storm restoration balances expected to be recovered in rates through 2024. The unrecognized equity return will be recognized as it is recovered in rates through 2024. The actual amounts recognized are adjusted at least annually to correct any over-collections or under-collections during the preceding 12 months.
- (3) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas.

The table below reflects the amount of allowed equity return recognized by each Registrant in its Condensed Statements of Consolidated Income:

	Three Months Ended March 31,					
	2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Allowed equity return recognized	\$ 8	\$ 7	\$ —	\$ 7	\$ 6	\$ —

### **February 2021 Winter Storm Event**

In February 2021, certain of our jurisdictions experienced an extreme and unprecedented winter weather event that resulted in prolonged freezing temperatures, which impacted our businesses. In Texas, the February 2021 Winter Storm Event caused an electricity generation shortage that was severely disruptive to Houston Electric's service territory and the wholesale generation market. While demand for electricity reached extraordinary levels due to the extreme cold, the supply of electricity significantly decreased in part because of the inability of certain power generation facilities to supply electric power to the grid. Houston Electric does not own or operate any electric generation facilities. It transmits and distributes to customers of REPs electric power that the REPs obtain from power generation facilities owned by third parties. ERCOT serves as the independent system operator and regional reliability coordinator for member electric power systems in most of Texas. To comply with ERCOT's orders, Houston Electric implemented controlled outages across its service territory, resulting in a substantial number of businesses and residents being without power, many for extended periods of time, in compliance with ERCOT's directives as an emergency procedure to avoid prolonged large-scale state-wide blackouts and long-term damage to the electric system in Texas. In anticipation of this weather event, Houston Electric implemented its emergency operations plan's processes and procedures necessary to respond to such events, including establishing an incident command center and calling for mutual assistance from other utilities where needed, among other measures. Throughout the February 2021 Winter Storm Event, Houston Electric remained in contact with its regulators and stakeholders, including federal, state and local officials, as well as the PUCT and ERCOT.

The February 2021 Winter Storm Event also impacted wholesale prices of CenterPoint Energy and CERC's natural gas and their ability to service customers in their Natural Gas service territories, including due to the reduction in available natural gas capacity and impacts to CenterPoint Energy's and CERC's natural gas supply portfolio activities, and the effects of weather on their systems and their ability to transport natural gas, among other things. The overall natural gas market, including the markets from which CenterPoint Energy and CERC sourced a significant portion of their natural gas for their operations, experienced significant impacts caused by the February 2021 Winter Storm Event, resulting in extraordinary increases in the price of natural gas purchased by CenterPoint Energy and CERC. On February 13, 2021, the Railroad Commission authorized each Texas natural gas distribution utility to record in a regulatory asset the extraordinary expenses associated with the February 2021 Winter Storm Event, including, but not limited to, natural gas cost and other costs related to the procurement and transportation of natural gas supply, subject to recovery in future regulatory proceedings. In addition, CenterPoint Energy's and CERC's Natural Gas utilities in jurisdictions outside of Texas deferred natural gas cost under existing recovery mechanisms and have either sought or intend to seek recovery of the increased cost of natural gas, which will be subject to customary regulatory prudence reviews that may impact the amounts recovered. Amounts for the under recovery of natural gas costs are reflected in regulatory assets and are probable of recovery; however, the timing of recovery for each jurisdiction for the estimated incremental gas cost attributable to the February 2021 Winter Storm Event within each regulatory asset is uncertain. As of March 31, 2021, CenterPoint Energy and CERC have recorded current regulatory assets of \$462 million and \$347 million, respectively, and non-current regulatory assets of \$1.7 billion and \$1.7 billion, respectively, associated with the February 2021 Winter Storm Event. Due to the uncertainty of timing and method of recovery, CenterPoint Energy and CERC may not earn a return on all amounts deferred in the non-current regulatory asset associated with the February 2021 Winter Storm Event.

On February 21, 2021, in response to the 2021 February Winter Storm Event, the PUCT issued an order prohibiting REPs from sending a request to TDUs to disconnect such REPs' customers for non-payment, effective February 21, 2021. As a result of this order, in the event a request for disconnect is received from a REP, Houston Electric will not execute any such disconnect request until the PUCT issues orders for disconnects to resume. As of March 31, 2021, as authorized by the PUCT, CenterPoint Energy and Houston Electric established a regulatory asset of \$14 million for bad debt expenses resulting from REPs' default on their obligation to pay delivery charges to Houston Electric net of collateral. Additionally, CenterPoint Energy and Houston Electric recorded a regulatory asset of \$14 million to defer operations and maintenance costs associated with the February 2021 Winter Storm Event.

See Notes 12 and 14(d) for further information regarding debt financing transactions and litigation related to the February 2021 Winter Storm Event, respectively.

### **COVID-19 Regulatory Matters**

Governors, public utility commissions and other authorities in the states in which the Registrants operate issued a number of different orders related to the COVID-19 pandemic, including orders addressing customer non-payment and disconnection. Although the disconnect moratoriums have expired in certain of the Registrants' service territories, CenterPoint Energy continues to support those customers who may need payment assistance, arrangements or extensions.

The COVID-19 ERP allows program expenses to be recovered in rates. CenterPoint Energy's and Houston Electric's COVID-19 ERP regulatory assets were \$-0- as of March 31, 2021 and \$6 million as of December 31, 2020.

Commissions in all of Indiana Electric's and CenterPoint Energy's and CERC's Natural Gas service territories have either (1) issued orders to record a regulatory asset for incremental bad debt expenses related to COVID-19, including costs associated with the suspension of disconnections and payment plans or (2) provided authority to recover bad debt expense through an existing tracking mechanism. CenterPoint Energy and CERC have recorded estimated incremental uncollectible receivables to the associated regulatory asset of \$29 million and \$27 million, respectively, as of March 31, 2021 and \$22 million and \$19 million, respectively, as of December 31, 2020.

In some of the states in which the Registrants operate, public utility commissions have authorized utilities to employ deferred accounting authority for certain COVID-19 related costs which ensure the safety and health of customers, employees, and contractors, that would not have been incurred in the normal course of business. CERC's Natural Gas service territories in Minnesota and Arkansas will include any offsetting savings in the deferral. Other jurisdictions where the Registrants operate may require them to offset the deferral with savings as well. The Arkansas FRP, filed on April 5, 2021, included a request for (1) the regulatory asset as of September 30, 2020 in working capital for the 2021 historical year using a thirteen-month average of the asset balance; (2) the regulatory asset as of September 30, 2020 in working capital for the 2021 projected year using a thirteen-month average of the asset balance; and (3) the amortization of the balance over the 2021 projected year twelve-month period beginning October 1, 2021.

## (7) Derivative Instruments

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business. The Registrants utilize derivative instruments such as swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on operating results and cash flows.

### (a) Non-Trading Activities

*Commodity Derivative Instruments (CenterPoint Energy).* CenterPoint Energy, through the Indiana Utilities, enters into certain derivative instruments to mitigate the effects of commodity price movements. Outstanding derivative instruments designated as economic hedges at the Indiana Utilities hedge long-term variable rate natural gas purchases. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging natural gas purchases, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset.

*Interest Rate Risk Derivative Instruments.* From time to time, the Registrants may enter into interest rate derivatives that are designated as cash flow hedges or accounted for as economic hedges. The objective of these hedges is to offset risk associated with interest rates borne by the Registrants in connection with an anticipated future fixed rate debt offering or other exposure to variable rate debt. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging financing activity, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset.

The table below summarizes the Registrants' outstanding interest rate hedging activity:

Hedging Classification	March 31, 2021	December 31, 2020
	Notional Principal (in millions)	
Economic hedge (1)	\$ 84	\$ 84

(1) Relates to interest rate derivative instruments at SIGECO.

*Weather Hedges (CenterPoint Energy and CERC).* CenterPoint Energy and CERC have weather normalization or other rate mechanisms that largely mitigate the impact of weather on Natural Gas in Arkansas, Indiana, Louisiana, Mississippi, Minnesota, Ohio and Oklahoma, as applicable. CenterPoint Energy's and CERC's Natural Gas in Texas and CenterPoint Energy's electric operations in Texas and Indiana do not have such mechanisms, although fixed customer charges are historically higher in Texas for Natural Gas compared to its other jurisdictions. As a result, fluctuations from normal weather may have a positive or negative effect on CenterPoint Energy's and CERC's Natural Gas' results in Texas and on CenterPoint Energy's electric operations' results in its Texas and Indiana service territories.

CenterPoint Energy and CERC, as applicable, enter into winter season weather hedges from time to time for certain Natural Gas 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. Houston Electric and Indiana Electric do not enter into weather hedges.

**(b) Derivative Fair Values and Income Statement Impacts**

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

**Fair Value of Derivative Instruments and Hedged Items (CenterPoint Energy)**

	Balance Sheet Location	Derivative Liabilities Fair Value	
		March 31, 2021	December 31, 2020
<b>Derivatives not designated as hedging instruments:</b>		(in millions)	
Natural gas derivatives (1)	Current Liabilities: Non-trading derivative liabilities	\$ 2	\$ 3
Natural gas derivatives (1)	Other Liabilities: Non-trading derivative liabilities	5	7
Interest rate derivatives	Other Liabilities: Non-trading derivative liabilities	9	20
Indexed debt securities derivative (2)	Current Liabilities	927	953
<b>Total</b>		<b>\$ 943</b>	<b>\$ 983</b>

- (1) Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due. However, the mark-to-market fair value of each natural gas contract is in a liability position with no offsetting amounts.
- (2) Derivative component of the ZENS obligation that represents the ZENS holder's option to receive the appreciated value of the reference shares at maturity. See Note 11 for further information.

**Income Statement Impact of Hedge Accounting Activity (CenterPoint Energy)**

	Income Statement Location	Three Months Ended March 31,	
		2021	2020
<b>Derivatives not designated as hedging instruments:</b>		(in millions)	
Indexed debt securities derivative (1)	Gain (loss) on indexed debt securities	\$ 26	\$ 135
<b>Total</b>		<b>\$ 26</b>	<b>\$ 135</b>

- (1) The indexed debt securities derivative is recorded at fair value and changes in the fair value are recorded in CenterPoint Energy's Statements of Consolidated Income.

**(c) Credit Risk Contingent Features (CenterPoint Energy)**

Certain of CenterPoint Energy's derivative instruments contain provisions that require CenterPoint Energy's debt to maintain an investment grade credit rating on its long-term unsecured unsubordinated debt from S&P and Moody's. If CenterPoint Energy's debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment.

	March 31, 2021	December 31, 2020
	(in millions)	
Aggregate fair value of derivatives with credit-risk-related contingent features in a liability position	\$ 9	\$ 20
Fair value of collateral already posted	7	7
Additional collateral required to be posted if credit risk contingent features triggered (1)	2	3

- (1) The maximum collateral required if further escalating collateral is triggered would equal the net liability position.



## (8) Fair Value Measurements

Assets and liabilities that are recorded at fair value in the Registrants' 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.

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, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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 the Registrants' Level 2 natural gas derivative assets or liabilities. CenterPoint Energy's Level 2 indexed debt securities derivative is valued using an option model and a discounted cash flow model, which uses projected dividends on the ZENS-Related Securities and a discount rate as observable inputs.

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 the Registrants' judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Registrants develop these inputs based on the best information available, including the Registrants' own data.

The Registrants determine the appropriate level for each financial asset and liability on a quarterly basis.

The following tables present information about the Registrants' assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020 and indicate the fair value hierarchy of the valuation techniques utilized by the Registrants to determine such fair value.

### CenterPoint Energy

	March 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
(in millions)								
Corporate equities	\$ 850	\$ —	\$ —	\$ 850	\$ 873	\$ —	\$ —	\$ 873
Investments, including money market funds (1)	43	—	—	43	43	—	—	43
Total assets	\$ 893	\$ —	\$ —	\$ 893	\$ 916	\$ —	\$ —	\$ 916
<b>Liabilities</b>								
Indexed debt securities derivative	\$ —	\$ 927	\$ —	\$ 927	\$ —	\$ 953	\$ —	\$ 953
Interest rate derivatives	—	9	—	9	—	20	—	20
Natural gas derivatives	—	7	—	7	—	10	—	10
Total liabilities	\$ —	\$ 943	\$ —	\$ 943	\$ —	\$ 983	\$ —	\$ 983

### Houston Electric

	March 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
(in millions)								
Investments, including money market funds (1)	\$ 27	\$ —	\$ —	\$ 27	\$ 26	\$ —	\$ —	\$ 26
Total assets	\$ 27	\$ —	\$ —	\$ 27	\$ 26	\$ —	\$ —	\$ 26

**CERC**

	March 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>	(in millions)							
Corporate equities	\$ 2	\$ —	\$ —	\$ 2	\$ 2	\$ —	\$ —	\$ 2
Investments, including money market funds (1)	11	—	—	11	11	—	—	11
<b>Total assets</b>	<b>\$ 13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13</b>

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

**Estimated Fair Value of Financial Instruments**

The fair values of cash and cash equivalents, investments in debt and equity securities measured at fair value 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 Registrants' 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, 2021			December 31, 2020		
	CenterPoint Energy (1)	Houston Electric (1)	CERC	CenterPoint Energy (1)	Houston Electric (1)	CERC
<b>Long-term debt, including current maturities</b>	(in millions)					
Carrying amount	\$ 15,823	\$ 5,968	\$ 4,349	\$ 13,401	\$ 5,019	\$ 2,428
Fair value	16,848	6,485	4,580	15,226	5,957	2,855

(1) Includes Securitization Bonds debt.

**(9) Unconsolidated Affiliates (CenterPoint Energy and CERC)**

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. Enable is considered to be a VIE because the power to direct the activities that most significantly impact Enable's economic performance does not reside with the holders of equity investment at risk. However, CenterPoint Energy is not considered the primary beneficiary of Enable since it does not have the power to direct the activities of Enable that are considered most significant to the economic performance of Enable. As of March 31, 2021, CenterPoint Energy's maximum exposure to loss related to Enable is limited to its investment in unconsolidated affiliate, its investment in Enable Series A Preferred Units and outstanding current accounts receivable from Enable.

On February 16, 2021, Enable entered into the Enable Merger Agreement. At the closing of the transactions contemplated by the Enable Merger Agreement, if and when it occurs, Energy Transfer will acquire all of Enable's outstanding equity interests, resulting in the exchange of Enable common units owned by CenterPoint Energy at the transaction exchange ratio of 0.8595x Energy Transfer common units for each Enable common unit. CenterPoint Energy will also receive \$5 million in cash in exchange for its interest in Enable GP and Energy Transfer Series G Preferred Units with an aggregate liquidation preference of approximately \$385 million in exchange for all of its Enable Series A Preferred Units. Pursuant to previously disclosed support agreements, CenterPoint Energy and OGE, who collectively own approximately 79.2% of Enable's common units, delivered written consents approving the Enable Merger Agreement and, on a non-binding, advisory basis, the compensation that will or may become payable to Enable's named executive officers in connection with the transactions contemplated by the Enable Merger Agreement. The transactions contemplated under the Enable Merger Agreement are expected to be completed in the second half of 2021, subject to customary closing conditions, including Hart-Scott-Rodino antitrust clearance. Upon the consummation of the transaction, the partnership agreements between CenterPoint Energy and OGE will terminate, and CenterPoint Energy will pay \$30 million in cash to OGE (or other mutually agreed upon consideration). Because CenterPoint Energy will retain an investment in the midstream industry at the completion of this transaction, the transaction does not represent a strategic shift that will have a major effect on CenterPoint Energy's operations or financial results, and as such, Enable is not classified and presented as discontinued operations. Equity method investments that do not qualify for discontinued operations are not presented as assets held for sale.

**Investment in Unconsolidated Affiliates (CenterPoint Energy):**

	March 31, 2021	December 31, 2020
	(in millions)	
Enable	\$ 852	\$ 782
Other	1	1
<b>Total</b>	<b>\$ 853</b>	<b>\$ 783</b>

As of March 31, 2021, Enable's common unit price closed at \$6.48 per unit.

**Equity in Earnings (Losses) of Unconsolidated Affiliates, net (CenterPoint Energy):**

	Three Months Ended March 31,	
	2021	2020 <sup>(1)</sup>
	(in millions)	
Enable	\$ 108	\$ (1,475)
<b>Total</b>	<b>\$ 108</b>	<b>\$ (1,475)</b>

(1) Included an impairment charge on CenterPoint Energy's investment in Enable of \$1,541 million.

**Limited Partner Interest and Units Held in Enable (CenterPoint Energy):**

	March 31, 2021		
	Limited Partner Interest <sup>(1)</sup>	Common Units	Enable Series A Preferred Units <sup>(2)</sup>
CenterPoint Energy <sup>(3)</sup>	53.7 %	233,856,623	14,520,000
OGE	25.5 %	110,982,805	—
Public unitholders	20.8 %	91,007,338	—
<b>Total units outstanding</b>	<b>100.0 %</b>	<b>435,846,766</b>	<b>14,520,000</b>

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

(2) The carrying amount of the Enable Series A Preferred Units, reflected as Preferred units - unconsolidated affiliate on CenterPoint Energy's Condensed Consolidated Balance Sheets, was \$363 million as of both March 31, 2021 and December 31, 2020. There were no settled transactions in the three months ended March 31, 2021 that would indicate a stand-alone, observable, and readily determinable fair value for securities identical or similar to Enable Series A Preferred Units. No impairment charges or adjustment due to observable price changes were required or recorded during the current or prior reporting periods.

(3) Held indirectly through CNP Midstream.

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.

**Interests Held in Enable GP (CenterPoint Energy):**

CenterPoint Energy and OGE held the following interests in Enable GP as of both March 31, 2021 and December 31, 2020:

	March 31, 2021	
	Management Rights <sup>(1)</sup>	Incentive Distribution Rights <sup>(2)</sup>
CenterPoint Energy <sup>(3)</sup>	50 %	40 %
OGE	50 %	60 %

- (1) Enable is controlled jointly by CenterPoint Energy and OGE. Sale of CenterPoint Energy's or OGE's ownership interests in Enable GP 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 GP.
- (2) If cash distributions to Enable's unitholders exceed \$0.330625 per common unit in any quarter, Enable GP will receive increasing percentages or incentive distributions rights, up to 50%, of the cash Enable distributes in excess of that amount. In certain circumstances Enable GP 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.
- (3) Held indirectly through CNP Midstream.

**Distributions Received from Enable (CenterPoint Energy):**

	Three Months Ended March 31,			
	2021		2020	
	Per Unit	Cash Distribution	Per Unit	Cash Distribution
	(in millions, except per unit amounts)			
Enable common units	\$ 0.16525	\$ 39	\$ 0.3305	\$ 77
Enable Series A Preferred Units	0.62500	9	0.6250	9
<b>Total CenterPoint Energy</b>		<b>\$ 48</b>		<b>\$ 86</b>

**Transactions with Enable (CenterPoint Energy and CERC):**

The transactions with Enable in the following tables exclude transactions with the Energy Services Disposal Group.

	CenterPoint Energy and CERC	
	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Natural gas expenses, includes transportation and storage costs	\$ 32	\$ 27

	CenterPoint Energy and CERC	
	March 31, 2021	December 31, 2020
	(in millions)	
Accounts payable for natural gas purchases from Enable	\$ 9	\$ 9
Accounts receivable for amounts billed for services provided to Enable	1	1

**Summarized Financial Information for Enable (CenterPoint Energy)**

Summarized unaudited consolidated income information for Enable is as follows:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Operating revenues	\$ 970	\$ 648
Cost of sales, excluding depreciation and amortization	519	226
Depreciation and amortization	106	104
Goodwill and long-lived assets impairments	—	28
Operating income	206	146
Net income attributable to Enable common units	155	103
<b>Reconciliation of Equity in Earnings (Losses), net:</b>		
CenterPoint Energy's interest	\$ 83	\$ 55
Basis difference amortization (1)	25	12
Loss on dilution, net of proportional basis difference recognition	—	(1)
Impairment of CenterPoint Energy's equity method investment in Enable	—	(1,541)
CenterPoint Energy's equity in earnings (losses), net	<b>\$ 108</b>	<b>\$ (1,475)</b>

- (1) Equity in earnings of unconsolidated affiliate includes CenterPoint Energy's share of Enable earnings adjusted for the amortization of the basis difference of CenterPoint Energy's original investment in Enable and its underlying equity in net assets of Enable. The basis difference is being amortized through the year 2048 or will cease upon the sale of CenterPoint Energy's investment in Enable.

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

	March 31, 2021	December 31, 2020	
	(in millions)		
Current assets	\$ 449	\$	381
Non-current assets	11,315		11,348
Current liabilities	1,334		582
Non-current liabilities	3,249		4,052
Non-controlling interest	26		26
Preferred equity	362		362
Accumulated other comprehensive loss	(5)		(6)
Enable partners' equity	6,798		6,713
<b>Reconciliation of Investment in Enable:</b>			
CenterPoint Energy's ownership interest in Enable partners' equity	\$ 3,645	\$	3,601
CenterPoint Energy's basis difference (1)	(2,793)		(2,819)
CenterPoint Energy's equity method investment in Enable	<u>\$ 852</u>	<u>\$</u>	<u>782</u>

- (1) The basis difference is being amortized through the year 2048 or will cease upon sale of CenterPoint Energy's investment in Enable.

#### (10) Goodwill and Other Intangibles (CenterPoint Energy)

CenterPoint Energy's goodwill by reportable segment as of March 31, 2021 and December 31, 2020 is as follows:

	(in millions)	
Electric (1)	\$	936
Natural Gas		3,323
Corporate and Other		438
Total	<u>\$</u>	<u>4,697</u>

- (1) Amount presented is net of the accumulated goodwill impairment charge of \$185 million recorded in 2020.

The tables below present information on CenterPoint Energy's intangible assets, excluding goodwill, recorded in Other non-current assets on CenterPoint Energy's Condensed Consolidated Balance Sheets and the related amortization expense included in Depreciation and amortization on CenterPoint Energy's Condensed Statements of Consolidated Income, unless otherwise indicated.

	March 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
	(in millions)					
Customer relationships	\$ 33	\$ (9)	\$ 24	\$ 33	\$ (8)	\$ 25
Trade names	16	(3)	13	16	(3)	13
Construction backlog (1)	5	(5)	—	5	(5)	—
Operation and maintenance agreements (1)	12	(1)	11	12	(1)	11
Other	2	(1)	1	2	(1)	1
Total	<u>\$ 68</u>	<u>\$ (19)</u>	<u>\$ 49</u>	<u>\$ 68</u>	<u>\$ (18)</u>	<u>\$ 50</u>

- (1) Amortization expense related to the operation and maintenance agreements and construction backlog is included in Non-utility cost of revenues, including natural gas on CenterPoint Energy's Condensed Statements of Consolidated Income.

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Amortization expense of intangible assets recorded in Depreciation and amortization	\$ 1	\$ 1
Amortization expense of intangible assets recorded in Non-utility cost of revenues, including natural gas	—	1

CenterPoint Energy estimates that amortization expense of intangible assets with finite lives for the next five years will be as follows:

	Amortization Expense (1)	
	CenterPoint Energy	
	(in millions)	
Remaining nine months of 2021	\$	5
2022		6
2023		6
2024		5
2025		5
2026		5

**(11) Indexed Debt Securities (ZENS) and Securities Related to ZENS (CenterPoint Energy)**

**(a) Investment in Securities Related to ZENS**

A subsidiary of CenterPoint Energy holds shares of certain securities detailed in the table below, which are securities with a readily determinable fair value 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 ZENS-Related Securities are recorded in CenterPoint Energy's Condensed Statements of Consolidated Income.

	Shares Held	
	March 31, 2021	December 31, 2020
AT&T Common	10,212,945	10,212,945
Charter Common	872,503	872,503

**(b) ZENS**

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of \$1.0 billion of which \$828 million remained outstanding as of March 31, 2021. Each ZENS is 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 attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

CenterPoint Energy's reference shares for each ZENS consisted of the following:

	March 31, 2021	December 31, 2020
	(in shares)	
AT&T Common	0.7185	0.7185
Charter Common	0.061382	0.061382

CenterPoint Energy pays interest on the ZENS at an annual rate of 2% plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of the ZENS is subject to increases or decreases to the extent that the annual yield from interest and cash dividends on the reference shares attributable to the ZENS is less than or more than 2.309%. The adjusted principal amount is defined in the ZENS instrument as “contingent principal.” As of March 31, 2021, the ZENS, having an original principal amount of \$828 million and a contingent principal amount of \$52 million, were outstanding and were exchangeable, at the option of the holders, for cash equal to 95% of the market value of the reference shares attributable to the ZENS.

## **(12) Short-term Borrowings and Long-term Debt**

*Inventory Financing.* CenterPoint Energy’s and CERC’s Natural Gas had AMAs associated with their utility distribution service in Arkansas, Louisiana and Oklahoma with the Energy Services Disposal Group that expired in March 2021. The expired AMAs were replaced with new third-party AMAs beginning in April 2021. CenterPoint Energy’s and CERC’s Natural Gas have AMAs with third parties associated with their utility distribution service in Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. The AMAs have varying terms, the longest of which expires in 2027. Pursuant to the provisions of the agreements, CenterPoint Energy’s and CERC’s Natural Gas either sells natural gas to the asset manager and agrees to repurchase an equivalent amount of natural gas throughout the year at the same cost, or simply purchases its full natural gas requirements at each delivery point from the asset manager. These transactions are accounted for as an inventory financing. CenterPoint Energy and CERC had \$-0- and \$24 million outstanding obligations related to the AMAs as of March 31, 2021 and December 31, 2020, respectively.

*Debt Transactions.* In February 2021, CERC Corp. received financing commitments totaling \$1.7 billion on a 364-day term loan facility to bridge any working capital needs related to the February 2021 Winter Storm Event. In March 2021, CERC Corp. issued \$700 million aggregate principal amount of 0.70% senior notes and \$1.0 billion aggregate principal amount of floating rate senior notes (three-month LIBOR plus 0.5%) due 2023. Total proceeds, net of issuance expenses and fees, of approximately \$1.69 billion were used for general corporate purposes, including to fund working capital. Upon the consummation of the senior notes offerings, in March 2021, CERC Corp. terminated all of the commitments for the 364-day term loan facility.

In March 2021, Houston Electric issued \$400 million aggregate principal amount of 2.35% general mortgage bonds due 2031 and \$700 million aggregate principal amount of 3.35% general mortgage bonds due 2051. Total proceeds, net of issuance expenses and fees, of approximately \$1.08 billion were or will be used for general limited liability company purposes, including capital expenditures and the repayment of (i) all of Houston Electric’s outstanding \$102 million 9.15% first mortgage bonds due 2021, which matured on March 15, 2021, (ii) all of Houston Electric’s outstanding \$300 million of 1.85% general mortgage bonds due 2021, which were called for redemption in full on May 1, 2021, as discussed further below, and (iii) all or a portion of Houston Electric’s borrowings under the CenterPoint Energy money pool.

*Debt Redemption.* In April 2021, Houston Electric provided notice of redemption relating to \$300 million aggregate principal amount of its outstanding 1.85% general mortgage bonds due 2021. All of the outstanding bonds were called for redemption in full on May 1, 2021 at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest.

*CenterPoint Energy Term Loan.* In April 2021, CenterPoint Energy amended its existing term loan agreement, of which \$700 million is still outstanding, by extending its maturity from May 15, 2021 to June 14, 2021.

*Credit Facilities.* In February 2021, each of CenterPoint Energy, Houston Electric, CERC Corp. and VUHI replaced their existing revolving credit facilities with new amended and restated credit facilities. The size of the CenterPoint Energy facility decreased from \$3.3 billion to \$2.4 billion, while the sizes of the Houston Electric, CERC Corp. and VUHI facilities remained unchanged.

The Registrants had the following revolving credit facilities as of March 31, 2021:

Execution Date	Registrant	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, 2021 (2)	Termination Date
February 4, 2021	CenterPoint Energy	\$ 2,400	1.625%	65.0% (3)	57.4%	February 4, 2024
February 4, 2021	CenterPoint Energy (4)	400	1.250%	65.0%	49.9%	February 4, 2024
February 4, 2021	Houston Electric	300	1.375%	67.5% (3)	57.9%	February 4, 2024
February 4, 2021	CERC	900	1.250%	65.0%	61.5%	February 4, 2024
	Total	\$ 4,000				

(1) Based on current credit ratings.

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

(3) For CenterPoint Energy and Houston Electric, the financial covenant limit will temporarily increase 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.

(4) This credit facility was issued by VUHI, is guaranteed by SIGECO, Indiana Gas and VEDO and includes a \$20 million letter of credit sublimit. This credit facility backstops VUHI's commercial paper program.

The Registrants, including the subsidiaries of CenterPoint Energy discussed above, were in compliance with all financial debt covenants as of March 31, 2021.

The table below reflects the utilization of the Registrants' respective revolving credit facilities:

Registrant	March 31, 2021				December 31, 2020			
	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate
	(in millions, except weighted average interest rate)							
CenterPoint Energy (1)	\$ —	\$ 11	\$ 772	0.21 %	\$ —	\$ 11	\$ 1,078	0.23 %
CenterPoint Energy (2)	—	—	210	0.18 %	—	—	92	0.22 %
Houston Electric	—	—	—	— %	—	—	—	— %
CERC	—	—	573	0.21 %	—	—	347	0.23 %
Total	\$ —	\$ 11	\$ 1,555		\$ —	\$ 11	\$ 1,517	

(1) CenterPoint Energy's outstanding commercial paper generally has maturities of 60 days or less.

(2) This credit facility was issued by VUHI and is guaranteed by SIGECO, Indiana Gas and VEDO.

*Liens.* As of March 31, 2021, Houston Electric's assets were subject to liens securing approximately \$5.4 billion of general mortgage bonds, including approximately \$68 million held in trust to secure pollution control bonds that mature in 2028 for which CenterPoint Energy is obligated. These general mortgage bonds are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations. Houston Electric may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. As of March 15, 2021, no Houston Electric first mortgage bonds remained outstanding. Houston Electric could issue approximately \$3.4 billion of additional first mortgage bonds and general mortgage bonds on the basis of retired bonds and 70% of property additions as of March 31, 2021. Houston Electric has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions.



Other. As of March 31, 2021, certain financial institutions agreed to issue, from time to time, up to \$20 million of letters of credit on behalf of Vectren and certain of its subsidiaries in exchange for customary fees. These agreements to issue letters of credit expire on December 31, 2021. As of March 31, 2021, such financial institutions had issued \$1 million of letters of credit on behalf of Vectren and certain of its subsidiaries.

### (13) Income Taxes

The Registrants reported the following effective tax rates:

	Three Months Ended March 31,	
	2021	2020
CenterPoint Energy - Continuing operations (1)	17 %	25 %
CenterPoint Energy - Discontinued operations (2)	— %	10 %
Houston Electric	13 %	13 %
CERC - Continuing operations (3)	22 %	21 %
CERC - Discontinued operations (4)	— %	15 %

- (1) CenterPoint Energy's lower effective tax rate on income from continuing operations for the three months ended March 31, 2021 compared to the higher effective tax rate on a loss from continuing operations for the three months ended March 31, 2020 was primarily driven by an increase in the amount of amortization of the net regulatory EDIT liability. The higher effective tax rate on the loss from continuing operations for the three months ended March 31, 2020 was primarily due to lower earnings from the impairment of CenterPoint Energy's investment in Enable. Other effective tax rate drivers include the non-deductible goodwill impairment at the Indiana Electric reporting unit, the impact of NOL carryback claims allowed under the CARES Act, and an increase in the amount of remeasurement of state deferred tax liabilities for changes in apportionment, the effects of which were compounded by the book loss in the three months ended March 31, 2020.
- (2) CenterPoint Energy's lower than statutory tax rate on the loss from discontinued operations for the three months ended March 31, 2020 was primarily due to the non-deductible portions of goodwill impairments on the Energy Services and Infrastructure Services Disposal Groups.
- (3) CERC's higher effective tax rate on income from continuing operations for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 was primarily driven by a decrease in the amount of amortization of the net regulatory EDIT liability.
- (4) CERC's lower than statutory tax rate on the loss from discontinued operations for the three months ended March 31, 2020 was primarily due to the non-deductible portion of the goodwill impairment on the Energy Services Disposal Group.

On March 11, 2021, the ARPA was enacted in response to continued economic and health impacts of the COVID-19 pandemic. The ARPA expands the definition of "covered employee" under section 162(m) beginning in 2027, and extends the employee retention tax credit through December 31, 2021, among other provisions. CenterPoint Energy does not currently anticipate any material impacts from this legislation. On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act provides relief to corporate taxpayers by permitting a five-year carryback of 2018-2020 NOLs, deferring the payment of the employer share of payroll taxes for the remaining months of 2020 until 2021 and 2022, increasing the 30% limitation on interest expense deductibility to 50% of adjusted taxable income for 2019 and 2020, and accelerating refunds for minimum tax credit carryforwards, among other provisions. Based on the CARES Act NOL carryback provision, during the three months ended March 31, 2020, CenterPoint Energy recorded a \$19 million benefit resulting from carryback claims to be filed to refund taxes paid.

CenterPoint Energy reported a net uncertain tax liability, inclusive of interest and penalties, of \$10 million as of March 31, 2021. Interest and penalties of \$1 million were recorded on the uncertain tax liability for the three month period ending March 31, 2021. The Registrants believe that it is reasonably possible that a decrease of up to \$6 million in unrecognized tax benefits may occur in the next 12 months as a result of a lapse of statutes on older exposures and/or the acceptance of an application for an accounting method change. For CenterPoint Energy, tax years through 2018 have been audited and settled with the IRS. For the 2019 through 2021 tax years CenterPoint Energy is a participant in the IRS's Compliance Assurance Process. Vectren's pre-Merger 2017 through 2019 tax years are still open for examination.

## (14) Commitments and Contingencies

### (a) Purchase Obligations (CenterPoint Energy and CERC)

Commitments include minimum purchase obligations related to CenterPoint Energy’s and CERC’s Natural Gas reportable segment and CenterPoint Energy’s Electric reportable segment. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on the registrant and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Contracts with minimum payment provisions have various quantity requirements and durations and are not classified as non-trading derivative assets and liabilities in CenterPoint Energy’s and CERC’s Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020. These contracts meet an exception as “normal purchases contracts” or do not meet the definition of a derivative. Natural gas and coal supply commitments also include transportation contracts that do not meet the definition of a derivative.

On February 9, 2021, Indiana Electric entered into a BTA with a subsidiary of Capital Dynamics. Pursuant to the BTA, Capital Dynamics, with its partner Tenaska, will build a 300 MW solar array in Posey County, Indiana through a special purpose entity Posey Solar. Upon completion of construction, currently projected to be at the end of 2023, and subject to IURC approval, Indiana Electric will acquire Posey Solar and its solar array assets for a fixed purchase price.

As of March 31, 2021, undiscounted minimum purchase obligations are approximately:

	CenterPoint Energy		CERC	
	Natural Gas and Coal Supply	Other <sup>(1)</sup>	Natural Gas Supply	
	(in millions)			
Remaining nine months of 2021	\$ 429	\$ 2	\$	271
2022	547	12		332
2023	470	404		279
2024	392	198		259
2025	337	7		231
2026	304	7		226
2027 and beyond	1,634	137		1,331

(1) CenterPoint Energy’s undiscounted minimum payment obligations related to its 25-year agreement for its solar PPA in Warrick County, Indiana and its purchase commitment under its BTA in Posey County, Indiana are included above. The remaining undiscounted payment obligations relate primarily to technology hardware and software agreements.

Excluded from the table above are estimates for cash outlays from other PPAs through Indiana Electric that do not have minimum thresholds but do require payment when energy is generated by the provider. Costs arising from certain of these commitments are pass-through costs, generally collected dollar-for-dollar from retail customers through regulator-approved cost recovery mechanisms.

### (b) Guarantees and Product Warranties (CenterPoint Energy)

In the normal course of business, ESG enters into contracts requiring it to timely install infrastructure, operate facilities, pay vendors and subcontractors and support warranty obligations and, at times, issue payment and performance bonds and other forms of assurance in connection with these contracts.

Specific to ESG’s role as a general contractor in the performance contracting industry, as of March 31, 2021, there were 51 open surety bonds supporting future performance with an aggregate face amount of approximately \$527 million. ESG’s exposure is less than the face amount of the surety bonds and is limited to the level of uncompleted work under the contracts. As of March 31, 2021, approximately 47% of the work was yet to be completed on projects with open surety bonds. Further, various subcontractors issue surety bonds to ESG. In addition to these performance obligations, ESG also warrants the functionality of certain installed infrastructure generally for one year and the associated energy savings over a specified number of years. As of March 31, 2021, there were 32 warranties totaling \$554 million and an additional \$1.2 billion in energy savings commitments not guaranteed by Vectren. Since ESG’s inception in 1994, CenterPoint Energy believes ESG has had a history of generally meeting its performance obligations and energy savings guarantees and its installed products operating effectively.

CenterPoint Energy assessed the fair value of its obligation for such guarantees as of March 31, 2021 and no amounts were recorded on CenterPoint Energy's Condensed Consolidated Balance Sheets.

CenterPoint Energy issues parent company level guarantees to certain vendors, customers and other commercial counterparties of ESG. These guarantees do not represent incremental consolidated obligations, but rather, represent guarantees of subsidiary obligations to allow those subsidiaries to conduct business without posting other forms of assurance. As of March 31, 2021, CenterPoint Energy, primarily through Vectren, has issued parent company level guarantees supporting ESG's obligations. For those obligations where potential exposure can be estimated, management estimates the maximum exposure under these guarantees to be approximately \$517 million as of March 31, 2021. This exposure primarily relates to energy savings guarantees on federal energy savings performance contracts. Other parent company level guarantees, certain of which do not contain a cap on potential liability, have been issued in support of federal operations and maintenance projects for which a maximum exposure cannot be estimated based on the nature of the projects. While there can be no assurance that performance under any of these parent company guarantees will not be required in the future, CenterPoint Energy considers the likelihood of a material amount being incurred as remote.

***(c) Guarantees and Product Warranties (CenterPoint Energy and CERC)***

On February 24, 2020, CenterPoint Energy, through its subsidiary CERC Corp., entered into the Equity Purchase Agreement to sell the Energy Services Disposal Group. The transaction closed on June 1, 2020. In the normal course of business prior to June 1, 2020, the Energy Services Disposal Group through CES, traded natural gas under supply contracts and entered into natural gas related transactions under transportation, storage and other contracts. In connection with the Energy Services Disposal Group's business activities prior to the closing of the sale of the Energy Services Disposal Group on June 1, 2020, CERC Corp. issued guarantees to CES's counterparties to guarantee the payment of CES's obligations. When CES remained wholly owned by CERC Corp., these guarantees did not represent incremental consolidated obligations, but rather, these guarantees represented guarantees of CES's obligations to allow it to conduct business without posting other forms of assurance.

A CERC Corp. guarantee primarily had a one- or two-year term, although CERC Corp. would generally not be released from obligations incurred by CES prior to the termination of such guarantee unless the beneficiary of the guarantee affirmatively released CERC Corp. from its obligations under the guarantee. Throughout CERC Corp.'s ownership of CES and subsequent to the sale of the Energy Services Disposal Group through March 31, 2021, CERC Corp. did not pay any amounts under guarantees of CES's obligations.

Under the terms of the Equity Purchase Agreement, Symmetry Energy Solutions Acquisition must generally use reasonable best efforts to replace existing CERC Corp. guarantees with credit support provided by a party other than CERC Corp. as of and after the closing of the transaction. Additionally, to the extent that CERC Corp. retains any exposure relating to certain guarantees of CES's obligations 90 days after closing of the transaction, Symmetry Energy Solutions Acquisition will pay a 3% annualized fee on such exposure, increasing by 1% on an annualized basis every three months. As of March 31, 2021, management estimates approximately \$51 million of exposure remained outstanding under CERC Corp. guarantees issued prior to the closing of the transaction on June 1, 2020. On May 3, 2021, the estimated remaining exposure under these obligations decreased to \$41 million. CES has provided replacement credit support to counterparties to whom CERC Corp. had issued guarantees prior to closing representing the full amount of CERC's remaining exposure under the guarantees. CERC believes that counterparties to whom replacement credit support has been provided would seek payment if needed under such replacement credit support instead of a CERC Corp. guarantee. No additional guarantees were provided by CERC Corp. to CES subsequent to the closing of the transaction on June 1, 2020.

If CERC Corp. is required to pay a counterparty under a guarantee in respect of obligations of CES, Symmetry Energy Solutions Acquisition is required to promptly reimburse CERC Corp. for all amounts paid. If Symmetry Energy Solutions Acquisition fails to reimburse CERC Corp., CERC Corp. has the contractual right to seek payment from Shell Energy North America (US), L.P. in an amount up to \$40 million in the aggregate. While there can be no assurance that payment under any of these guarantees will not be required in the future, CenterPoint Energy and CERC consider the likelihood of a material amount being incurred as remote.

CenterPoint Energy and CERC recorded no amounts on their respective Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020 related to the performance of these guarantees.

**(d) Legal, Environmental and Other Matters**

**Legal Matters**

*Minnehaha Academy (CenterPoint Energy and CERC).* 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 and CERC cooperated with the investigation conducted by the National Transportation Safety Board, which concluded its investigation in December 2019 and issued a report without making any recommendations. Further, CenterPoint Energy and CERC contested and reached a settlement regarding 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 or CERC. CenterPoint Energy, certain of its subsidiaries, including CERC, and the contractor company working in the school were named in wrongful death, property damage and personal injury litigation arising out of the incident and have now reached confidential settlement agreements in all litigation. CenterPoint Energy's and CERC's general and excess liability insurance policies provide coverage for third party bodily injury and property damage claims.

*Litigation Related to the Merger (CenterPoint Energy).* With respect to the Merger, in July 2018, seven separate lawsuits were filed against Vectren and the individual directors of Vectren's Board of Directors in the U.S. District Court for the Southern District of Indiana. These lawsuits alleged violations of Sections 14(a) of the Exchange Act and SEC Rule 14a-9 on the grounds that the Vectren Proxy Statement filed on June 18, 2018 was materially incomplete because it omitted material information concerning the Merger. In August 2018, the seven lawsuits were consolidated, and the Court denied the plaintiffs' request for a preliminary injunction. In October 2018, the plaintiffs filed their Consolidated Amended Class Action Complaint. In December 2018, two plaintiffs voluntarily dismissed their lawsuits. In September 2019, the court granted the defendants' motion to dismiss and dismissed the remaining plaintiffs' claims with prejudice, which the plaintiffs appealed in October 2019. The U.S. Court of Appeals for the Seventh Circuit heard oral arguments in September 2020, and a ruling is expected in 2021. The defendants believe that the allegations asserted are without merit and intend to vigorously defend themselves against the claims raised. CenterPoint Energy does not expect the ultimate outcome of this matter to have a material adverse effect on its financial condition, results of operations or cash flows.

*Litigation Related to the February 2021 Winter Storm Event.* With respect to the February 2021 Winter Storm Event, CenterPoint Energy, CERC and Houston Electric, along with ERCOT, have received claims and lawsuits filed by plaintiffs alleging personal injury, property damage and other injuries and damages. Additionally, various regulatory and governmental entities have announced that they intend to conduct or are conducting inquiries, investigations and other reviews of the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, this event, including the electric generation shortfall issues. Entities that have announced that they plan to conduct or are conducting such inquiries, investigations and other reviews include the United States Congress, FERC, NERC, Texas RE, ERCOT, Texas government entities and officials such as the Texas Governor's office, the Texas Legislature, the Texas Attorney General, the PUCT, the City of Houston and other municipal and county entities in Houston Electric's service territory, among other entities.

Like other Texas TDUs, Houston Electric may become involved in certain of the above-referenced investigations, litigation or other regulatory and legal proceedings regarding their efforts to restore power and their compliance with NERC, ERCOT and PUCT rules and directives. CenterPoint Energy and Houston Electric are responding to inquiries from the Texas Attorney General and the Galveston County District Attorney's Office, and CenterPoint Energy and CERC are responding to inquiries from the Arkansas, Minnesota and Oklahoma Attorneys General. CenterPoint Energy, Houston Electric and CERC are subject to, and may be further subject to, litigation and claims. Such claims include, or in the future could include, wrongful death, personal injury and property damage claims, lawsuits for impacts on businesses and other organizations and entities and shareholder claims, among other claims or litigation matters. As of April 29, 2021, CenterPoint Energy and Houston Electric have been named as a defendant in approximately 60 lawsuits related to the February 2021 Winter Storm Event. CenterPoint Energy and Houston Electric intend to vigorously defend themselves against the claims raised. CenterPoint Energy, Houston Electric and CERC are unable to predict the consequences of any such matters or to estimate a range of potential losses.

*Litigation Related to the Enable Merger.* In March 2021, several lawsuits were filed by persons claiming to be Enable unitholders against various defendants, including Enable, the members of Enable GP's Board of Directors, Energy Transfer, and other parties to the Enable Merger Agreement, challenging the Enable Merger and the disclosures made in connection therewith. CenterPoint Energy has been named in one such lawsuit pending in the United States District Court for the Southern District of New York. The lawsuits allege violations of Section 14(a) of the Exchange Act and SEC Rule 14a-9 on the grounds that the Registration Statement on Form S-4 filed by Energy Transfer on March 19, 2021, was materially incomplete because it omitted material information about, among other things, Enable's and Energy Transfer's financial projections and the analyses conducted by Enable's financial advisors. The lawsuits further allege that the individual defendants, including, among others,

Energy Transfer and CenterPoint Energy, violated Section 20(a) of the Exchange Act as controlling persons of Enable. Plaintiffs seek to have the court enjoin the Enable Merger, require defendants to disseminate a new registration statement disclosing the allegedly omitted information, declare that defendants violated the Exchange Act, rescind the Enable Merger or award rescissory damages in the event the Enable Merger is consummated, along with attorneys' fees, costs, and other relief. CenterPoint Energy's dates to respond to the lawsuit in which it was sued have not yet been set. CenterPoint Energy cannot predict the outcome of litigation related to the Enable Merger Agreement, but believes the litigation is without merit, intends to defend vigorously against such litigation, and does not expect the ultimate outcome of such litigation to have a material adverse effect on its financial condition, results of operations or cash flows.

### **Environmental Matters**

**MGP Sites.** CenterPoint Energy, CERC and their predecessors operated MGPs in the past. In addition, certain of CenterPoint Energy's subsidiaries acquired through the Merger operated MGPs in the past. The costs CenterPoint Energy or CERC, as applicable, expect to incur to fulfill their respective obligations are estimated by management using assumptions based on actual costs incurred, the timing of expected future payments and inflation factors, among others. While CenterPoint Energy and CERC have recorded all costs which they presently are obligated to incur in connection with activities at these sites, it is possible that future events may require remedial activities which are not presently foreseen, and those costs may not be subject to PRP or insurance recovery.

- (i) **Minnesota MGPs (CenterPoint Energy and CERC).** With respect to certain Minnesota MGP sites, CenterPoint Energy and CERC have completed state-ordered remediation and continue state-ordered monitoring and water treatment. CenterPoint Energy and CERC recorded a liability as reflected in the table below for continued monitoring and any future remediation required by regulators in Minnesota.
- (ii) **Indiana MGPs (CenterPoint Energy).** In the Indiana Gas service territory, the existence, location and certain general characteristics of 26 gas manufacturing and storage sites have been identified for which CenterPoint Energy may have some remedial responsibility. A remedial investigation/feasibility study was completed at one of the sites under an agreed upon order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. The remaining sites have been submitted to the IDEM's VRP. CenterPoint Energy has also identified its involvement in 5 manufactured gas plant sites in SIGECO's service territory, all of which are currently enrolled in the IDEM's VRP. CenterPoint Energy is currently conducting some level of remedial activities, including groundwater monitoring at certain sites.
- (iii) **Other MGPs (CenterPoint Energy and CERC).** In addition to the Minnesota and Indiana sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CenterPoint Energy or CERC or may have been owned by one of their former affiliates.

Total costs that may be incurred in connection with addressing these sites cannot be determined at this time. The estimated accrued costs are limited to CenterPoint Energy's and CERC's share of the remediation efforts and are therefore net of exposures of other PRPs. The estimated range of possible remediation costs for the sites for which CenterPoint Energy and CERC believe they may have responsibility was based on remediation continuing for the minimum time frame given in the table below.

	March 31, 2021	
	CenterPoint Energy	CERC
	(in millions, except years)	
Amount accrued for remediation	\$ 12	\$ 7
Minimum estimated remediation costs	8	5
Maximum estimated remediation costs	55	32
Minimum years of remediation	5	30
Maximum years of remediation	50	50

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.

CenterPoint Energy and CERC do 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 the Registrants or their predecessors contain or have contained asbestos insulation and other asbestos-containing materials. The Registrants 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 the Registrants anticipate that additional claims may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

*CCR Rule (CenterPoint Energy).* In April 2015, the EPA finalized its CCR Rule, which regulates ash as non-hazardous material under the RCRA. The final rule allows beneficial reuse of ash, and the majority of the ash generated by Indiana Electric's generating plants will continue to be reused. In July 2018, the EPA released its final CCR Rule Phase I Reconsideration which extended the deadline to October 31, 2020 for ceasing placement of ash in ponds that exceed groundwater protections standards or that fail to meet location restrictions. In August 2019, the EPA proposed additional "Part A" amendments to its CCR Rule with respect to beneficial reuse of ash and other materials. Further "Part B" amendments, which related to alternate liners for CCR surface impoundments and the surface impoundment closure process, were published in March 2020. The Part A amendments were finalized in August 2020 and extended the deadline to cease placement of ash in ponds to April 11, 2021. The EPA published the final Part B amendments in November 2020. The Part A amendments do not restrict Indiana Electric's current beneficial reuse of its fly ash. CenterPoint Energy continues to evaluate the Part B amendments to determine potential impacts.

Indiana Electric has three ash ponds, two at the F.B. Culley facility (Culley East and Culley West) and one at the A.B. Brown facility. Under the existing CCR Rule, Indiana Electric is required to perform integrity assessments, including ground water monitoring, at its F.B. Culley and A.B. Brown generating stations. The ground water studies are necessary to determine the remaining service life of the ponds and whether a pond must be retrofitted with liners or closed in place. Indiana Electric's Warrick generating unit is not included in the scope of the CCR Rule as this unit has historically been part of a larger generating station that predominantly serves an adjacent industrial facility. Preliminary groundwater monitoring indicates potential groundwater impacts very close to Indiana Electric's ash impoundments, and further analysis is ongoing. The CCR Rule required companies to complete location restriction determinations by October 18, 2018. Indiana Electric completed its evaluation and determined that one F.B. Culley pond (Culley East) and the A.B. Brown pond fail the aquifer placement location restriction. As a result of this failure, Indiana Electric is required to cease disposal of new ash in the ponds and commence closure of the ponds by April 11, 2021. CenterPoint Energy has applied for the extensions available under the CCR Rule that would allow Indiana Electric to continue to use the ponds through October 15, 2023. The inability to take these extensions may result in increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system or adversely impact Indiana Electric's future operations. Failure to comply with these requirements could also result in an enforcement proceeding including the imposition of fines and penalties. On April 24, 2019, Indiana Electric received an order from the IURC approving recovery in rates of costs associated with the closure of the Culley West pond, which has already completed closure activities. On August 14, 2019, Indiana Electric filed its petition with the IURC for recovery of costs associated with the closure of the A.B. Brown ash pond, which would include costs associated with the excavation and recycling of ponded ash. This petition was subsequently approved by the IURC on May 13, 2020. On October 28, 2020, the IURC approved Indiana Electric's ECA proceeding, which included the initiation of recovery of the federally mandated project costs.

Indiana Electric continues to refine site specific estimates of closure costs for its ten-acre Culley East pond. In July 2018, Indiana Electric filed a Complaint for Damages and Declaratory Relief against its insurers seeking reimbursement of defense, investigation and pond closure costs incurred to comply with the CCR Rule, and has since reached confidential settlement agreements with its insurers. The proceeds of these settlements will offset costs that have been and will be incurred to close the ponds.

As of March 31, 2021, CenterPoint Energy has recorded an approximate \$88 million ARO, which represents the discounted value of future cash flow estimates to close the ponds at A.B. Brown and F.B. Culley. This estimate is subject to change due to the contractual arrangements; continued assessments of the ash, closure methods, and the timing of closure; implications of Indiana Electric's generation transition plan; changing environmental regulations; and proceeds received from the settlements in the aforementioned insurance proceeding. In addition to these removal costs, Indiana Electric also anticipates equipment purchases of between \$60 million and \$80 million to complete the A.B. Brown closure project.

*Other Environmental.* From time to time, the Registrants identify the presence of environmental contaminants during operations or on property where their predecessors have conducted operations. Other such sites involving contaminants may be identified in the future. The Registrants have and expect to continue to remediate any identified sites consistent with state and federal legal obligations. From time to time, the Registrants have received notices, and may receive notices in the future, from regulatory authorities or others regarding status as a PRP in connection with sites found to require remediation due to the



presence of environmental contaminants. In addition, the Registrants have been, or may be, named from time to time as defendants in litigation related to such sites. Although the ultimate outcome of such matters cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

### **Other Proceedings**

The Registrants are 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, the Registrants are also defendants 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. The Registrants regularly analyze current information and, as necessary, provide accruals for probable and reasonably estimable liabilities on the eventual disposition of these matters. The Registrants do not expect the disposition of these matters to have a material adverse effect on the Registrants' financial condition, results of operations or cash flows.

### **(15) Earnings Per Share (CenterPoint Energy)**

The Series C Preferred Stock issued in May 2020 are considered participating securities since these shares participate in dividends on Common Stock on a pari passu, pro rata, as-converted basis. As a result, beginning June 30, 2020, earnings per share on Common Stock is computed using the two-class method required for participating securities.

The two-class method uses an earnings allocation formula that treats participating securities as having rights to earnings that otherwise would have been available only to common shareholders. Under the two-class method, income (loss) available to common shareholders from continuing operations is derived by subtracting the following from income (loss) from continuing operations:

- preferred share dividend requirement;
- deemed dividends for the amortization of the beneficial conversion feature recognized at issuance of the Series C Preferred Stock; and
- an allocation of undistributed earnings to preferred shareholders of participating securities (Series C Preferred Stock) based on the securities' right to receive dividends.

Undistributed earnings are calculated by subtracting dividends declared on Common Stock, the preferred share dividend requirement and deemed dividends for the amortization of the beneficial conversion feature from net income. Net losses are not allocated to the Series C Preferred Stock as it does not have a contractual obligation to share in the losses of CenterPoint Energy.

The Series C Preferred Stock includes conversion features at a price that is below the fair value of the Common Stock on the commitment date. This beneficial conversion feature, which was approximately \$32 million, represents the difference between the fair value per share of the Common Stock as of the commitment date and the conversion price, multiplied by the number of common shares issuable upon conversion. The beneficial conversion feature is recognized as a discount to Series C Preferred Stock and was amortized as a deemed dividend over the period from the issue date to the first allowable conversion date, which was November 6, 2020.

Basic earnings per common share is computed by dividing income available to common shareholders from continuing operations by the basic weighted average number of common shares outstanding during the period. Participating securities are excluded from basic weighted average number of common shares outstanding. Diluted earnings per common share is computed by dividing income available to common shareholders from continuing operations by the weighted average number of common shares outstanding, including all potentially dilutive common shares, if the effect of such common shares is dilutive.

Diluted earnings per share reflects the dilutive effect of potential common shares from share-based awards and convertible preferred shares. The dilutive effect of the restricted stock, Series B Preferred Stock and Series C Preferred Stock is computed using the if-converted method, which assumes conversion of the restricted stock, Series B Preferred Stock and Series C Preferred Stock at the beginning of the period, giving income recognition for the add-back of the preferred share dividends, amortization of beneficial conversion feature, and undistributed earnings allocated to preferred shareholders.

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

	Three Months Ended March 31,	
	2021	2020
(in millions, except per share and share amounts)		
<b>Numerator:</b>		
Income (loss) from continuing operations	\$ 363	\$ (1,053)
Less: Preferred stock dividend requirement (Note 19)	29	29
Less: Undistributed earnings allocated to preferred shareholders	23	—
Income (loss) available to common shareholders from continuing operations - basic	311	(1,082)
Income (loss) available to common shareholders from discontinued operations - basic and diluted	—	(146)
Add back: Series B Preferred Stock dividend	17	—
Add back: Undistributed earnings allocated to preferred shareholders	23	—
Income (loss) available to common shareholders - diluted	\$ 351	\$ (1,228)
<b>Denominator:</b>		
Weighted average common shares outstanding - basic	551,546,000	502,388,000
Plus: Incremental shares from assumed conversions:		
Restricted stock (1)	3,114,000	—
Series B Preferred Stock (2)	35,937,000	—
Series C Preferred Stock	40,823,000	—
Weighted average common shares outstanding - diluted	631,420,000	502,388,000
<b>Earnings (Loss) Per Common Share:</b>		
Basic earnings (loss) per common share - continuing operations	\$ 0.56	\$ (2.15)
Basic earnings (loss) per common share - discontinued operations	—	(0.29)
<b>Basic Earnings (Loss) Per Common Share</b>	<b>\$ 0.56</b>	<b>\$ (2.44)</b>
Diluted earnings (loss) per common share - continuing operations	\$ 0.56	\$ (2.15)
Diluted earnings (loss) per common share - discontinued operations	—	(0.29)
<b>Diluted Earnings (Loss) Per Common Share</b>	<b>\$ 0.56</b>	<b>\$ (2.44)</b>

(1) 2,567,000 incremental common shares from assumed conversions of restricted stock have not been included in the computation of diluted earnings (loss) per share for the three months ended March 31, 2020, as their inclusion would be anti-dilutive.

(2) The computation of diluted earnings per common share outstanding for the three months ended March 31, 2020 excludes 35,923,000 potentially dilutive shares from the denominator, because the shares would be anti-dilutive.

## (16) Reportable Segments

The Registrants' determination of reportable segments considers the strategic operating units under which its CODM manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. Each Registrant's CODM views net income as the measure of profit or loss for the reportable segments. Certain prior year amounts have been reclassified to conform to the current year reportable segment presentation described in the Registrants' combined 2020 Form 10-K.

As of March 31, 2021, reportable segments by Registrant were as follows:

### CenterPoint Energy

- CenterPoint Energy's Electric reportable segment consists of electric transmission services to transmission service customers in the ERCOT region and distribution services to REPs serving the Texas Gulf Coast area and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations.
- CenterPoint Energy's Natural Gas reportable segment consists of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Ohio, Oklahoma and Texas; (ii) permanent pipeline connections through



interconnects with various interstate and intrastate pipeline companies through CEIP; and (iii) temporary delivery of LNG and CNG throughout the contiguous 48 states through MES.

- CenterPoint Energy's Midstream Investments reportable segment consists of the equity investment in Enable (excluding the Enable Series A Preferred Units). See Note 9 regarding the impact of the Enable Merger.

CenterPoint Energy's Corporate and Other consists of energy performance contracting and sustainable infrastructure services through ESG and other corporate operations which support all of the business operations of CenterPoint Energy.

#### Houston Electric

- Houston Electric's single reportable segment consists of electric transmission services to transmission service customers in the ERCOT region and distribution services to REPs serving the Texas Gulf Coast area.

#### CERC

- CERC's single reportable segment consists of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas; (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP; and (iii) temporary delivery of LNG and CNG throughout the contiguous 48 states through MES.

Financial data for reportable segments is as follows, including Corporate and Other, and Discontinued Operations for reconciliation purposes:

#### CenterPoint Energy

	Three Months Ended March 31,					
	2021			2020		
	Revenues from External Customers	Equity in Earnings of Unconsolidated Affiliates	Net Income (Loss)	Revenues from External Customers	Equity in Earnings of Unconsolidated Affiliates	Net Income (Loss)
	(in millions)					
Electric	\$ 830 (1)	\$ —	\$ 75	\$ 767 (1)	\$ —	\$ (134)
Natural Gas	1,663	—	229	1,321	—	201
Midstream Investments (2)	—	108	71	—	(1,475)	(1,127)
Corporate and Other	54	—	(12)	79	—	7
Continuing Operations	<u>\$ 2,547</u>	<u>\$ 108</u>	<u>363</u>	<u>\$ 2,167</u>	<u>\$ (1,475)</u>	<u>(1,053)</u>
Discontinued Operations, net			—			(146)
Consolidated			<u>\$ 363</u>			<u>\$ (1,199)</u>

(1) Houston Electric revenues from major external customers are as follows (CenterPoint Energy and Houston Electric):

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Affiliates of NRG	\$ 195	\$ 156
Affiliates of Vistra Energy Corp.	88	81

(2) Includes the impairment of CenterPoint Energy's equity method investment in Enable of \$1,541 million recorded during the three months ended March 31, 2020.

	Total Assets	
	March 31, 2021	December 31, 2020
	(in millions)	
Electric	\$ 15,410	\$ 14,493
Natural Gas	17,208	14,976
Midstream Investments	994	913
Corporate and Other, net of eliminations (1)	2,294	3,089
Consolidated	<u>\$ 35,906</u>	<u>\$ 33,471</u>

(1) Total assets included pension and other postemployment-related regulatory assets of \$533 million and \$540 million as of March 31, 2021 and December 31, 2020, respectively.

### Houston Electric

Houston Electric consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

### CERC

CERC consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

### (17) Supplemental Disclosure of Cash Flow Information

CenterPoint Energy and CERC elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. The table below provides supplemental disclosure of cash flow information and has not been recast to exclude the Infrastructure Services and Energy Services Disposal Groups prior to the closing of the respective transactions.

	Three Months Ended March 31,					
	2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
<b>Cash Payments/Receipts:</b>						
Interest, net of capitalized interest	\$ 159	\$ 70	\$ 21	\$ 148	\$ 68	\$ 35
Income tax payments, net	(4)	—	—	—	—	—
<b>Non-cash transactions:</b>						
Accounts payable related to capital expenditures	166	140	56	200	110	66
ROU assets obtained in exchange for lease liabilities	1	—	—	14	—	5

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, 2021			December 31, 2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash and cash equivalents (1)	\$ 146	\$ 143	\$ 1	\$ 147	\$ 139	\$ 1
Restricted cash included in Prepaid expenses and other current assets	21	16	—	20	15	—
Total cash, cash equivalents and restricted cash shown in Condensed Statements of Consolidated Cash Flows	<u>\$ 167</u>	<u>\$ 159</u>	<u>\$ 1</u>	<u>\$ 167</u>	<u>\$ 154</u>	<u>\$ 1</u>

(1) Houston Electric's Cash and cash equivalents as of March 31, 2021 and December 31, 2020 included \$142 million and \$139 million, respectively, of cash related to the Bond Companies.

**(18) Related Party Transactions (Houston Electric and CERC)**

Houston Electric and CERC participate in CenterPoint Energy's money pool through which they 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 CenterPoint Energy money pool are expected to be met with borrowings under CenterPoint Energy's revolving credit facility or the sale of CenterPoint Energy's commercial paper.

The table below summarizes CenterPoint Energy money pool activity:

	March 31, 2021		December 31, 2020	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions, except interest rates)			
Money pool investments (borrowings) (1)	\$ 665	\$ —	\$ (8)	\$ —
Weighted average interest rate	0.21 %	0.21 %	0.24 %	0.24 %

(1) Included in Accounts and notes receivable (payable)—affiliated companies on Houston Electric's and CERC's respective Condensed Consolidated Balance Sheets.

CenterPoint Energy provides some corporate services to Houston Electric and CERC. The costs of services have been charged directly to Houston Electric and CERC using methods that management believes are reasonable. These methods include usage rates, dedicated asset assignment and proportionate corporate formulas based on operating expenses, assets, gross margin, employees and a composite of assets, gross margin and employees. Houston Electric provides certain services to CERC. These services are billed at actual cost, either directly or as an allocation and include fleet services, shop services, geographic services, surveying and right-of-way services, radio communications, data circuit management and field operations. Additionally, CERC provides certain services to Houston Electric. These services are billed at actual cost, either directly or as an allocation and include line locating and other miscellaneous services. These charges are not necessarily indicative of what would have been incurred had Houston Electric and CERC not been affiliates.

Amounts charged for these services were as follows and are included primarily in operation and maintenance expenses:

	Three Months Ended March 31,			
	2021		2020	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions)			
Corporate service charges	\$ 43	\$ 50	\$ 49	\$ 55
Net affiliate service charges (billings)	(1)	1	(6)	6

The table below presents transactions among Houston Electric, CERC and their parent, CenterPoint Energy.

	Three Months Ended March 31,			
	2021		2020	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions)			
Cash dividends paid to parent	\$ —	\$ —	\$ 385	\$ 32

**(19) Equity**
**Dividends Declared and Paid (CenterPoint Energy)**

	Dividends Declared Per Share		Dividends Paid Per Share	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2021	2020	2021	2020
Common Stock	\$ —	\$ 0.2900	\$ 0.1600	\$ 0.2900
Series A Preferred Stock	—	30.6250	30.6250	30.6250
Series B Preferred Stock	—	17.5000	17.5000	17.5000
Series C Preferred Stock (1)	—	—	0.1600	—

(1) The Series C Preferred Stock is entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a pari passu, pro rata, as-converted basis. The per share amount reflects the dividend per share of Common Stock as if the Series C Preferred Stock were converted into Common Stock.

**Preferred Stock (CenterPoint Energy)**

	Liquidation Preference Per Share	Shares Outstanding as of		Outstanding Value as of	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
		(in millions, except shares and per share amounts)			
Series A Preferred Stock	\$ 1,000	800,000	800,000	\$ 790	\$ 790
Series B Preferred Stock	1,000	977,400	977,400	950	950
Series C Preferred Stock	1,000	625,000	625,000	623	623
		2,402,400	2,402,400	\$ 2,363	\$ 2,363

**Income Allocated to Preferred Shareholders (CenterPoint Energy)**

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Series A Preferred Stock	\$ 12	\$ 12
Series B Preferred Stock	17	17
Total income allocated to preferred shareholders	\$ 29	\$ 29

**Accumulated Other Comprehensive Income (Loss)**

Changes in accumulated comprehensive income (loss) are as follows:

	Three Months Ended March 31,					
	2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Beginning Balance	\$ (90)	\$ —	\$ 10	\$ (98)	\$ (15)	\$ 10
Other comprehensive loss before reclassifications:						
Other comprehensive income (loss) from unconsolidated affiliates	1	—	—	(3)	—	—
Amounts reclassified from accumulated other comprehensive loss:						
Actuarial losses (1)	2	—	—	2	—	—
Tax expense	—	—	—	(1)	—	—
Net current period other comprehensive income (loss)	3	—	—	(2)	—	—
Ending Balance	\$ (87)	\$ —	\$ 10	\$ (100)	\$ (15)	\$ 10

(1) Amounts are included in the computation of net periodic cost and are reflected in Other income (expense), net in each of the Registrants' respective Statements of Consolidated Income.

**(20) Subsequent Events (CenterPoint Energy)**
**CenterPoint Energy Dividend Declarations**

Equity Instrument	Declaration Date	Record Date	Payment Date	Per Share
Common Stock	April 23, 2021	May 20, 2021	June 10, 2021	\$ 0.1600
Series B Preferred Stock	April 23, 2021	May 15, 2021	June 1, 2021	17.5000

**Enable Distributions Declarations (CenterPoint Energy)**

Equity Instrument	Declaration Date	Record Date	Payment Date	Per Unit Distribution	Expected Cash Distribution (in millions)
Enable common units	April 26, 2021	May 13, 2021	May 25, 2021	\$ 0.16525	\$ 39
Enable Series A Preferred Units (1)	April 26, 2021	April 26, 2021	May 14, 2021	0.58730	9

- (1) On February 18, 2021, the Enable Series A Preferred Units converted to the floating rate period where the distribution rate is equal to the sum of three-month LIBOR, as calculated on each applicable date of determination, and 8.50%.

**Series C Preferred Stock**

In April 2021, CenterPoint Energy received two notifications of intent by shareholders to convert their Series C Preferred Stock to Common Stock. The table below details the two notifications.

Date of Notice	Conversion Date	Shares of Series C Preferred Stock Converted	Shares of Common Stock to be Issued
April 5, 2021	April 5, 2021	400,000	26,126,714
April 16, 2021	April 16, 2021	37,500	2,449,379

Conversion of the remaining Series C Preferred Stock is mandatory on May 7, 2021, the 12-month anniversary date of the preferred stock purchase agreements. The remaining 187,500 shares of Series C Preferred Stock are expected to convert into 12,246,897 shares of Common Stock.

**Sale of Arkansas and Oklahoma Natural Gas Businesses**

On April 29, 2021, CenterPoint Energy, through its subsidiary CERC Corp., entered into an Asset Purchase Agreement to sell its Arkansas and Oklahoma Natural Gas businesses for \$2.15 billion in cash, including recovery of approximately \$425 million of storm-related incremental natural gas costs incurred in the February 2021 Winter Storm Event, subject to certain adjustments set forth in the Asset Purchase Agreement. The assets include approximately 17,000 miles of main pipeline in Arkansas, Oklahoma and certain portions of Bowie County, Texas serving more than half a million customers. The transaction is anticipated to close by the end of 2021, subject to customary closing conditions, including Hart-Scott-Rodino antitrust clearance and state regulatory approvals.

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

The following combined discussion and analysis should be read in combination with the Interim Condensed Financial Statements contained in this combined Form 10-Q and the Registrants' combined 2020 Form 10-K. When discussing CenterPoint Energy's consolidated financial information, it includes the results of Houston Electric and CERC, which, along with CenterPoint Energy, are collectively referred to as the Registrants. Where appropriate, information relating to a specific Registrant has been segregated and labeled as such. In this combined Form 10-Q, the terms "our," "we" and "us" are used as abbreviated references to CenterPoint Energy, Inc. together with its consolidated subsidiaries. No Registrant makes any representations as to the information related solely to CenterPoint Energy or the subsidiaries of CenterPoint Energy other than itself.

### RECENT EVENTS

**February 2021 Winter Storm Event.** In February 2021, portions of the United States experienced an extreme and unprecedented winter weather event resulting in corresponding electricity generation shortages, including in Texas, and natural gas shortages and increased wholesale prices of natural gas in the United States. Many customers of Houston Electric's REPs and, to a lesser extent, of CERC were severely impacted by outages in electricity and natural gas delivery during the February 2021 Winter Storm Event. As a result of this weather event, the governors of Texas, Oklahoma and Louisiana declared states of either disaster or emergencies in their respective states. Subsequently, President Biden also approved major disaster declarations for all or parts of Texas, Oklahoma and Louisiana.

CenterPoint Energy has a corporate response planning team comprised of employees across the organization, including members of senior management, that assesses risks to its business, including for health, safety and environmental matters and personnel issues, and has addressed various impacts of the February 2021 Winter Storm Event. The corporate response planning team coordinated additional support for operations and other personnel that responded directly to the February 2021 Winter Storm Event.

The February 2021 Winter Storm Event has had, and may continue to have, financial impacts on CenterPoint Energy, Houston Electric and CERC, including substantial increases in prices for natural gas, decreased revenues at Houston Electric due to ERCOT-mandated outages, additional interest expense related to external financing to pay for natural gas working capital, potential impacts to credit metrics, significant impacts to the REPs, including the REPs' ability to pay invoices from Houston Electric, increases in bad debt expense, issues with counterparties and customers, litigation and investigations or inquiries from government or regulatory agencies and entities, and other financial impacts. CenterPoint Energy does not anticipate meaningful long-term changes to its credit profile or credit ratings given its access to external financing sources and the regulatory mechanisms that are in place to seek recovery of these excess costs. For more information regarding regulatory impacts, debt transactions and litigation, see Notes 6, 12 and 14 to the Interim Condensed Financial Statements and "—Liquidity and Capital Resources" below.

**Sale of Arkansas and Oklahoma Natural Gas Businesses.** On April 29, 2021, CenterPoint Energy, through its subsidiary CERC Corp., entered into an Asset Purchase Agreement to sell its Arkansas and Oklahoma Natural Gas businesses for \$2.15 billion in cash, including recovery of approximately \$425 million of storm-related incremental natural gas costs incurred in the February 2021 Winter Storm Event, subject to certain adjustments set forth in the Asset Purchase Agreement. The transaction is anticipated to close by the end of 2021, subject to satisfaction of customary closing conditions. For further information, see Note 20 to the Interim Condensed Financial Statements.

**Enable Merger Agreement.** On February 16, 2021, Enable entered into the Enable Merger Agreement. At the closing of the transactions contemplated by the Enable Merger Agreement, if and when it occurs, Energy Transfer will acquire all of Enable's outstanding equity interests, including all Enable common units and Enable Series A Preferred Units held by CenterPoint Energy, and in return CenterPoint Energy will receive Energy Transfer common units and Energy Transfer Series G Preferred Units. For more information, see Notes 1 and 9 to the Interim Condensed Financial Statements.

**Regulatory Proceedings.** For details related to our pending and completed regulatory proceedings to date in 2021, see "—Liquidity and Capital Resources —Regulatory Matters" below.

**Debt Transactions.** In February 2021, each of CenterPoint Energy, Houston Electric, CERC Corp. and VUHI replaced their existing revolving credit facilities with new amended and restated credit facilities. Also, in February 2021, CERC Corp. received financing commitments totaling \$1.7 billion on a 364-day term loan facility to bridge any working capital needs related to the February 2021 Winter Storm Event. In March 2021, CERC Corp. issued \$1.7 billion aggregate principal amount of senior notes and Houston Electric issued \$1.1 billion aggregate principal amount of general mortgage bonds. Upon the

consummation of its senior notes offerings, in March 2021, CERC Corp. terminated all of the commitments for the 364-day term loan facility. Additionally, in March 2021, Houston Electric repaid all of its remaining outstanding \$102 million first mortgage bonds at maturity. In April 2021, Houston Electric provided notice of redemption relating to \$300 million aggregate principal amount of its outstanding general mortgage bonds (which were redeemed on May 1, 2021) and CenterPoint Energy amended its existing term loan agreement to provide for a 30-day extension of its maturity date. For more information, see Note 12 to the Interim Condensed Financial Statements.

**Series C Preferred Stock Conversions.** In April 2021, CenterPoint Energy received two notifications of intent by shareholders to convert their Series C Preferred Stock to Common Stock. For further information, see Note 20 to the Interim Condensed Financial Statements.

## CENTERPOINT ENERGY 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 the Registrants’ combined 2020 Form 10-K.

Income (loss) available to common shareholders for the three months ended March 31, 2021 and 2020 was as follows:

	Three Months Ended March 31,		
	2021	2020	Favorable (Unfavorable)
	(in millions)		
Electric	75	(134)	\$ 209
Natural Gas	229	201	28
Total Utility Operations	304	67	237
Midstream Investments (1)	71	(1,127)	1,198
Corporate & Other (2)	(41)	(22)	(19)
Discontinued Operations	—	(146)	146
Total CenterPoint Energy	<u>\$ 334</u>	<u>\$ (1,228)</u>	1,562

(1) For a discussion of the components of equity in earnings from CenterPoint Energy’s equity investment in Enable, see Note 9 to the Interim Condensed Financial Statements.

(2) Includes energy performance contracting and sustainable infrastructure services through ESG, unallocated corporate costs, interest income and interest expense, intercompany eliminations and the reduction of income allocated to preferred shareholders.

### **Three months ended March 31, 2021 compared to three months ended March 31, 2020**

Income available to common shareholders increased \$1,562 million primarily due to the following items in the first quarter of 2020 which did not repeat in the first quarter of 2021:

- the impairment of our investment in Enable further discussed in Note 9 to the Interim Condensed Financial Statements;
- impairment of Indiana Electric;
- losses from discontinued operations;
- partially offset by the favorable income tax impact of the CARES Act.

Excluding those items, income available to common shareholders increased \$73 million primarily due to the following key factors:

- rate relief, net of increases in depreciation and amortization and taxes other than income taxes;
- favorable weather and usage, net of the impacts of COVID-19;
- continued customer growth;
- operation and maintenance expense discipline;
- reduced interest expense; and
- increased earnings at Enable.

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 13 to the Interim Condensed Financial Statements.

## CENTERPOINT ENERGY'S RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

CenterPoint Energy's CODM views net income as the measure of profit or loss for the reportable segments. Segment results include inter-segment interest income and expense, which may result in inter-segment profit and loss. Certain prior year amounts have been reclassified to conform to the current year presentation described in the Registrants' combined 2020 Form 10-K.

The following discussion of results of operations by reportable segment concentrates on CenterPoint Energy's Utility Operations, conducted through two reportable segments, Electric and Natural Gas. A discussion of CenterPoint Energy's Midstream Investments reportable segment results is included in the discussion of CenterPoint Energy's consolidated results above.

### Electric (CenterPoint Energy)

For information regarding factors that may affect the future results of operations of the Electric reportable segment, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Electric Generation, Transmission and Distribution Businesses," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses and/or CenterPoint Energy's Interests in Enable Midstream Partners, LP" in Item 1A of Part I of the Registrants' combined 2020 Form 10-K.

The following table provides summary data of the Electric reportable segment:

	Three Months Ended March 31,		
	2021	2020	Favorable (Unfavorable)
	(in millions, except operating statistics)		
Revenues	\$ 830	\$ 767	\$ 63
Cost of revenues (1)	45	35	(10)
Revenues less Cost of revenues	<u>785</u>	<u>732</u>	53
Expenses:			
Operation and maintenance	416	403	(13)
Depreciation and amortization	169	154	(15)
Taxes other than income taxes	67	68	1
Goodwill impairment	—	185	185
Total expenses	<u>652</u>	<u>810</u>	158
Operating Income	<u>133</u>	<u>(78)</u>	211
Other Income (Expense)			
Interest expense and other finance charges	(56)	(55)	(1)
Other income, net	7	7	—
Income (Loss) from Continuing Operations Before Income Taxes	<u>84</u>	<u>(126)</u>	210
Income tax expense	9	8	(1)
Net Income (Loss)	<u>\$ 75</u>	<u>\$ (134)</u>	209
Throughput (in GWh):			
Residential	6,070	5,679	7 %
Total	21,241	21,243	— %
Weather (percentage of 10-year average for service area):			
Cooling degree days	109 %	187 %	(78)%
Heating degree days	95 %	80 %	15 %
Number of metered customers at end of period:			
Residential	2,448,439	2,389,585	2 %
Total	2,765,496	2,701,004	2 %

(1) Includes Utility natural gas, fuel and purchased power.



The following table provides variance explanations for the three months ended March 31, 2021 compared to three months ended March 31, 2020 by major income statement caption for the Electric reportable segment:

	<b>Favorable (Unfavorable)</b> <b>(in millions)</b>
<b>Revenues less Cost of revenues</b>	
Transmission Revenues, including TCOS and TCRF and impact of the change in rate design, inclusive of costs billed by transmission providers, partially offset in operation and maintenance	\$ 136
Customer growth	8
Bond Companies, offset in other line items	6
Weather impacts and other usage	3
Impacts from increased peak demand in 2020, collected in rates in 2021	2
Bond Companies equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods	1
Energy efficiency, offset in operation and maintenance	1
Miscellaneous revenues, primarily related right-of-way revenue	(3)
Refund of protected and unprotected EDIT, offset in income tax expense	(10)
Impacts on usage of COVID-19	(12)
Customer rates and impact of the change in rate design	(79)
Total	\$ 53
<b>Operation and maintenance</b>	
Support services	\$ 7
Contract services	5
Labor and benefits	1
Energy efficiency, offset in revenues	(1)
Bond Companies, offset in other line items	(1)
All other operation and maintenance expense, including materials and supplies and insurance	(3)
Transmission costs billed by transmission providers, offset in revenues less cost of revenues	(21)
Total	\$ (13)
<b>Depreciation and amortization</b>	
Bond Companies, offset in other line items	\$ (6)
Ongoing additions to plant-in-service	(9)
Total	\$ (15)
<b>Taxes other than income taxes</b>	
Franchise fees and other taxes	\$ 2
Incremental capital projects placed in service	(1)
Total	\$ 1
<b>Goodwill Impairment</b>	
Indiana Electric goodwill impairment charge in 2020	\$ 185
Total	\$ 185
<b>Interest expense and other finance charges</b>	
Bond Companies, offset in other line items	\$ 2
Debt to fund incremental capital projects	(3)
Total	\$ (1)
<b>Other income (expense), net</b>	
Reduction to non-service benefit cost	\$ 2
Investments in CenterPoint Energy Money Pool interest income	(1)
Bond Companies interest income, offset in other line items	(1)
Total	\$ —

*Income Tax Expense.* For a discussion of effective tax rate per period by Registrant, see Note 13 to the Interim Condensed Financial Statements.

## Natural Gas (CenterPoint Energy)

For information regarding factors that may affect the future results of operations of CenterPoint Energy's Natural Gas reportable segment, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Natural Gas' Business," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses and/or CenterPoint Energy's Interests in Enable Midstream Partners, LP" in Item 1A of Part I of the Registrants' combined 2020 Form 10-K.

The following table provides summary data of CenterPoint Energy's Natural Gas reportable segment:

	Three Months Ended March 31,		
	2021	2020	Favorable (Unfavorable)
	(in millions, except operating statistics)		
Revenues	\$ 1,663	\$ 1,321	\$ 342
Cost of revenues (1)	893	580	(313)
Revenues less Cost of revenues	<u>770</u>	<u>741</u>	<u>29</u>
Expenses:			
Operation and maintenance	256	272	16
Depreciation and amortization	122	111	(11)
Taxes other than income taxes	74	67	(7)
Total expenses	<u>452</u>	<u>450</u>	<u>(2)</u>
Operating Income	<u>318</u>	<u>291</u>	<u>27</u>
Other Income (Expense)			
Interest expense and other finance charges	(33)	(41)	8
Other expense, net	—	(2)	2
Income from Continuing Operations Before Income Taxes	<u>285</u>	<u>248</u>	<u>37</u>
Income tax expense	56	47	(9)
Net Income	<u>\$ 229</u>	<u>\$ 201</u>	<u>28</u>
Throughput (in Bcf):			
Residential	128	107	20 %
Commercial and Industrial	145	146	(1)%
Total	<u>273</u>	<u>253</u>	<u>8 %</u>
Weather (percentage of 10-year average for service area):			
Heating degree days	103 %	85 %	18 %
Number of metered customers at end of period:			
Residential	4,343,863	4,266,685	2 %
Commercial and Industrial	351,363	350,009	— %
Total	<u>4,695,226</u>	<u>4,616,694</u>	<u>2 %</u>

(1) Includes Utility natural gas, fuel and purchased power and Non-utility cost of revenues, including natural gas.

The following table provides variance explanations for the three months ended March 31, 2021 compared to three months ended March 31, 2020 by major income statement caption for the Natural Gas reportable segment:

	<b>Favorable (Unfavorable)</b> <b>(in millions)</b>
<b>Revenues less Cost of revenues</b>	
Weather and usage, excluding impacts from COVID-19	\$ 21
Customer growth	7
Gross receipts tax, offset in taxes other than income taxes	5
Energy efficiency, offset in operation and maintenance	3
Customer rates and impact of the change in rate design, exclusive of the TCJA impact	1
Refund of protected and unprotected EDIT, offset in income tax expense	(2)
Impacts of COVID-19, including usage and other miscellaneous charges	(3)
Non-volumetric and miscellaneous revenue, excluding impacts from COVID-19	(3)
Total	\$ 29
<b>Operation and maintenance</b>	
Other operating and maintenance expenses	\$ 7
Support Services	4
Merger related expenses, primarily severance and technology	2
Contracted services	2
Materials and supplies	2
Bad Debt	1
Insurance	1
Energy efficiency, offset in revenues less cost of revenues	(3)
Total	\$ 16
<b>Depreciation and amortization</b>	
Incremental capital projects placed in service	(11)
Total	\$ (11)
<b>Taxes other than income taxes</b>	
Incremental capital projects placed in service	\$ (2)
Gross receipts tax, offset in revenues less cost of revenues	(5)
Total	\$ (7)
<b>Interest expense and other finance charges</b>	
Reduced interest rates on outstanding borrowings, partially offset by incremental borrowings for capital expenditures	\$ 8
Total	\$ 8
<b>Other expense, net</b>	
Reduction to non-service benefit cost	\$ 1
Money pool investments with CenterPoint Energy interest income	1
Total	\$ 2

*Income Tax Expense.* For a discussion of effective tax rate per period by Registrant, see Note 13 to the Interim Condensed Financial Statements.

## HOUSTON ELECTRIC'S MANAGEMENT'S NARRATIVE ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

Houston Electric's CODM views net income as the measure of profit or loss for its reportable segment. Houston Electric consists of a single reportable segment. Houston Electric's results of operations are affected by seasonal fluctuations in the demand for electricity. Houston Electric's results of operations are also affected by, among other things, the actions of various governmental authorities having jurisdiction over rates Houston Electric charges, debt service costs, income tax expense, Houston Electric's ability to collect receivables from REPs and Houston Electric's ability to recover its regulatory assets. For more information regarding factors that may affect the future results of operations of Houston Electric's business, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Electric Generation, Transmission and Distribution Businesses," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses and/or CenterPoint Energy's Interests in Enable Midstream Partners, LP" in Item 1A of Part I of the Registrants' combined 2020 Form 10-K.

	Three Months Ended March 31,		
	2021	2020	Favorable (Unfavorable)
	(in millions, except operating statistics)		
Revenues:			
TDU	\$ 640	\$ 596	44
Bond Companies	44	38	6
Total revenues	684	634	50
Expenses:			
Operation and maintenance, excluding Bond Companies	371	358	(13)
Depreciation and amortization, excluding Bond Companies	105	99	(6)
Taxes other than income taxes	63	64	1
Bond Companies	38	31	(7)
Total expenses	577	552	(25)
Operating Income	107	82	25
Other Income (Expense)			
Interest expense and other finance charges	(45)	(41)	(4)
Interest expense on Securitization Bonds	(6)	(8)	2
Other income, net	5	5	—
Income from Continuing Operations Before Income Taxes	61	38	23
Income tax expense	8	5	(3)
Net Income	\$ 53	\$ 33	20
Throughput (in GWh):			
Residential	5,701	5,351	7 %
Total	19,739	20,102	(2)%
Weather (percentage of 10-year average for service area):			
Cooling degree days	112 %	185 %	(73)%
Heating degree days	104 %	68 %	36 %
Number of metered customers at end of period:			
Residential	2,318,030	2,260,352	3 %
Total	2,615,917	2,552,739	2 %

The following table provides variance explanations for the three months ended March 31, 2021 compared to three months ended March 31, 2020 by major income statement caption for Houston Electric:

<b>Revenues</b>	<b>Favorable (Unfavorable)</b> <b>(in millions)</b>	
Transmission Revenues, including TCOS and TCRF and impact of the change in rate design, inclusive of costs billed by transmission providers	\$	136
Customer growth		8
Weather impacts and other usage		6
Bond Companies, offset in other line items		6
Impacts from increased peak demand in 2020, collected in rates in 2021		2
Equity return, related to the annual true-up of transition charges for amounts over or under collected in prior periods		1
Energy efficiency, offset in operation and maintenance		1
Miscellaneous revenues, primarily related to right-of-way revenues		(5)
Refund of protected and unprotected EDIT, offset in income tax expense		(10)
Impacts on usage of COVID-19		(12)
Customer rates and impact of the change in rate design		(83)
<b>Total</b>	<b>\$</b>	<b>50</b>
<b>Operation and maintenance, excluding Bond Companies</b>		
Support services	\$	6
Contract services		2
Labor and benefits		1
Energy efficiency, offset in revenues		(1)
Transmission costs billed by transmission providers, offset in revenues		(21)
<b>Total</b>	<b>\$</b>	<b>(13)</b>
<b>Depreciation and amortization, excluding Bond Companies</b>		
Ongoing additions to plant-in-service	\$	(6)
<b>Total</b>	<b>\$</b>	<b>(6)</b>
<b>Taxes other than income taxes</b>		
Franchise fees and other taxes	\$	2
Incremental capital projects placed in service		(1)
<b>Total</b>	<b>\$</b>	<b>1</b>
<b>Bond Companies expense</b>		
Operations and maintenance and depreciation expense, offset in other line items	\$	(7)
<b>Total</b>	<b>\$</b>	<b>(7)</b>
<b>Interest expense and other finance charges</b>		
Debt to fund incremental capital projects	\$	(4)
<b>Total</b>	<b>\$</b>	<b>(4)</b>
<b>Interest expense on Securitization Bonds</b>		
Lower outstanding principal balance, offset in other line items	\$	2
<b>Total</b>	<b>\$</b>	<b>2</b>
<b>Other income (expense), net</b>		
Reduction to non-service benefit cost	\$	2
Investments in CenterPoint Energy Money Pool interest income		(1)
Bond Companies interest income, offset in other line items		(1)
<b>Total</b>	<b>\$</b>	<b>—</b>

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 13 to the Interim Condensed Financial Statements.

## CERC'S MANAGEMENT'S NARRATIVE ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS

CERC's CODM views net income as the measure of profit or loss for its reportable segment. CERC's results of operations are affected by seasonal fluctuations in the demand for natural gas. CERC's results of operations are also affected by, among other things, the actions of various federal, state and local governmental authorities having jurisdiction over rates CERC charges, debt service costs and income tax expense, CERC's ability to collect receivables from customers and CERC's ability to recover its regulatory assets. For more information regarding factors that may affect the future results of operations for CERC's business, please read "Risk Factors — Risk Factors Associated with Our Consolidated Financial Condition," "— Risk Factors Affecting Natural Gas' Business," "— Risk Factors Affecting Our Businesses" and "— General Risk Factors Affecting Our Businesses and/or CenterPoint Energy's Interests in Enable Midstream Partners, LP" in Item 1A of Part I of the Registrants' combined 2020 Form 10-K.

	Three Months Ended March 31,		
	2021	2020	Favorable (Unfavorable)
	(in millions, except operating statistics)		
Revenues	\$ 1,177	\$ 1,011	\$ 166
Cost of revenues (1)	625	478	(147)
Revenues less Cost of revenues	<u>552</u>	<u>533</u>	19
Expenses:			
Operation and maintenance	198	209	11
Depreciation and amortization	80	74	(6)
Taxes other than income taxes	56	50	(6)
Total expenses	<u>334</u>	<u>333</u>	(1)
Operating Income	<u>218</u>	<u>200</u>	18
Other Income (Expense)			
Interest expense and other finance charges	(24)	(30)	6
Other expense, net	(1)	(4)	3
Income from Continuing Operations Before Income Taxes	<u>193</u>	<u>166</u>	27
Income tax expense	42	35	(7)
Income From Continuing Operations	<u>151</u>	<u>131</u>	20
Loss from Discontinued Operations (net of tax benefit of \$-0- and \$11, respectively)	<u>—</u>	<u>(64)</u>	64
Net Income	<u>\$ 151</u>	<u>\$ 67</u>	84
Throughput (in Bcf):			
Residential	93	74	26 %
Commercial and Industrial	87	90	(3) %
Total	<u>180</u>	<u>164</u>	10 %
Weather (percentage of 10-year average for service area):			
Heating degree days	102 %	86 %	16 %
Number of metered customers at end of period:			
Residential	3,362,902	3,299,011	2 %
Commercial and Industrial	261,944	261,120	— %
Total	<u>3,624,846</u>	<u>3,560,131</u>	2 %

(1) Includes Utility natural gas and Non-utility cost of revenues, including natural gas.

The following table provides variance explanations for the three months ended March 31, 2021 compared to three months ended March 31, 2020 by major income statement caption for CERC:

	<b>Favorable (Unfavorable)</b> <b>(in millions)</b>
<b>Revenues less Cost of revenues</b>	
Weather and usage, excluding impacts from COVID-19	\$ 17
Customer growth	5
Gross receipts tax, offset in taxes other than income taxes	5
Energy efficiency, offset in operation and maintenance	4
Non-volumetric and miscellaneous revenue, excluding impacts from COVID-19	(1)
Refund of protected and unprotected EDIT, offset in income tax expense	(2)
Impacts of COVID-19, including usage and other miscellaneous charges	(3)
Customer rates and impact of the change in rate design, exclusive of the TCJA impact	(6)
Total	\$ 19
<b>Operation and maintenance</b>	
Other operating and maintenance expense and support services	\$ 6
Merger related expenses, primarily severance and technology	2
Materials and supplies	2
Contracted services	2
Labor and benefits	1
Bad Debt	1
Insurance	1
Energy efficiency, offset in revenues less cost of revenues	(4)
Total	\$ 11
<b>Depreciation and amortization</b>	
Incremental capital projects placed in service	\$ (6)
Total	\$ (6)
<b>Taxes other than income taxes</b>	
Incremental capital projects placed in service	\$ (1)
Gross receipts tax, offset in revenues less cost of revenues	(5)
Total	\$ (6)
<b>Interest expense and other finance charges</b>	
Reduced interest rates on outstanding borrowings, partially offset by incremental borrowings for capital expenditures	\$ 6
Total	\$ 6
<b>Other expense, net</b>	
Reduction to non-service benefit cost	\$ 2
Money pool investments with CenterPoint Energy interest income	1
Total	\$ 3

*Income Tax Expense.* For a discussion of effective tax rate per period, see Note 13 to the Interim Condensed Financial Statements.

#### CERTAIN FACTORS AFFECTING FUTURE EARNINGS

For information on other developments, factors and trends that may have an impact on the Registrants' 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 and "Risk Factors" in Item 1A of Part I of the Registrants' combined 2020 Form 10-K and "Cautionary Statement Regarding Forward-Looking Information" in this combined 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 during the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,					
	2021			2020		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash provided by (used in):						
Operating activities	\$ (1,681)	\$ 47	\$ (1,787)	\$ 662	\$ 103	\$ 381
Investing activities	(604)	(982)	(131)	(654)	192	(177)
Financing activities	2,285	940	1,918	(32)	(315)	(205)

**Operating Activities.** The following items contributed to increased (decreased) net cash provided by operating activities for the three months ended March 31, 2021 compared to the three months ended March 31, 2020:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Changes in net income after adjusting for non-cash items	\$ 1,616	\$ 28	\$ (29)
Changes in working capital	(57)	(25)	(51)
Increase in regulatory assets (1)	(2,270)	(52)	(2,075)
Change in equity in earnings of unconsolidated affiliates	(1,583)	—	—
Change in distributions from unconsolidated affiliates (2)	(31)	—	—
Higher pension contribution	(6)	—	—
Other	(12)	(7)	(13)
	<u>\$ (2,343)</u>	<u>\$ (56)</u>	<u>\$ (2,168)</u>

(1) The increase in regulatory assets is primarily due to the incurred natural gas costs associated with the February 2021 Winter Storm Event. See Note 6 to the Interim Condensed Financial Statements for more information on the February 2021 Winter Storm Event.

(2) This change is partially offset by the change in distributions from Enable in excess of cumulative earnings in investing activities noted in the table below.

**Investing Activities.** The following items contributed to (increased) decreased net cash used in investing activities for the three months ended March 31, 2021 compared to the three months ended March 31, 2020:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Capital expenditures	\$ 70	\$ (28)	\$ 43
Net change in notes receivable from affiliated companies	—	(1,146)	—
Change in distributions from Enable in excess of cumulative earnings	(7)	—	—
Other	(13)	—	3
	<u>\$ 50</u>	<u>\$ (1,174)</u>	<u>\$ 46</u>



**Financing Activities.** The following items contributed to (increased) decreased net cash used in financing activities for the three months ended March 31, 2021 compared to the three months ended March 31, 2020:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Net changes in commercial paper outstanding	\$ 866	\$ —	\$ 398
Net changes in long-term debt outstanding, excluding commercial paper	2,470	1,021	1,699
Net changes in long-term revolving credit facilities	(1,050)	—	—
Net changes in debt issuance costs	(20)	(10)	(6)
Decreased payment of Common Stock dividends	57	—	—
Increased payment of preferred stock dividends	(6)	—	—
Net change in notes payable from affiliated companies	—	(141)	—
Dividend to parent	—	385	32
	\$ 2,317	\$ 1,255	\$ 2,123

### Future Sources and Uses of Cash

The liquidity and capital requirements of the Registrants are affected primarily by results of operations, capital expenditures, debt service requirements, tax payments, working capital needs and various regulatory actions. Capital expenditures are expected to be used for investment in infrastructure. These capital expenditures are anticipated to maintain reliability and safety, increase resiliency and expand our systems through value-added projects. In addition to dividend payments on CenterPoint Energy's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Common Stock, and in addition to interest payments on debt, the Registrants' principal anticipated cash requirements for the remaining nine months of 2021 include the following:

	CenterPoint Energy	Houston Electric	CERC
	(in millions)		
Estimated capital expenditures	\$ 2,778	\$ 1,365	\$ 866
Scheduled principal payments on Securitization Bonds	174	174	—
Minimum contributions to pension plans and other post-retirement plans	70	1	3
Maturing CenterPoint Energy term loans	700	—	—
Maturing CenterPoint Energy and VUHI senior notes	555	—	—
Maturing Houston Electric general mortgage bonds	300	300	—

*February 2021 Winter Storm Event.* In February 2021, portions of the United States experienced an extreme and unprecedented winter weather event resulting in corresponding electricity generation shortages, including in Texas, and natural gas shortages and increased wholesale prices of natural gas in the United States. As a result of this weather event, the governors of Texas, Oklahoma and Louisiana declared states of either disaster or emergencies in their respective states. Subsequently, President Biden also approved major disaster declarations for all or parts of Texas, Oklahoma and Louisiana.

As a result of the February 2021 Winter Storm Event, from February 12, 2021 to February 22, 2021, management estimates CenterPoint Energy spent approximately an incremental \$2.2 billion more on natural gas supplies (inclusive of an incremental \$2.1 billion more spent by CERC on natural gas supplies). These amounts are preliminary estimates as of April 29, 2021 and remain subject to final settlement. While CenterPoint Energy and CERC will seek to recover the increased costs from its customers (although timing of recovery is uncertain), in the interim, CERC has issued additional external debt financing to pay for such natural gas working capital. For further details, see Note 12 to the Interim Condensed Financial Statements. The proceeds from the debt financing, along with existing sources of liquidity, provide CERC with sufficient capital to address the settlement of natural gas purchases, including the associated upstream supply charges, at the end of March 2021. Any additional external debt financing and/or partial or delayed recovery may negatively impact CenterPoint Energy's or CERC's credit metrics, and may lead to a downgrade of CenterPoint Energy's or CERC's credit rating.

Although CenterPoint Energy's and CERC's excess costs from the increase in natural gas prices are subject to available natural gas recovery mechanisms in their jurisdictions (although timing of recovery is uncertain), until such amounts are

ultimately recovered from customers, CenterPoint Energy and CERC will continue to incur increased finance-related costs, resulting in a significant use of cash. See “— Regulatory Matters — February 2021 Winter Storm Event” below.

The Registrants expect that anticipated cash needs for the remaining nine months of 2021 will be met with borrowings under their credit facilities, proceeds from the issuance of long-term debt, term loans or common stock, anticipated cash flows from operations, with respect to CenterPoint Energy and CERC, proceeds from commercial paper, with respect to CenterPoint Energy, distributions from Enable until the closing of the Enable Merger expected in the second half of 2021, including any proceeds therefrom, distributions from Energy Transfer or proceeds from dispositions of Energy Transfer common units or Energy Transfer Series G Preferred Units after the expected closing of the Enable Merger, and, with respect to CERC, proceeds from any potential asset sales, including the announced sale of our Natural Gas businesses in Arkansas and Oklahoma, which is expected to close by the end of 2021, subject to satisfaction of customary closing conditions. Discretionary financing or refinancing may result in the issuance of equity securities of CenterPoint Energy or debt securities of the Registrants in the capital markets or the arrangement of additional credit facilities or term bank loans. Issuances of equity or debt in the capital markets, funds raised in the commercial paper markets and additional credit facilities may not, however, be available on acceptable terms. For further information about the Enable Merger and the announced sale of our Arkansas and Oklahoma Natural Gas businesses, see Notes 9 and 20, respectively, to the Interim Condensed Financial Statements.

### **Off-Balance Sheet Arrangements**

Other than Houston Electric’s general mortgage bonds issued as collateral for tax-exempt long-term debt of CenterPoint Energy as discussed in Note 12, guarantees as discussed in Note 14(b) to the Interim Condensed Financial Statements, we have no off-balance sheet arrangements.

### **Regulatory Matters**

#### ***COVID-19 Regulatory Matters***

For information about COVID-19 regulatory matters, see Note 6 to the Interim Condensed Financial Statements.

#### ***February 2021 Winter Storm Event***

The Texas Legislature conducted in late February and March initial hearings on the February 2021 Winter Storm Event. Immediately after the February 2021 Winter Storm Event, five unaffiliated directors of the ERCOT Board resigned. Three ERCOT market segment directors have also resigned and their replacements were appointed. Presently, the Texas legislature is considering legislation that would require unaffiliated directors of ERCOT to be Texas residents. On March 3, 2021, the ERCOT Board terminated the employment agreement with the ERCOT President and CEO with 60 days’ notice. On April 27, 2021, the ERCOT Board announced a new interim President and CEO. Following the February 2021 Winter Storm Event, all three PUCT commissioners have also either resigned or announced their resignation. To date, Governor Abbott has announced two new PUCT commissioners and both have been confirmed by the Texas Senate. Under consideration at the Texas Legislature is legislation requiring the number of appointed PUCT commissioners to be increased from three to five. For the two additional PUCT commissioner appointees, one will be appointed by the Texas Lieutenant Governor and one will be appointed by the Texas Speaker of the House.

On February 13, 2021, the Railroad Commission authorized each Texas natural gas distribution utility to record in a regulatory asset the extraordinary expenses associated with the February 2021 Winter Storm Event, including, but not limited to, natural gas cost and other costs related to the procurement and transportation of natural gas supply, subject to recovery in future proceedings. In addition, CenterPoint Energy’s and CERC’s Natural Gas utilities in jurisdictions outside of Texas deferred natural gas cost under existing recovery mechanisms and have either sought or intend to seek recovery of the increased cost of natural gas, which will be subject to customary regulatory prudence reviews that may impact the amounts recovered. Amounts for the under recovery of natural gas costs are reflected in regulatory assets and are probable of recovery; however, the timing of recovery for each jurisdiction for the estimated incremental gas cost attributable to the February 2021 Winter Storm Event within each regulatory asset is uncertain.

The table below presents the estimated incremental natural gas costs included in regulatory assets as of March 31, 2021 by state as a result of the February 2021 Winter Storm Event and CenterPoint Energy's and CERC's requested recovery status as of April 29, 2021:

State	Recovery Status	Legislative Activity	Estimated Incremental Gas Cost (in millions)
Arkansas	Filed application on April 16, 2021 to recover over a five-year period beginning May 1, 2021. On April 28, 2021, APSC approved CERC to begin recovery effective May 2021 at a customer deposit interest rate of 0.8% over a five year period, subject to a true-up after APSC determines appropriate allocation, length of recovery, and carrying charge. A hearing is scheduled in August 2021.	A securitization bill has been passed and recovery via the securitization is beyond 2021.	\$ 343
Louisiana	Filed application on April 16, 2021 for North Louisiana to recover over a three-year period beginning May 1, 2021. LPSC approved on April 22, 2021.	None.	75
Minnesota	Filed application on March 15, 2021 requesting to recover over a two-year period beginning May 1, 2021.	None.	470
Mississippi	Recovery expected to begin September 2021 through normal gas cost recovery.	None.	3
Oklahoma	Filed application on February 25, 2021 to defer incremental gas costs is pending at the OCC.	A securitization bill has passed in the Oklahoma legislature.	79
Texas	Cost currently deferred to a regulatory asset pending recovery method.	A securitization bill is progressing through the Texas legislature. Approval of the bill could occur as early as the second quarter of 2021 which could allow recovery by the first quarter of 2022.	1,105
Total CERC			\$ 2,075
Indiana North	Recovery expected to begin September 2021 through normal gas recovery.	None.	96
Indiana South	Recovery expected to begin August 2021 through normal gas recovery.	None.	18
Total CenterPoint Energy			\$ 2,189

For additional information about February 2021 Winter Storm Event regulatory matters, see Note 6 to the Interim Condensed Financial Statements.

#### **Indiana Electric CPCN (CenterPoint Energy)**

On February 9, 2021, Indiana Electric entered into a BTA with a subsidiary of Capital Dynamics. Under the agreement, Capital Dynamics, with its partner Tenaska, will build a 300 MW solar array in Posey County, Indiana through a special purpose entity Posey Solar. Upon completion of construction, which is projected to be at the end of 2023, and subject to approval by the IURC, Indiana Electric will acquire Posey Solar and its solar array assets for a fixed purchase price. On February 23, 2021, Indiana Electric filed a CPCN with the IURC seeking approval to purchase the project. Indiana Electric is also seeking approval for a 100 MW solar PPA in Warrick County, Indiana. The request accounts for increased cost of debt related to this PPA, which provides equivalent equity return to offset imputed debt during the 25 year life of the PPA. A hearing is scheduled to begin in June 2021 and a decision on the CPCN is expected by the fourth quarter of 2021.

#### **Indiana Electric Securitization of Planned Generation Retirements (CenterPoint Energy)**

The State of Indiana has enacted legislation, Senate Bill 386, that would enable CenterPoint Energy to request approval from the IURC to securitize the remaining book value and removal costs associated with generating facilities to be retired in the

next twenty-four months. The Governor of Indiana signed the legislation on April 19, 2021. CenterPoint Energy intends to seek securitization in the future associated with planned coal generation retirements.

#### ***Space City Solar Transmission Interconnection Project (CenterPoint Energy and Houston Electric)***

On December 17, 2020, Houston Electric filed a certificate of convenience and necessity application with the PUCT for approval to build a 345 kV transmission line in Wharton County, Texas connecting the Hillje substation on Houston Electric's transmission system to the planned 610 MW Space City Solar Generation facility being developed by third-party developer EDF Renewables. Depending on the route ultimately approved by the PUCT, the estimated capital cost of the transmission line project ranges from approximately \$23 million to \$71 million. The actual capital costs of the project will depend on actual land acquisition costs, construction costs, and other factors in addition to route selection. In January 2021, Houston Electric executed a Standard Generation Interconnection Agreement for the Space City Solar Generation facility with EDF Renewables, which also provided security for the transmission line project in the form of a \$23 million letter of credit, the amount of which is subject to change depending on the route approved. A hearing at the PUCT is scheduled for June 2021. The PUCT is required to issue its final decision on the transmission line project no later than December 2021. Subject to PUCT approval, Houston Electric expects to complete construction and energization of the transmission line by June 2022.

#### ***Minnesota Base Rate Case (CenterPoint Energy and CERC)***

On October 28, 2019, CERC filed a general rate case with the MPUC seeking approval for a revenue increase of approximately \$62 million with a projected test year ended December 31, 2020. The revenue increase is based upon a requested ROE of 10.15% and an overall after-tax rate of return of 7.41% on a total rate base of approximately \$1,307 million. CERC implemented interim rates reflecting \$53 million for gas used on and after January 1, 2020. In September 2020, a settlement that addressed all issues except the Inclusive Financing/Tariffed On Bill Financing (TOB) proposal by the City of Minneapolis was signed by a majority of all parties and was filed with the Office of Administrative Hearings. A stipulation between the City of Minneapolis and CERC addressing the TOB proposal was filed on September 2, 2020. The settlement reflects a \$38.5 million increase and was based on an overall after-tax rate of return of 6.86% and does not specify individual cost of capital components. On March 1, 2021, the MPUC issued a written final order approving the \$38.5 million increase and rejected the TOB stipulation. The order also required CERC and the City of Minneapolis to submit a future filing to allow for further development of a potential TOB pilot program and additional or expanded low-income conservation improvement programs. A compliance filing was submitted on March 12, 2021 proposing a final rate implementation on June 1st and the interim refund occurring in June 2021, contingent on final MPUC approval.

#### ***Indiana South Base Rate Case (CenterPoint Energy)***

On October 30, 2020, and as subsequently amended, Indiana South filed its base rate case with the IURC seeking approval for a revenue increase of approximately \$29 million. This rate case filing is required under Indiana TDSIC statutory requirements before the completion of Indiana South's capital expenditure program, approved in 2014 for investments starting in 2014 through 2020. The revenue increase is based upon a requested ROE of 10.15% and an overall after-tax rate of return of 5.99% on total rate base of approximately \$469 million. Indiana South has utilized a projected test year, reflecting its 2021 budget as the basis for the revenue increase requested, and proposes to implement rates in two phases. The first phase of rate implementation will occur as of the date of an order in this proceeding, expected in September 2021, and the second phase of rate implementation will occur at the completion of the test year, as of December 31, 2021. On April 16, 2021, Indiana South announced that an agreement in principle has been reached with certain parties. On April 23, 2021, a Stipulation and Settlement Agreement was filed resolving all issues in the case. The settlement recommended a revenue increase of \$20.5 million based on a 9.7% ROE and an overall after-tax rate of return of 5.78% on total rate base of approximately \$469 million. A settlement hearing is scheduled for June 24, 2021. A final order is expected in the second half of 2021. Under Indiana statutory requirements, the IURC has 300 days from the date of the filing of Indiana South's case-in-chief to issue an order.

#### ***Indiana North Base Rate Case (CenterPoint Energy)***

On December 18, 2020, Indiana North filed its base rate case with the IURC seeking approval for a revenue increase of approximately \$21 million. This rate case filing is required under Indiana TDSIC statutory requirements before the completion of Indiana North's capital expenditure program, approved in 2014 for investments starting in 2014 through 2020. The revenue increase is based upon a requested ROE of 10.15% and an overall after-tax rate of return of 6.32% on total rate base of approximately \$1,611 million. Indiana North has utilized a projected test year, reflecting its 2021 budget as the basis for the revenue increase requested, and proposes to implement rates in two phases. The first phase of rate implementation will occur as of the date of an order in this proceeding, expected in October 2021, and the second phase of rate implementation will occur at the completion of the test year, as of December 31, 2021. Hearings at the IURC are currently scheduled to occur in May and

June 2021. Under Indiana statutory requirements, the IURC has a minimum of 300 days and maximum of 360 days from the date of the filing of Indiana North's case-in-chief to issue an order.

### Rate Change Applications

The Registrants 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). CenterPoint Energy is periodically involved in proceedings to adjust its capital tracking mechanisms in Indiana (CSIA for gas and TDSIC for electric) and Ohio (DRR), its decoupling mechanism in Indiana (SRC for gas), and its energy efficiency cost trackers in Indiana (EEFC for gas and DSMA for electric) and Ohio (EEFR). The table below reflects significant applications pending or completed since the Registrants' combined 2020 Form 10-K was filed with the SEC.

Mechanism	Annual Increase (Decrease) <sup>(1)</sup> (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
<b>CenterPoint Energy and Houston Electric (PUCT)</b>					
TCOS	9	March 2021	April 2021	April 2021	Based on net change in invested capital of \$80 million.
<b>CenterPoint Energy and CERC - Arkansas (APSC)</b>					
FRP <sup>(1)</sup>	13	April 2021	TBD	TBD	Based on ROE of 9.50% with 50 basis point (+/-) earnings band. Revenue increase of \$13 million based on prior test year true-up earned return on equity of 11.43% combined with projected test year earned return on equity of 3.59%. The initial term of Rider FRP will terminate on September 10, 2021; a request to extend the Rider FRP term for an additional five years was filed on May 5, 2021.
<b>CenterPoint Energy and CERC - Beaumont/East Texas, South Texas, Houston and Texas Coast (Railroad Commission)</b>					
GRIP <sup>(1)</sup>	28	March 2021	TBD	TBD	Based on net change in invested capital of \$197 million.
<b>CenterPoint Energy and CERC - Minnesota (MPUC)</b>					
Decoupling	N/A	September 2020	September 2020	March 2021	Represents under-recovery of approximately \$2 million recorded for and during the period July 1, 2019 through June 30, 2020, including approximately \$1 million related to the period July 1, 2018 through June 30, 2019.
Rate Case <sup>(1)</sup>	39	October 2019	June 2021	TBD	See discussion above under <i>Minnesota Base Rate Case</i> .
CIP Financial Incentive <sup>(1)</sup>	10	May 2021	TBD	TBD	CIP Financial Incentive based on 2020 activity.
<b>CenterPoint Energy and CERC - Mississippi (MPSC)</b>					
RRA <sup>(1)</sup>	4	April 2021	TBD	TBD	Based on ROE of 9.81% with 100 basis point (+/-) earnings band. Revenue increase of approximately \$4 million based on 2020 test year adjusted earned ROE of 6.97%.
<b>CenterPoint Energy and CERC - Oklahoma (OCC)</b>					
PBRC <sup>(1)</sup>	(1)	March 2021	TBD	TBD	Based on ROE of 10% with 50 basis point (+/-) earnings band. Revenue credit of approximately \$1 million based on 2020 test year adjusted earned ROE of 12.42%.
<b>CenterPoint Energy - Indiana South - Gas (IURC)</b>					
Rate Case <sup>(1)</sup>	29	October 2020	September 2021	TBD	See discussion above under <i>Indiana South Base Rate Case</i> .
CSIA <sup>(1)</sup>	(1)	April 2021	July 2021	TBD	Requested an increase of \$11 million to rate base, which reflects a \$(1 million) annual decrease in current revenues. 80% of revenue requirement is included in requested rate increase and 20% is deferred until the next rate case. The mechanism also includes refunds associated with the TCJA, resulting in no change to the previous credit provided, and a change in the total (over)/under-recovery variance of less than \$1 million annually.
<b>CenterPoint Energy - Indiana North - Gas (IURC)</b>					
Rate Case <sup>(1)</sup>	21	December 2020	October 2021	TBD	See discussion above under <i>Indiana North Base Rate Case</i> .
CSIA <sup>(1)</sup>	5	April 2021	July 2021	TBD	Requested an increase of \$37 million to rate base, which reflects a \$5 million annual increase in current revenues. 80% of revenue requirement is included in requested rate increase and 20% is deferred until the next rate case. The mechanism also includes refunds associated with the TCJA, resulting in no change to the previous credit provided, and a change in the total (over)/under-recovery variance of \$6 million annually.

Mechanism	Annual Increase (Decrease) <sup>(1)</sup> (in millions)	Filing Date	Effective Date	Approval Date	Additional Information
<b>CenterPoint Energy - Ohio (PUCO)</b>					
DRR <sup>(1)</sup>	9	April 2021	September 2021	TBD	Requested an increase of \$71 million to rate base for investments made in 2020, which reflects a \$9 million annual increase in current revenues. A change in (over)/under-recovery variance of \$5 million annually is also included in rates.
<b>CenterPoint Energy - Indiana Electric (IURC)</b>					
TDSIC <sup>(1)</sup>	3	February 2021	May 2021	TBD	Requested an increase of \$28 million to rate base, which reflects a \$3 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also includes a change in (over)/under-recovery variance of less than \$1 million.
CECA <sup>(1)</sup>	8	February 2021	June 2021	TBD	Reflects an \$8 million annual increase in current revenues through a non-traditional rate making approach related to a 50 MW universal solar array placed in service in January 2021.
ECA <sup>(1)</sup>	2	May 2021	August 2021	TBD	Requested an increase of \$39 million to rate base, which reflects a \$2 million annual increase in current revenues. 80% of the revenue requirement is included in requested rate increase and 20% is deferred until next rate case. The mechanism also included a change in (over)/under-recovery variance of less than \$1 million annually.

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

### **CPP and ACE Rule (CenterPoint Energy)**

On August 3, 2015, the EPA released its CPP Rule, which required a 32% reduction in carbon emissions from 2005 levels. The final rule was published in the Federal Register on October 23, 2015, and that action was immediately followed by litigation ultimately resulting in the U.S. Supreme Court staying implementation of the rule. On August 31, 2018, the EPA published its proposed CPP replacement rule, the ACE Rule, which was finalized on July 8, 2019 and requires states to implement a program of energy efficiency improvement targets for individual coal-fired electric generating units. On January 19, 2021, the ACE Rule was struck down by the U.S. District Court of Appeals for the D.C. Circuit. CenterPoint Energy is currently unable to predict whether the Biden Administration will continue its defense of the CPP or ACE Rule, or what a new replacement rule would look like. The Biden administration recommitted the United States to the Paris Agreement, which can be expected to drive a renewed regulatory push to require further GHG emission reductions from the energy sector. Shortly after taking office in January 2021, President Biden issued a series of executive orders designed to address climate change. President Biden has also signed an executive order requiring agencies to review environmental actions taken by the Trump administration, which would have included the ACE Rule, and the Biden administration has issued a memorandum to departments and agencies to refrain from proposing or issuing rules until a departmental or agency head appointed or designated by the Biden administration has reviewed and approved the rule. Reentry into the Paris Agreement and President Biden's executive orders may result in the development of additional regulations or changes to existing regulations, and on April 22, 2021, President Biden announced a new goal of 50% reduction of economy-wide GHG emissions by 2035. On March 1, 2020, CenterPoint Energy announced corporate carbon emission goals, which are expected to be used to guide Indiana Electric's transition to a low carbon fleet and position Indiana Electric to comply with anticipated future regulatory requirements from the Biden administration to further reduce GHG emissions from its electric fleet.

### **Other Matters**

#### **Credit Facilities**

The Registrants may draw on their respective revolving credit facilities from time to time to provide funds used for general corporate and limited liability company purposes, including to backstop CenterPoint Energy's and CERC's commercial paper programs. The facilities may also be utilized to obtain letters of credit. For further details related to the Registrants' revolving credit facilities, please see Note 12 to the Interim Condensed Financial Statements.

Based on the consolidated debt to capitalization covenant in the Registrants' revolving credit facilities, the Registrants would have been permitted to utilize the full capacity of such revolving credit facilities, which aggregated approximately \$4 billion as of March 31, 2021. As of April 29, 2021, the Registrants had the following revolving credit facilities and utilization of such facilities:

Registrant	Size of Facility	Amount Utilized as of April 29, 2021			Weighted Average Interest Rate	Termination Date
		Loans	Letters of Credit	Commercial Paper		
		(in millions)				
CenterPoint Energy	\$ 2,400	\$ —	\$ 11	\$ 846	0.21%	February 4, 2024
CenterPoint Energy <sup>(1)</sup>	400	—	—	192	0.18%	February 4, 2024
Houston Electric	300	—	—	—	—%	February 4, 2024
CERC	900	—	—	545	0.19%	February 4, 2024
<b>Total</b>	<b>\$ 4,000</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 1,583</b>		

(1) The credit facility was issued by VUHI and is guaranteed by SIGECO, Indiana Gas and VEDO.

Borrowings under each of the revolving credit facilities are subject to customary terms and conditions. However, there is no requirement that the borrower makes representations prior to borrowing 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 revolving credit facilities, the spread to LIBOR and the commitment fees fluctuate based on the borrower's credit rating. Each of the Registrant's credit facilities provide for a mechanism to replace LIBOR with possible alternative benchmarks upon certain benchmark replacement events. The borrowers are currently in compliance with the various business and financial covenants in the four revolving credit facilities.

### Long-term Debt

For detailed information about the Registrants' debt transactions in 2021, see Note 12 to the Interim Condensed Financial Statements.

### Securities Registered with the SEC

On May 29, 2020, the Registrants 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 shares of Common Stock, shares of preferred stock, depository shares, as well as stock purchase contracts and equity units. The joint shelf registration statement will expire on May 29, 2023. For information related to the Registrants' debt issuances in 2021, see Note 12 to the Interim Condensed Financial Statements.

### Temporary Investments

As of April 29, 2021, the Registrants had no temporary investments.

### Money Pool

The Registrants participate in a money pool through which they and certain of their 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 CenterPoint Energy money pool are expected to be met with borrowings under CenterPoint Energy's revolving credit facility or the sale of CenterPoint Energy's commercial paper. The net funding requirements of the CERC money pool are expected to be met with borrowings under CERC's revolving credit facility or the sale of CERC's commercial paper. The money pool may not provide sufficient funds to meet the Registrants' cash needs.



The table below summarizes CenterPoint Energy money pool activity by Registrant as of April 29, 2021:

	Weighted Average Interest Rate	Houston Electric		CERC
		(in millions)		
Money pool investments (borrowings)	0.20%	\$	569	\$ —

### Impact on Liquidity of a Downgrade in Credit Ratings

The interest on borrowings under the credit facilities is based on each respective borrower's credit ratings. As of April 29, 2021, Moody's, S&P and Fitch had assigned the following credit ratings to the borrowers:

Registrant	Borrower/Instrument	Moody's		S&P		Fitch	
		Rating	Outlook (1)	Rating	Outlook (2)	Rating	Outlook (3)
CenterPoint Energy	CenterPoint Energy Senior Unsecured Debt	Baa2	Stable	BBB	Stable	BBB	Stable
CenterPoint Energy	Vectren Corp. Issuer Rating	n/a	n/a	BBB+	Stable	n/a	n/a
CenterPoint Energy	VUHI Senior Unsecured Debt	A3	Stable	BBB+	Stable	n/a	n/a
CenterPoint Energy	Indiana Gas Senior Unsecured Debt	n/a	n/a	BBB+	Stable	n/a	n/a
CenterPoint Energy	SIGECO Senior Secured Debt	A1	Stable	A	Stable	n/a	n/a
Houston Electric	Houston Electric Senior Secured Debt	A2	Stable	A	Stable	A	Stable
CERC	CERC Corp. Senior Unsecured Debt	A3	Negative	BBB+	Stable	A-	Stable

- (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 outlook assesses the potential direction of a long-term credit rating over the intermediate to longer term.
- (3) A Fitch rating outlook indicates the direction a rating is likely to move over a one- to two-year period.

The Registrants 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. The Registrants note that these credit ratings are included for informational purposes and are not recommendations to buy, sell or hold the Registrants' 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 the Registrants' credit ratings could have a material adverse impact on the Registrants' ability to obtain short- and long-term financing, the cost of such financings and the execution of the Registrants' commercial strategies.

A decline in credit ratings could increase borrowing costs under the Registrants' revolving credit facilities. If the Registrants' credit ratings had been downgraded one notch by S&P and Moody's from the ratings that existed as of March 31, 2021, the impact on the borrowing costs under the four revolving credit facilities would have been insignificant. 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 the Registrants' 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 CenterPoint Energy's and CERC's Natural Gas reportable segments.

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 unrecouped cost of any lateral built for such shipper. If the credit ratings of CERC Corp. decline below the applicable threshold levels, CERC might need to provide cash or other collateral of as much as \$162 million as of March 31, 2021. The amount of collateral will depend on seasonal variations in transportation levels.

### ZENS and Securities Related to ZENS (CenterPoint Energy)

If CenterPoint Energy's creditworthiness were to drop such that ZENS holders thought its 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 ZENS-Related Securities that CenterPoint Energy owns or from other sources. CenterPoint Energy owns shares of ZENS-Related Securities equal to



approximately 100% of the reference shares used to calculate its obligation to the holders of the ZENS. ZENS exchanges result in a cash outflow because tax deferrals related to the ZENS and shares of ZENS-Related Securities would typically cease when ZENS are exchanged or otherwise retired and shares of ZENS-Related Securities are sold. The ultimate tax liability related to the ZENS and ZENS-Related Securities 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 or exchange of the ZENS. If all ZENS had been exchanged for cash on March 31, 2021, deferred taxes of approximately \$490 million would have been payable in 2021. If all the ZENS-Related Securities had been sold on March 31, 2021, capital gains taxes of approximately \$152 million would have been payable in 2021 based on 2021 tax rates in effect. For additional information about ZENS, see Note 11 to the Interim Condensed Financial Statements.

### ***Cross Defaults***

Under each of CenterPoint Energy's (including VUHI's), Houston Electric's and CERC's respective revolving credit facilities, as well as under CenterPoint Energy's term loan agreement, 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 the borrower or any of their respective significant subsidiaries will cause a default under such borrower's respective credit facility or term loan agreement. A default by CenterPoint Energy would not trigger a default under its subsidiaries' debt instruments or revolving credit facilities.

### ***Possible Acquisitions, Divestitures and Joint Ventures***

From time to time, the Registrants 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. The Registrants 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 the Registrants 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. As announced in December 2020, CenterPoint Energy's business strategy incorporated the Business Review and Evaluation Committee's recommendations to increase its planned capital expenditures in its electric and natural gas businesses to support rate base growth and sell certain of its Natural Gas businesses located in Arkansas and Oklahoma as a means to efficiently finance a portion of such increased capital expenditures, among other recommendations. On April 29, 2021, CenterPoint Energy, through its subsidiary CERC Corp., entered into an Asset Purchase Agreement to sell its Arkansas and Oklahoma Natural Gas businesses for \$2.15 billion in cash, including recovery of approximately \$425 million of storm-related incremental natural gas costs incurred in the February 2021 Winter Storm Event, subject to certain adjustments set forth in the Asset Purchase Agreement. For further information regarding the announced sale of our Arkansas and Oklahoma Natural Gas businesses, see Note 20 to the Interim Condensed Financial Statements.

Additionally, CenterPoint Energy's process of evaluating and optimizing the various businesses, assets and ownership interests currently held by it considered, among other things, various plans, proposals and other strategic alternatives with respect to Enable and CenterPoint Energy's investment in Enable, which may result in the disposition of a portion or all of its ownership interest in Enable. In February 2021, CenterPoint Energy announced its support of the Enable Merger, which is expected to close in the second half of 2021, subject to customary closing conditions, including Hart-Scott-Rodino antitrust clearance. CenterPoint Energy may not realize any or all of the anticipated strategic, financial, operational or other benefits from the Enable Merger, if completed, or from any disposition or reduction of its anticipated resulting investment in Energy Transfer. There can be no assurances that any disposal of Energy Transfer common units or Energy Transfer Series G Preferred Units will be completed. Any disposal of such securities may involve significant costs and expenses, including in connection with any public offering, a significant underwriting discount. For information regarding the Enable Merger, see Note 9 to the Interim Condensed Financial Statements.

### ***Enable Midstream Partners (CenterPoint Energy)***

CenterPoint Energy receives quarterly cash distributions from Enable on its common units and Enable Series A Preferred Units. A reduction in the cash distributions CenterPoint Energy receives from Enable could significantly impact CenterPoint Energy's liquidity. For additional information about cash distributions from Enable, see Notes 9 and 20 to the Interim Condensed Financial Statements.

### ***Hedging of Interest Expense for Future Debt Issuances***

From time to time, the Registrants may enter into 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 7(a) to the Interim Condensed Financial Statements.

### ***Weather Hedge (CenterPoint Energy and CERC)***

CenterPoint Energy and CERC have historically entered into partial weather hedges for certain Natural Gas jurisdictions and electric operations' Texas service territory to mitigate the impact of fluctuations from normal weather. CenterPoint Energy and CERC remain exposed to some weather risk as a result of the partial hedges. For more information about weather hedges, see Note 7(a) to the Interim Condensed Financial Statements.

### ***Collection of Receivables from REPs (CenterPoint Energy and Houston Electric)***

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, the February 2021 Winter Storm Event, 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 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, the Registrants' liquidity and capital resources could also be negatively affected by:

- further reductions in the cash distributions we receive from Enable;
- cash collateral requirements that could exist in connection with certain contracts, including weather hedging arrangements, and natural gas purchases, natural gas price and natural gas storage activities of CenterPoint Energy's and CERC's Natural Gas reportable segment;
- acceleration of payment dates on certain gas supply contracts, under certain circumstances, as a result of increased natural gas prices, including as a result of the February 2021 Winter Storm Event, and concentration of natural gas suppliers (CenterPoint Energy and CERC);
- increased costs related to the acquisition of natural gas, including as a result of the February 2021 Winter Storm Event (CenterPoint Energy and CERC);
- increases in interest expense in connection with debt refinancings and borrowings under credit facilities or term loans or the use of alternative sources of financings due to the effects of COVID-19 and the February 2021 Winter Storm Event on capital and other financial markets;
- the outcome of litigation, including litigation related to the February 2021 Winter Storm Event;
- the ability of REPs, including REP affiliates of NRG and Vistra Energy Corp., to satisfy their obligations to CenterPoint Energy and Houston Electric, including the negative impact on such ability related to COVID-19 and the February 2021 Winter Storm Event;
- various legislative or regulatory actions;
- incremental collateral, if any, that may be required due to regulation of derivatives (CenterPoint Energy);
- slower customer payments and increased write-offs of receivables due to higher natural gas prices, changing economic conditions, COVID-19 or the February 2021 Winter Storm Event (CenterPoint Energy and CERC);
- the satisfaction of any obligations pursuant to guarantees;
- 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 the Registrants’ combined 2020 Form 10-K](#).

#### **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. Additionally, certain provisions in note purchase agreements relating to debt issued by VUHI have the effect of restricting the amount of additional first mortgage bonds issued by SIGECO.

For information about the total debt to capitalization financial covenants in the Registrants’ and certain of CenterPoint Energy’s subsidiaries’ revolving credit facilities, see Note 12 to the Interim Condensed Financial Statements.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

*Houston Electric and CERC meet the conditions specified in General Instruction H(1)(a) and (b) to Form 10-Q and are therefore permitted to use the reduced disclosure format for wholly-owned subsidiaries of reporting companies. Accordingly, Houston Electric and CERC have omitted from this report the information called for by Item 3 (Quantitative and Qualitative Disclosures About Market Risk) of Part I of the Form 10-Q.*

#### **Interest Rate Risk (CenterPoint Energy)**

As of March 31, 2021, CenterPoint Energy had outstanding long-term debt, lease obligations and obligations under its ZENS that subject it to the risk of loss associated with movements in market interest rates.

CenterPoint Energy’s floating rate obligations aggregated \$3.4 billion and \$2.4 billion as of March 31, 2021 and December 31, 2020, respectively. If the floating interest rates were to increase by 10% from March 31, 2021 rates, CenterPoint Energy’s combined interest expense would increase by approximately \$1.7 million annually.

As of March 31, 2021 and December 31, 2020, CenterPoint Energy had outstanding fixed-rate debt (excluding indexed debt securities) aggregating \$12.5 billion and \$11.1 billion, respectively, in principal amount and having a fair value of \$13.5 billion and \$12.9 billion, respectively. Because these instruments are fixed-rate, they do not expose CenterPoint Energy 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 \$376 million if interest rates were to decline by 10% from levels at March 31, 2021. In general, such an increase in fair value would impact earnings and cash flows only if CenterPoint Energy were to reacquire all or a portion of these instruments in the open market prior to their maturity.

In general, such an increase in fair value would impact earnings and cash flows only if CenterPoint Energy 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 \$13 million as of March 31, 2021 was a fixed-rate obligation and, therefore, did not expose CenterPoint Energy 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 \$2 million if interest rates were to decline by 10% from levels at March 31, 2021. Changes in the fair value of the derivative component, a \$927 million recorded liability at March 31, 2021, are recorded in CenterPoint Energy’s Condensed Statements of Consolidated Income and, therefore, it is 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, 2021 levels, the fair value of the derivative component liability would decrease by approximately \$1 million, which would be recorded as an unrealized gain in CenterPoint Energy’s Condensed Statements of Consolidated Income.

#### **Equity Market Value Risk (CenterPoint Energy)**

CenterPoint Energy is exposed to equity market value risk through its ownership of 10.2 million shares of AT&T Common and 0.9 million shares of Charter Common, which CenterPoint Energy holds to facilitate its ability to meet its obligations under the ZENS. See Note 11 to the Interim Condensed Financial Statements for a discussion of CenterPoint Energy’s ZENS obligation. Changes in the fair value of the ZENS-Related 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, 2021 aggregate market value of these shares would result in a net loss of less than \$1 million, which would be recorded as a loss in CenterPoint Energy’s Condensed Statements of Consolidated Income.

## **Commodity Price Risk From Non-Trading Activities (CenterPoint Energy)**

CenterPoint Energy's regulated operations in Indiana have limited exposure to commodity price risk for transactions involving purchases and sales of natural gas, coal and purchased power for the benefit of retail customers due to current state regulations, which, subject to compliance with those regulations, allow for recovery of the cost of such purchases through natural gas and fuel cost adjustment mechanisms. CenterPoint Energy's utility natural gas operations in Indiana have regulatory authority to lock in pricing for up to 50% of annual natural gas purchases using arrangements with an original term of up to 10 years. This authority has been utilized to secure fixed price natural gas using both physical purchases and financial derivatives. As of March 31, 2021, the recorded fair value of non-trading energy derivative liabilities was \$7 million for CenterPoint Energy's utility natural gas operations in Indiana, which is offset by a regulatory asset.

Although CenterPoint Energy's regulated operations are exposed to limited commodity price risk, natural gas and coal prices have other effects on working capital requirements, interest costs, and some level of price-sensitivity in volumes sold or delivered. Constructive regulatory orders, such as those authorizing lost margin recovery, other innovative rate designs and recovery of unaccounted for natural gas and other natural gas-related expenses, also mitigate the effect natural gas costs may have on CenterPoint Energy's financial condition. In 2008, the PUCO approved an exit of the merchant function in CenterPoint Energy's Ohio natural gas service territory, allowing Ohio customers to purchase substantially all natural gas directly from retail marketers rather than from CenterPoint Energy.

### **Item 4. CONTROLS AND PROCEDURES**

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Registrants carried out separate evaluations, under the supervision and with the participation of each company's management, including the principal executive officer and principal financial officer, of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, the principal executive officer and principal financial officer, in each case, concluded that the disclosure controls and procedures were effective as of March 31, 2021 to provide assurance that information required to be disclosed in the 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 management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in the Registrants' internal controls over financial reporting that occurred during the three months ended March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Registrants' internal controls over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. LEGAL PROCEEDINGS**

For a description of certain legal and regulatory proceedings, please read Note 14(d) to the 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 the Registrants' combined 2020 Form 10-K.

### **Item 1A. RISK FACTORS**

There have been no material changes from the risk factors disclosed in the Registrants' combined 2020 Form 10-K.

**Item 6. EXHIBITS**

Exhibits filed herewith 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 the Registrants, any other persons, any state of affairs or other matters.

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrants have 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 the Registrants and its subsidiaries on a consolidated basis. The Registrants hereby agree 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	CenterPoint Energy	Houston Electric	CERC
2.1*	<a href="#">Agreement and Plan of Merger, dated as of April 21, 2018, by and among Vectren Corporation, CenterPoint Energy, Inc. and Pacer Merger Sub, Inc.</a>	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	2.1	x		
2.2*	<a href="#">Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., PowerTeam Services, LLC and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren Corporation</a>	CenterPoint Energy's Form 8-K dated February 3, 2020	1-31447		x		
2.3*	<a href="#">Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Athena Energy Services Buyer, LLC</a>	CenterPoint Energy's Form 8-K dated February 24, 2020	1-31447		x		x
†2.4*	<a href="#">Asset Purchase Agreement, by and between CenterPoint Energy Resources Corp. and Southern Col Midco, LLC, dated as of April 29, 2021</a>				x		x
3.1	<a href="#">Restated Articles of Incorporation of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated July 24, 2008	1-31447	3.2	x		
3.2	<a href="#">Restated Certificate of Formation of Houston Electric</a>	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.1		x	
3.3	<a href="#">Certificate of Incorporation of RERC Corp.</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(1)			x
3.4	<a href="#">Certificate of Merger merging former NorAm Energy Corp. with and into HI Merger, Inc. dated August 6, 1997</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(2)			x
3.5	<a href="#">Certificate of Amendment changing the name to Reliant Energy Resources Corp.</a>	CERC Form 10-K for the year ended December 31, 1998	1-13265	3(a)(3)			x
3.6	<a href="#">Certificate of Amendment changing the name to CenterPoint Energy Resources Corp.</a>	CERC Form 10-Q for the quarter ended June 30, 2003	1-13265	3(a)(4)			x
3.7	<a href="#">Third Amended and Restated Bylaws of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated February 21, 2017	1-31447	3.1	x		
3.8	<a href="#">Amended and Restated Limited Liability Company Agreement of Houston Electric</a>	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.2		x	
3.9	<a href="#">Bylaws of RERC Corp.</a>	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(b)			x

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Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
3.10	<a href="#">Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2011	1-31447	3(c)	x		
3.11	<a href="#">Statement of Resolution Establishing Series of Shares Designated Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	3.1	x		
3.12	<a href="#">Statement of Resolution Establishing Series of Shares designated 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	3.1	x		
3.13	<a href="#">Statement of Resolution Establishing Series of Shares designated Series C Mandatory Convertible Preferred Stock of CenterPoint Energy, Inc., filed with the Secretary of State of the State of Texas and effective May 7, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	3.1	x		
4.1	<a href="#">Form of CenterPoint Energy Stock Certificate</a>	CenterPoint Energy's Registration Statement on Form S-4	3-69502	4.1	x		
4.2	<a href="#">Form of Certificate representing the Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	4.1	x		
4.3	<a href="#">Form of Certificate representing the 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy (included as Exhibit A to Exhibit 3.12)</a>	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.1	x		
4.4	<a href="#">Deposit Agreement, dated as of October 1, 2018, among CenterPoint Energy and Broadridge Corporate Issuer Solutions, Inc., as Depository, and the holders from time to time of the Depository Receipts described therein</a>	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.2	x		
4.5	<a href="#">Form of Depository Receipt for the Depository Shares (included as Exhibit A to Exhibit 4.4)</a>	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.3	x		
4.6	<a href="#">\$2,400,000,000 Amended and Restated Credit Agreement dated as of February 4, 2021 among CenterPoint Energy, as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.1	x		
4.7	<a href="#">\$300,000,000 Credit Agreement dated as of February 4, 2021 among Houston Electric, as Borrower, Mizuho Bank, Ltd., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.2	x	x	
4.8	<a href="#">\$900,000,000 Credit Agreement dated as of February 4, 2021 among CERC Corp., as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.3	x		x

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4.9	<a href="#">\$400,000,000 Credit Agreement dated as of February 4, 2021 among VUHI, as Borrower, Indiana Gas, SIGECO and VEDO, as guarantors, Bank of America, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto, Inc., as Borrower, Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio, Inc. as guarantors, Bank of America, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto</a>	CenterPoint Energy's Form 8-K dated February 4, 2021	1-31447	4.4	x		
4.10	<a href="#">\$1,000,000,000 Term Loan Agreement, dated as of May 15, 2019, among CenterPoint Energy, as Borrower, Mizuho Bank, Ltd., as Administrative Agent and Lead Arranger, and the banks named therein</a>	CenterPoint Energy's Form 8-K dated May 15, 2019	1-31447	4.1	x		
4.11	First Amendment to Term Loan Agreement, dated as of April 26, 2021, by and among CenterPoint Energy, as Borrower, Mizuho Bank, Ltd., as Administrative Agent, and the banks named therein	CenterPoint Energy's Form 8-K dated April 26, 2021	1-31447	4.1	x		
4.12	<a href="#">Preferred Stock Purchase Agreement, by and among CenterPoint Energy, Inc., Elliott International, L.P., and Elliott Associates, L.P., dated May 6, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	4.1	x		
4.13	<a href="#">Preferred Stock Purchase Agreement, by and among CenterPoint Energy, Inc., BEP Special Situations 2 LLC and BEP Special Situations IV LLC, dated May 6, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	4.2	x		
4.14	<a href="#">Common Stock Purchase Agreement, by and among CenterPoint Energy, Inc. and each investor identified on Schedule A thereto, dated May 6, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	4.3	x		
4.15	<a href="#">Common Stock Purchase Agreement, by and among CenterPoint Energy, Inc. and each investor identified on Schedule A thereto, dated May 6, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	4.4	x		
4.16	<a href="#">Common Stock Purchase Agreement, by and among CenterPoint Energy, Inc. and each investor identified on Schedule A thereto, dated May 6, 2020</a>	CenterPoint Energy's Form 8-K dated May 6, 2020	1-31447	4.5	x		
4.17	<a href="#">Indenture, dated as of February 1, 1998, between Reliant Energy Resources Corp. and Chase Bank of Texas, National Association, as Trustee</a>	CERC's Form 8-K dated February 5, 1998	1-13265	4.1			x
†4.18	<a href="#">Supplemental Indenture No. 19 to Exhibit 4.16, dated as of March 2, 2021, providing for the issuance of CERC Corp.'s Floating Rate Senior Notes due 2023</a>						x
†4.19	<a href="#">Supplemental Indenture No. 20 to Exhibit 4.16, dated as of March 2, 2021, providing for the issuance of CERC Corp.'s 0.70% Senior Notes due 2023</a>						x

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Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4.20	<a href="#">General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee</a>	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(1)		x	
4.21	<a href="#">Thirtieth Supplemental Indenture to Exhibit 4.19, dated as of March 11, 2021</a>	Houston Electric's Form 8-K dated March 8, 2021	1-3187	4.4		x	
†4.22	<a href="#">Officer's Certificate, dated as of March 11, 2021, setting forth the form, terms and provisions of the Series AE Bonds and the Series AF Bonds</a>					x	
10.1	<a href="#">Form of Restricted Stock Unit Award Agreement (Service-Based Vesting with Performance Goals)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(q)(12)	x		
10.2	<a href="#">Form of Restricted Stock Unit Award Agreement for CEO (Service-Based Vesting with Performance Goals)</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(q)(13)	x		
10.3	<a href="#">Governance Arrangement Agreement, by and among CenterPoint Energy, Inc., Elliott International, L.P., and Elliott Associates, dated May 6, 2020</a>	Form 8-K of CenterPoint Energy, Inc. dated May 6, 2020	1-31447	10.1	x		
10.4	<a href="#">Support Agreement, dated as of February 16, 2021, by and among Energy Transfer LP, Elk Merger Sub LLC, Elk GP Merger Sub LLC, Enable Midstream Partners, LP, Enable GP, LLC and CenterPoint Energy</a>	CenterPoint Energy's Form 8-K dated February 16, 2021	1-31447	10.1	x		
10.5	<a href="#">Form of Registration Rights Agreement, to be dated as of the Closing Date, by and among Energy Transfer LP and certain unitholders of Enable Midstream Partners, LP as set forth on Schedule I thereto</a>	CenterPoint Energy's Form 8-K dated February 16, 2021	1-31447	10.2	x		
10.6	<a href="#">Change in Control Plan</a>	CenterPoint Energy's Form 8-K dated April 27, 2017	1-31447	10.1	x		
10.7	<a href="#">First Amendment to Exhibit 10.6</a>	CenterPoint Energy's Form 10-K for the year ended December 31, 2020	1-31447	10(t)(2)	x		
†31.1.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of David J. Lesar</a>				x		
†31.1.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Kenneth M. Mercado</a>					x	
†31.1.3	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Scott E. Doyle</a>						x
†31.2.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>				x		
†31.2.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>					x	
†31.2.3	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells</a>						x
†32.1.1	<a href="#">Section 1350 Certification of David J. Lesar</a>				x		
†32.1.2	<a href="#">Section 1350 Certification of Kenneth M. Mercado</a>					x	
†32.1.3	<a href="#">Section 1350 Certification of Scott E. Doyle</a>						x
†32.2.1	<a href="#">Section 1350 Certification of Jason P. Wells</a>				x		
†32.2.2	<a href="#">Section 1350 Certification of Jason P. Wells</a>					x	
†32.2.3	<a href="#">Section 1350 Certification of Jason P. Wells</a>						x



<b>Exhibit Number</b>	<b>Description</b>	<b>Report or Registration Statement</b>	<b>SEC File or Registration Number</b>	<b>Exhibit Reference</b>	<b>CenterPoint Energy</b>	<b>Houston Electric</b>	<b>CERC</b>
†101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				x	x	x
†101.SCH	Inline XBRL Taxonomy Extension Schema Document				x	x	x
†101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				x	x	x
†101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				x	x	x
†101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document				x	x	x
†101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				x	x	x
†104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				x	x	x

\* 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, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CENTERPOINT ENERGY, INC.  
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
CENTERPOINT ENERGY RESOURCES CORP.**

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

Date: May 6, 2021

**ASSET PURCHASE AGREEMENT**

**by and between**

**CENTERPOINT ENERGY RESOURCES CORP.,**

**as Seller**

**and**

**SOUTHERN COL MIDCO, LLC,**

**as Buyer**

**Dated as of April 29, 2021**

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## APPENDICES AND EXHIBITS

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Exhibit F	Form of Assignment of Lease
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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) is made and entered into as of April 29, 2021, by and between CenterPoint Energy Resources Corp., a Delaware corporation (“Seller”), and Southern Col Midco, LLC, a Delaware limited liability company (“Buyer”).

WHEREAS, Buyer desires to purchase, and Seller desires to sell, the Purchased Assets (as hereinafter defined) upon the terms and conditions set forth in this Agreement;

WHEREAS, concurrently herewith, Summit Utilities, Inc., a Colorado corporation (“Guarantor”), has executed and delivered to Seller a Guaranty, dated as of the date hereof (the “Guaranty”), pursuant to which Guarantor has guaranteed the payment and performance obligations of Buyer hereunder; and

NOW THEREFORE, in consideration of the Parties’ respective covenants, representations, warranties, and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

### ARTICLE I DEFINITIONS

Section 1.1 Definitions. (a) As used in this Agreement, the following terms have the meanings specified in this Section 1.1(a):

“Adjustment Amount” means the amount calculated in accordance with and set forth on Appendix A.

“Affiliate” has the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended; provided, however, with respect to Section 5.3, Section 6.3 and Section 6.5, Affiliates of Buyer shall include only Guarantor and its Subsidiaries (and no other Person). Notwithstanding anything to the contrary herein and for the avoidance of doubt, (a) none of JPMorgan Chase Bank, N.A., JPMorgan Investment Management Inc., or any of their respective Affiliates shall be included as Affiliates of Buyer and (b) none of Enable Midstream Partners, LP, its general partner or any of their respective Subsidiaries shall be included as an Affiliate of Seller. For the avoidance of doubt, Guarantor and its Subsidiaries are Affiliates of Buyer.

“Ancillary Agreements” means the Bill of Sale, each Assignment and Assumption Agreement, each Special Warranty Deed, each Assignment of Easements and the Transition Services Agreement.

“Applicable Commission” means the Arkansas Public Service Commission or Oklahoma Corporation Commission, as applicable.

“Arkansas Business” means the natural gas utility business serving customers in Arkansas and certain portions of Bowie County, Texas, as currently conducted, by Seller with



certain support services from Seller's Affiliates, including ownership and operation of the Purchased Assets and performance of the Assumed Obligations with respect thereto.

“Assignment and Assumption Agreement” means one or more assignment and assumption agreements, dated as of the Closing Date and substantially in the form set forth on Exhibit A.

“Assignments of Lease” means the assignments of the Leases, to be executed and delivered by Seller and Buyer at the Closing, substantially in the form attached hereto as Exhibit F.

“Assignments of Easements” means the assignments and assumptions of Seller's right, title and interest in the Purchased Easements to be executed and delivered by Seller at the Closing, in the forms of Exhibit B-1, Exhibit B-2, Exhibit B-3 and Exhibit C.

“Bill of Sale” means one or more deeds, bills of sale or assignments providing for the conveyance, assignment and transfer of the Purchased Assets subject to the terms of this Agreement, to be executed and delivered by Seller and Buyer at the Closing and substantially in the form set forth on Exhibit D.

“Business” means the Arkansas Business and the Oklahoma Business.

“Business Agreement” means any Contract (other than the Retained Agreements) to which Seller or an Affiliate thereof is a party that relates primarily to the Business, the Purchased Assets, or the Assumed Obligations, but shall not include, for the avoidance of doubt, any Benefit Plan or any Shared Contract.

“Business Confidential Information” means confidential information, proprietary information and trade secrets used or held for use exclusively in connection with the Business.

“Business Day” means any day other than Saturday, Sunday, or any day on which banks in Houston, Texas are authorized by Law to close.

“Business Employee” means those employees of Seller or an Affiliate whose work responsibilities relate primarily to the Business, as determined by Seller.

“Business Intellectual Property” means all Intellectual Property owned or purported to be owned by Seller or its Affiliates and used or held for use exclusively in connection with the Business. For the avoidance of doubt, Business Intellectual Property shall not include any Seller Marks.

“Business Marks” means all registered and unregistered trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, internet domain names, and any applications for registration of any of the foregoing, together with all goodwill associated with each of the foregoing (“Trademarks”) that are owned or purported to be owned by Seller or its Affiliates and exclusively used or held for use in connection with the Business and all Trademarks containing

or comprising the foregoing, including any Trademarks confusingly similar thereto but, for the avoidance of doubt and notwithstanding anything else herein to the contrary, excluding all Trademarks that include the term “CenterPoint,” “NorAm” or “Arkla” and all Trademarks containing or comprising the foregoing, including any Trademarks confusingly similar thereto.

“Buyer Required Regulatory Approvals” means (i) the filings by Seller and Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act, (ii) approval by the Arkansas Public Service Commission, (iii) approval by the Oklahoma Corporation Commission, (iv) the approvals by FERC identified in Section 7.8(a) and (v) the approvals set forth on Schedule 1.1-A.

“Buyer’s Representatives” means Buyer’s accountants, employees, counsel, environmental consultants, financial advisors, investment advisors and other Representatives.

“Cause” means a Transferred Employee’s (i) commission of a felony crime or a crime of moral turpitude, (ii) dishonesty involving Buyer, (iii) failure to perform job duties, (iv) breach of Buyer’s policies and procedures, (v) breach of any agreement the Transferred Employee has with Buyer, or (vi) engaging in any other willful misconduct which causes material harm to Buyer, its business or its business reputation, including due to any adverse publicity.

“Claims” means any and all contractual, administrative, regulatory or judicial actions or causes of action, suits, petitions, proceedings (including arbitration proceedings), investigations, hearings, demands, demand letters, claims, or notices of noncompliance or violation delivered by any Governmental Entity or other Person.

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“COBRA Continuation Coverage” means the continuation of medical coverage required under sections 601 through 608 of ERISA, and section 4980B of the Code.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Confidentiality Agreement” means the letter agreement, dated as of December 31, 2020 between CenterPoint Energy, Inc. and Summit Utilities, Inc.

“Confidential Information” means with respect to (i) Buyer or Buyer’s Representatives, Seller Confidential Information, and (ii) Seller or Seller’s Representatives, Buyer Confidential Information.

“Contract” means any legally binding (i) contract, (ii) agreement, (iii) understanding, (iv) lease, (v) sublease, (vi) license, (vii) sublicense, (viii) sales order, (ix) purchase order, (x) note, (xi) bond, (xii) deed, (xiii) mortgage, (xiv) warranty, (xv) option, (xvi) instrument, (xvii) commitment, (xviii) undertaking or (xix) other arrangement.

“COVID-19 Measures” means any reasonable actions taken or not taken to respond to any impact or probable impact on the Business due to the COVID-19 Pandemic or measures taken to comply with Laws, Orders, recommendations, guidelines and directives issued by any applicable Governmental Entity relating to the COVID-19 Pandemic, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in each case, including reasonable changes in relationships with employees, customers and suppliers.

“COVID-19 Pandemic” means the epidemic, pandemic or disease outbreak associated with the COVID-19 or SARS-CoV-2 virus (or any mutation or variation thereof).

“Documents” means all files, documents, instruments, papers, books, reports, tapes, microfilms, photographs, letters, ledgers, journals, title policies, real property surveys, purchase orders, invoices, copies of cancelled checks, engineering assessments, technical reports, economic studies, customer lists and information, regulatory filings including in respect of general or other rate cases, operating data and plans, technical documentation (such as design specifications, functional requirements, and operating instructions), user documentation (such as installation guides, user manuals, and training materials), Transferred Employee Records, and other similar materials related primarily to the Purchased Assets, the Assumed Obligations or the Business (which may be reasonably redacted by Seller if not exclusively relating to the Purchased Assets, the Assumed Obligations or the Business) that have been retained in accordance with Seller’s standard document retention policies; provided, that “Documents” does not include: (i) any of the foregoing to the extent related to the Excluded Assets or Excluded Liabilities; (ii) information which, if provided to Buyer, would violate any applicable Law or Order; or (iii) any valuations of or related to the sale of the Business, the Purchased Assets or the Assumed Obligations.

“Easements” means all easements, license agreements, railroad crossing rights, rights-of-way, leases for rights-of-way, and similar use and access rights related to, or used by or in connection with, the Purchased Assets or the Business.

“Encumbrances” means any mortgages, pledges, liens, claims, charges, security interests, conditional and installment sale agreements, activity and use limitations, easements, rights of way, encroachments, covenants, encumbrances, obligations, limitations, title defects, deed restrictions, preferential purchase rights or options and other rights of first refusal or first offer and any other restrictions of any kind, including restrictions on use, transfer, receipt of income, or exercise of any other attribute of ownership.

“Environment” means all or any of the following media: soil, land surface and subsurface strata, surface or subsurface waters, groundwater, drinking water supply, sediments, ambient air (including the air within buildings to the extent impacted from a source outside of the building and directly related to the operations of the Business), plant and animal life, and any other natural resource.

“Environmental Claims” means any and all Claims (including any such Claims involving toxic torts or similar liabilities in tort, whether based on negligence or other fault, strict or absolute liability, or any other basis) arising pursuant to any Environmental Laws or

Environmental Permits, or arising from the presence, Release, or threatened Release (or alleged presence, Release, or threatened Release) into the Environment of any Hazardous Materials, including any and all Claims by any Governmental Entity or by any Person for enforcement, cleanup, remediation, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation, or injunctive relief pursuant to any Environmental Law or for any property damage or personal or bodily injury (including death) or threat of injury to health, safety, natural resources, or the Environment.

“Environmental Laws” means any and all Laws to the extent relating to the protection of the Environment; the Release or threatened Release of Hazardous Material; natural resources or natural resources damage; to the extent related to exposure to or injury from Hazardous Materials, human health and safety; storage, transportation or management of Hazardous Materials; radioactive materials; or pollution. Environmental Laws include, to the extent described in the previous sentence, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq.*; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*; the Oil Pollution Act, 33 U.S.C. § 2701 *et seq.*; the Endangered Species Act, 16 U.S.C. § 1531 *et seq.*; the National Environmental Policy Act, 42 U.S.C. § 4321 *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 *et seq.*; the Atomic Energy Act, 42 U.S.C. § 2014 *et seq.*; the Nuclear Waste Policy Act, 42 U.S.C. § 10101 *et seq.*; and their state and local counterparts or equivalents, all as amended from time to time, and regulations issued pursuant to any of those Laws.

“Environmental Permits” means all permits, certifications, licenses, franchises, exemptions, approvals, consents, waivers or other authorizations of Governmental Entities issued under or with respect to applicable Environmental Laws and used or held by Seller for the operation of the Business.

“Equity Commitment Letter” means an equity commitment letter, dated as of the date hereof, executed by Equity Provider and delivered by Buyer to Seller, pursuant to which Equity Provider has agreed to provide equity financing to Buyer in connection with the transaction contemplated hereunder.

“Equity Provider” means IIF US Holding 2 LP, a Delaware limited partnership.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any Person or entity that together with Seller would be deemed to be under common control within the meaning of Section 414(b), (c), (m) or (o) of the Code.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FERC” means the Federal Energy Regulatory Commission.

“FICA” means the Federal Insurance Contributions Act, as amended.

“Final Regulatory Order” means an Order that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, and that has become final and is not subject to rehearing or appeal, and with respect to which any required waiting period prescribed by applicable Law before the transactions contemplated by this Agreement may be consummated has expired, and all conditions to effectiveness prescribed therein or otherwise by Law or Order have been satisfied.

“Financing Sources” shall mean the agents, arrangers, lenders and other entities (other than the Buyer or any of its Affiliates) that have committed to provide or arrange or otherwise entered into agreements in connection with all or any part of the Debt Financing or the Alternative Financing (other than the Equity Commitment Letter) in connection with the transactions contemplated hereby, including the parties to any joinder agreements, indentures, note purchase agreements or credit agreements entered into in connection therewith, together with their respective Affiliates and their and their respective Affiliates’ officers, directors, employees, controlling persons, agents and representatives and their respective successors and assigns.

“FUTA” means the Federal Unemployment Tax Act, as amended.

“GAAP” means United States generally accepted accounting principles.

“Good Utility Practice” means any of the practices, methods and activities generally accepted by a significant portion of the gas utility industry as good practices applicable to operations of similar design, size and capacity or any of the practices, methods or activities which, in the exercise of reasonable judgment by an operator of an gas utility business in light of the facts known at the time the decision was made, would have been reasonably expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and applicable Laws and Orders. Good Utility Practices are not intended to be limited to the optimal practices, methods or acts to the exclusion of all others, but rather to be practices, methods or acts generally accepted in the gas utility industry.

“Governing Documents” of a Party means the articles or certificate of incorporation and bylaws, or comparable governing documents, of such Party.

“Governmental Entity” means the United States of America and any other federal, state, local, or foreign governmental or regulatory authority, department, agency, commission, body, court, or other governmental entity.

“Hazardous Material” means (i) any chemicals, materials, substances, or wastes which are now or hereafter defined as or included in the definition of “hazardous substance,” “hazardous material,” “hazardous waste,” “solid waste,” “toxic substance,” “extremely hazardous substance,” “pollutant,” “contaminant,” or words of similar import under any

applicable Environmental Laws; (ii) any petroleum, petroleum products (including crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas useable for fuel (or mixtures of natural gas and such synthetic gas), or oil and gas exploration or production waste, polychlorinated biphenyls, asbestos-containing materials, mercury, and lead-based paints; (iii) 1,4- dioxane, per- and polyfluoroalkyl substances (the group of compounds known generally as “PFAS”) and (iv) any other chemical, material, substances, waste, or mixture thereof which is prohibited, limited, or regulated by Environmental Laws.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Indebtedness” means, with respect to a Person, and without duplication, all obligations of such Person (i) for indebtedness for borrowed money, (ii) evidenced by notes, bonds (including performance bonds and surety bonds), debentures or similar instruments, (iii) for deferred or unpaid purchase or acquisition price of property or services (including “earn-outs,” “seller-notes” and any post-closing true-up obligations with respect to the acquisition of any business, assets or securities), other than trade accounts payable arising, and accrued expenses incurred, in the Ordinary Course of Business consistent with customary trade practices, (iv) for the guaranty or other assumption of liability for, or grant of an Encumbrance or provision of collateral to secure, the obligations of any other Person, (v) all reimbursement and other obligations (contingent or otherwise) in respect of letters of credit or similar instruments, (vi) in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging agreements, (vii) of any other Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty or an equity commitment, or which are secured by an Encumbrance on the assets of such Person, whether or not such obligation has been assumed by such Person related to any of the foregoing obligations, (viii) for any amounts that are payable or would become payable by the Business to Persons other than the Parties hereto directly or indirectly as a result of the transactions contemplated by this Agreement, (ix) for all ordinary course bonuses (including all associated Taxes imposed with respect to such amounts, including any such Taxes that Seller on behalf of the Business has elected to defer pursuant to the CARES Act, Rev. Notice 2020-65, whether or not such Taxes constitute “applicable employment taxes” (as defined in Section 2302(d)(1) of the CARES Act) owed, accrued or otherwise contemplated to be paid pursuant to past practice to any employee, consultant or other service provider, including any bonuses paid to any employee, consultant or other service provider in connection with the Closing, (x) for any unpaid Taxes of the Business (whether or not such Taxes are due or payable) for the Pre-Closing Tax period (including any “applicable employment taxes” (as defined in Section 2302(d)(1) of the CARES Act) that the Business has elected to defer pursuant to Section 2302 of the CARES Act, Rev. Notice 2020-65) (which shall not be an amount less than zero and which shall not include any offsets or reductions with respect to Tax refunds or overpayments of Tax), (xi) for any amounts owed or accrued under any Benefit Plan, including Seller’s 401(k) Plan, for the period prior to the Closing Date, (xii) with respect to any change-of-control payments (including all associated Taxes imposed with respect to such amounts), whether or not such Taxes constitute “applicable employment taxes” (as defined in Section 2302(d)(1) of the CARES Act) that the Business has elected to defer pursuant to Section 2302 of the CARES Act, Rev. Notice 2020-65, (xiii) for off-

balance sheet liabilities, (xiv) for affiliate obligations and liabilities (including any amounts owed to any current or former owner or employee of the Business), (xv) any underfunded pension liabilities and (xvi) for all interest, whether accrued for or not, prepayment premiums or penalties or breakage fees related to any of the foregoing. The term “Indebtedness” shall exclude any amounts included in the calculation of the Adjustment Amount.

“Independent Accounting Firm” means any independent accounting firm of national reputation mutually appointed by Seller and Buyer; provided, however, that if the Parties are unable to so agree, each shall select an accounting firm, and such accounting firms shall mutually agree upon and appoint a third, which third shall be the Independent Accounting Firm.

“Insurance Policy” means a representation and warranty insurance policy obtained by Buyer covering certain representations and warranties set forth in this Agreement.

“Intellectual Property” means (i) any U.S. or foreign (a) patents, patent applications, divisionals, continuations, continuations-in-part, extensions and reissues of the same, (b) works of authorship, expressions, designs and design registrations, including copyrights, author, performer, moral and neighboring rights, advertising copy and other marketing materials, drawings, graphics, documentation, databases and recordings, (c) Trademarks, (d) other similar intangible rights throughout the world and (e) applications or registrations for any of the foregoing, (ii) internet domain names, web addresses, web pages, websites and related content, accounts with social media companies and the content found thereon and related thereto, (iii) any protectable or proprietary interest, whether registered or unregistered, in know-how, trade secrets, database rights, software, source code, operating and manufacturing procedures, designs, specifications and the like, (iv) any protectable or proprietary interest in any similar intangible asset of a technical, scientific or creative nature; (v) any protectable or proprietary interests in or to any documents or other tangible media containing any of the foregoing; (vi) all rights to any Claims to the extent related to the foregoing, whether accruing before, on or after the date hereof, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damage(s).

“Law” means any statutes, regulations, rules, ordinances, codes, and similar acts or promulgations of any Governmental Entity.

“Leased Real Property” means the real property in the Territories used in the Business in which Seller holds as an active leasehold interest under a Lease.

“Losses” means all out of pocket losses, liabilities, damages, obligations, costs, expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto, reasonable attorneys’ fees, reasonable disbursements, interest, penalties and all expenses incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim or Order in connection therewith), settlement payments, awards, judgments, fines, penalties, deficiencies, interest, Taxes or other charges of any kind.

**“Material Adverse Effect”** means any effect, change, event or development that has had or would reasonably be expected to have a material adverse effect on (a) the business, assets, properties, results of operations, or condition (financial or otherwise) of the Business, taken as a whole, or (b) the ability of Seller to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis, but in the case of clause (a) only, shall not include any effect, change, event or development that results from or arises out of (i) the announcement or pendency of this Agreement and the transactions contemplated hereby, or the performance of this Agreement or any Ancillary Agreement and the transactions contemplated hereby and thereby, including any adverse change in customer, supplier, governmental, landlord, employee or similar relationships resulting therefrom or with respect thereto, (ii) factors generally affecting the international, national or regional economy, financial markets, capital markets, including changes in interest rates and currency exchange rates, or commodities markets, (iii) any change in general economic or regulatory conditions, (iv) any change in Law or Order (other than a Law adopted or an Order issued specifically with respect to the Business, the Purchased Assets, Assumed Obligations or the transactions contemplated by this Agreement), (v) any change in GAAP or in the generally applicable principles used in the preparation of the financial statements as required by any Applicable Commission, (vi) any changes or developments in national, regional, state or local wholesale or retail markets for natural gas or related products including those due to actions by competitors or due to changes in commodities prices or hedging markets therefor, (vii) any changes or developments in national, regional, state or local natural gas transmission or distribution systems, (viii) any changes or developments in national, regional, state or local wholesale or retail natural gas prices, (ix) acts expressly permitted (or omissions of any action required) by this Agreement or any Ancillary Agreement or consented to or requested by Buyer, (x) any changes in global, national, regional or local political conditions, including the outbreak or escalation of hostilities or acts of war (whether or not declared), military conflict, sabotage, acts of terrorism or national or international calamity, (xi) any natural disaster, changes in weather or climate or acts of God or any escalation or worsening thereof, (xii) the extreme winter weather event in February 2021 affecting the Territories (the **“Winter Weather Event”**), including any natural gas purchases made prior to the date hereof related to the Winter Weather Event, (xiii) any epidemic, pandemic or disease outbreak (including the COVID-19 Pandemic), (xiv) any failure of the Business to meet any projections, business plans, forecasts, including forecasted natural gas demand (provided that, this clause (xiv) shall not prevent a determination that any change or effect underlying such failure to meet projections, business plans or forecasts has resulted in a Material Adverse Effect (to the extent such change or effect is not otherwise excluded from this definition of Material Adverse Effect)) and (xv) intra-year seasonal fluctuations; provided, however, that the items set forth in clauses (ii), (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), and (xiii) above shall be taken into account in determining whether a “Material Adverse Effect” has occurred or would reasonably be expected to occur to the extent such items have a substantially disproportionate effect on the Business relative to other natural gas utility businesses operating in the southern region of the United States.

**“Oklahoma Business”** means the natural gas utility business serving customers in Oklahoma, as currently conducted by Seller with certain support services from Seller’s



Affiliates, including ownership and operation of the Purchased Assets and performance of the Assumed Obligations with respect thereto.

“Order” means any order, decision, judgment, writ, injunction, decree, directive, or award of a court, administrative judge, or other Governmental Entity acting in an adjudicative or regulatory capacity, or of an arbitrator with applicable jurisdiction over the subject matter.

“Ordinary Course of Business” means, with respect to the Business, the ordinary course of business of the Business consistent with past practices in all material respects, including the COVID-19 Measures and any other action taken, or omitted to be taken, in response to the COVID-19 Pandemic or the Winter Weather Event.

“Party” means Buyer or Seller, as indicated by the context, and “Parties” means Buyer and Seller.

“Permits” means all permits, certifications, licenses, franchises, exemptions, approvals, consents, waivers or other authorizations of Governmental Entities issued under or with respect to applicable Laws or Orders and used or held by Seller for the operation of the Business or the Purchased Assets, other than Environmental Permits.

“Permitted Encumbrances” means (i) those Encumbrances set forth on Schedule 1.1-C; (ii) Encumbrances securing or created by or in respect of any of the Assumed Obligations; (iii) liens for Taxes, assessments or other governmental charges, in each case not yet delinquent or the validity or amount of which is being contested in good faith by (if then appropriate) appropriate proceedings; (iv) construction, mechanics’, materialmen’s, carriers’, workers’, repairers’, landlords’, and other similar liens arising or incurred in the Ordinary Course of Business, or pledges, deposits, or other liens securing the performance of bids, trade contracts, leases, or statutory obligations (including workers’ compensation, unemployment insurance, or other social security legislation) incurred in the Ordinary Course of Business with respect to obligations as to which there is no default on the part of Seller or that do not individually or in the aggregate cause a Material Adverse Effect to the Business or the Purchased Assets, in each case not yet due and payable; (v) zoning, entitlement, restriction, and other land use regulations by Governmental Entities; (vi) all rights of any Person, that do not individually or in the aggregate cause a Material Adverse Effect to the Business or the Purchased Assets, in each case not yet due and payable, under condemnation, eminent domain, or other similar proceedings which are pending prior to the Closing Date; (vii) all Encumbrances arising under approvals related to the Business or Purchased Assets which have been issued by any Governmental Entities; (viii) with respect to Real Property, any encroachments that would not reasonably be expected to materially impair or reduce the current use or occupancy of any Real Property subject thereto, (ix) with respect to Leased Real Property, (a) Encumbrances existing under or as a result of any Leases of Real Property identified in the Seller Disclosure Schedules or (b) the interests and rights of the respective lessors with respect thereto and all Encumbrances to which such lessors’ interests and rights in such leased Real Property are subject; (x) Encumbrances created by or through Buyer as of the Closing; (xi) covenants, conditions, restrictions, easements, rights of way, declarations, reservations, defects or irregularities (including gaps) in the chain of title, encroachments, and other Encumbrances affecting title to real property that are of public

record, (xii) matters which would be disclosed by a current, accurate survey or inspection of any land, buildings, improvements and fixtures erected thereon and all appurtenances related thereto, or that are otherwise disclosed in any real property files that have been made available to Buyer, (xiii) non-exclusive licenses to Intellectual Property granted in the Ordinary Course of Business, (xiv) statutory or contractual liens of lessors or liens on the lessor's or prior lessor's interest and (xv) such other Encumbrances that do not, individually or in the aggregate, materially interfere with Buyer's operation of the Business or use of any of the Purchased Assets in the manner currently used and do not secure any Excluded Liabilities; provided, however, in the case of (xi) and (xii) above, such Encumbrances shall be Permitted Encumbrances only so long as they do not prohibit or materially interfere with the operations of the Business as currently operated.

“Person” means any individual, partnership, limited liability company, joint venture, union, corporation, trust, unincorporated organization, or Governmental Entity.

“Post-Closing Tax Period” means any Tax period (and the portion of any Straddle Period) beginning after the Closing Date.

“Pre-Closing Tax Period” means any Tax period that ends on or prior to the Closing Date and the portion of any Straddle Period ending on the Closing Date.

“Prime Rate” means, for any day, the prime rate as published in *The Wall Street Journal, Eastern Edition*.

“Regulatory Order” means an Order issued by an Applicable Commission or FERC that affects or governs the rates, services, or other utility operations of the Business.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migration or disposing of Hazardous Materials in or into the Environment.

“Representatives” means, with respect to any Person, the officers, directors, employees, agents, accountants, advisors, bankers and other representatives of such Person.

“Required Regulatory Approvals” means the Seller Required Regulatory Approvals and the Buyer Required Regulatory Approvals.

“SEC” means the United States Securities and Exchange Commission.

“Seller Disclosure Schedules” means, collectively, all Schedules to be provided by Seller pursuant to this Agreement.

“Seller Fundamental Representations” means the representations and warranties contained in Section 5.2 (Authority and Enforceability) and Section 5.23 (Brokers and Finders).

“Seller Intellectual Property” means Business Intellectual Property and all other Intellectual Property used or held for use by Seller and its Affiliates exclusively in connection with the Business.

“Seller Marks” means all Trademarks owned or purported to be owned by Seller or its Affiliates other than the Business Marks, including all Trademarks that include the term “CenterPoint,” “NorAm” or “Arkla” and all Trademarks containing or comprising the foregoing, including any Trademarks confusingly similar thereto.

“Seller Related Party” shall mean Seller and its Affiliates and its Affiliates’ officers, directors and employees.

“Seller Required Regulatory Approvals” means (i) the filings by Seller and Buyer required by the HSR Act and the expiration or earlier termination of all waiting periods under the HSR Act, (ii) approval by the Arkansas Public Service Commission, (iii) approval by the Oklahoma Corporation Commission, (iv) the approvals by FERC identified in Section 7.8(a) and (v) the approvals set forth on Schedule 1.1-D.

“Seller’s Knowledge,” or words to similar effect, means the actual knowledge, without any duty of inquiry, of the persons set forth on Schedule 1.1-E.

“Seller’s Representatives” means Seller’s accountants, employees, counsel, environmental consultants, financial advisors, managers and other Representatives.

“Shared Contract” means any Contract between or among Seller or any of its Affiliates, on the one hand, and any third party, on the other hand, that relates to or benefits both the Business, on the one hand, and to (i) any business now, previously or hereafter conducted by Seller or any of its Affiliates other than the Business, (ii) any Excluded Asset or (iii) any Excluded Liability, on the other hand.

“Shared Contract Obligations” means those provisions and obligations under each Shared Contract to the extent they relate to the Business or Purchased Assets and are attributable to the period on and after the Closing under a Shared Contract.

“Shared Contract Rights” means those provisions and rights under each Shared Contract to the extent they relate to the Business or Purchased Assets and are attributable to the period on and after the Closing.

“Special Warranty Deed” means the special warranty deed or deeds to be executed and delivered by Seller at the Closing, substantially in the form set forth on Exhibit E-1, with respect to Owned Real Property located in Arkansas, substantially in the form set forth on Exhibit E-2, with respect to Owned Real Property located in Oklahoma and substantially in the form set forth on Exhibit E-3, with respect to Owned Real Property located in Texas.

“Straddle Period” means any taxable period that includes (but does not end on) the Closing Date.

“Subsidiary,” when used in reference to a Person, means any Person of which outstanding securities or other equity interests having ordinary voting power to elect a majority of the board

of directors or other Persons performing similar functions of such Person are owned directly or indirectly by such first Person.

“Tax” and “Taxes” means all taxes, charges, fees, levies, penalties, or other assessments imposed by any foreign or United States federal, state, or local taxing authority, including income, excise, property, sales, use, transfer, franchise, license, payroll or other employment-related tax, withholding, social security, registration, gross receipts, value-added, ad valorem, estimated, or other taxes, including any interest, penalties, or additions attributable thereto.

“Tax Return” means any return, report, information return, or other document (including any related or supporting information) required to be supplied to any Governmental Entity with respect to Taxes, including amendments thereto.

“Territories” means the service territories described on Schedule 1.1-F.

“Transferred Employee Records” means the following records relating to Transferred Employees and such other records necessary for Buyer to comply with covenants in Section 7.11, to the extent reasonably available to Seller: (i) skill and development training records, (ii) service history, (iii) current and historical salary information for the three years prior to the Effective Time, and (iv) relevant Occupational, Safety and Health Administration reports; provided that such records will not be deemed to include (a) any record which Seller is restricted by applicable Law from providing to Buyer, (b) any personnel medical records or individual performance or evaluation records or (c) any records or data related to any Benefit Plan participation by a Transferred Employee other than to the extent necessary for Buyer to comply with covenants in Section 7.11.

“Transition Services Agreement” means a transition services agreement dated as of the Closing Date and substantially in the form set forth on Exhibit G.

“WARN Act” means the Worker Adjustment Retraining and Notification Act of 1988, as amended.

(b) In addition, each of the following terms has the meaning specified in the Appendix or Section set forth opposite such term:

<b>Term</b>	<b>Reference</b>
Adjustment Dispute Notice	Section 3.2(c)
Agreement	Recitals
Alternative Financing	Section 7.21(d)
Assumed Obligations	Section 2.3
Baker Botts	Section 10.15(a)
Balance Sheets	Section 5.5(a)
Benefit Plan	Section 5.19(a)
Billed Revenues	Section 3.5
Buyer	Recitals

Buyer Plan	Section 7.11(d)
Buyer Indemnified Parties	Section 7.17(a)
Buyer's 401(k) Plan	Section 7.11(e)
Buyer's Cafeteria Plan	Section 7.11(f)
Buyer Confidential Information	Section 7.3(a)
Buyer Medical Plan	Section 7.11(c)
Cafeteria Plan Participants	Section 7.11(f)
Closing	Section 4.1
Closing Date	Section 4.1
Closing Payment Amount	Section 3.2(a)
Collective Bargaining Agreements	Section 5.10(a)(iv)
Continuation Period	Section 7.11(b)
Debt Financing	Section 6.4(a)
Debt Financing Agreements	Section 7.21(a)
Debt Financing Commitment Letter	Section 6.4(a)
Disclosure Schedule Update	Section 7.23
Effective Time	Section 4.1
Equity Financing	Section 6.4(a)
Excluded Assets	Section 2.2
Excluded Liabilities	Section 2.4
Fee Letter	Section 6.4(a)
Franchises	Section 5.10(a)(i)
Final Purchase Price	Section 3.2(e)
Financing Commitments	Section 6.4(a)
Financing Commitment Letters	Section 6.4(a)
Gas Inventory	Section 2.1(a)(iii)
Inactive Employees	Section 7.10(b)
Income Statements	Section 5.5(a)
Indemnified Parties	Section 7.17(b)
Interim Period	Section 7.7(a)
Inventory	Section 2.1(a)(iv)
IT Assets	Section 2.1(a)(v)
Large Volume Meters	Section 3.5
Leases	Section 2.1(a)(i)
Material Contracts	Section 5.10(a)
Material Gas Contracts	Section 7.7(d)
Ongoing Shared Contracts	Section 7.18
Owned Real Property	Section 2.1(a)(i)
Post-Closing Adjustment Statement	Section 3.2(b)
Pre-Closing Insurance	Section 7.12(a)
Purchase Price	Section 3.1

Purchased Assets	Section 2.1
Purchased Easements	Section 2.1(a)(i)
Qualifying Offer	Section 7.10(b)
Rate Proceeding	Section 7.1(e)
Real Property	Section 2.1(a)(i)
Retained Agreements	Section 2.2(f)
Return Date	Section 7.10(b)
Sanctions	Section 5.15(c)
Seller	Recitals
Seller Confidential Information	Section 7.3(a)
Seller Indemnified Parties	Section 7.17(b)
Seller's 401(k) Plan	Section 7.11(e)
Seller's Cafeteria Plan	Section 7.11(f)
Severance Pay	Section 7.11(h)(i)
Termination Date	Section 9.2(b)
Third-Party Claim	Section 7.20(a)
Third-Party Claim Notice	Section 7.20(a)
Trademarks	Section 1.1(a) (Definition of Business Marks)
Transaction Taxes	Section 7.9(a)
Transferable Permits	Section 2.1(e)
Transferred Account Balances	Section 7.11(f)
Transferred Employee	Section 7.10(b)
Transition Plan	Section 7.7(a)
Transitioning Software	Section 7.7(b)
Unbilled Revenues	Section 3.5
Vehicles	Section 2.1(a)(vi)
Winter Weather Event	Section 1.1(a) (Definition of Material Adverse Effect)

Other Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation apply:

(a) Appendices, Exhibits and Schedules. Unless otherwise expressly indicated, any reference in this Agreement to an "Appendix," "Exhibit" or "Schedule" refers to an Appendix, Exhibit or Schedule to this Agreement. The Appendices, Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof as if set forth in full herein and are an integral part of this Agreement. Any capitalized terms used in any Appendix, Exhibit or Schedule but not otherwise defined therein are defined as set forth in this Agreement. In the event of conflict or inconsistency, this Agreement and the Appendices shall prevail over any Exhibit or Schedule.

(b) Time Periods. When calculating the period of time before which, within which, or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period will be excluded. If the last day of such period is a non-Business Day, the period in question will end on the next succeeding Business Day.

(c) Gender and Number. Any reference in this Agreement to gender includes all genders, and the meaning of defined terms applies to both the singular and the plural of those terms.

(d) Certain Terms. Any reference in this Agreement to “dollars” or “\$” means U.S. dollars. The words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this Agreement (including the Appendices, Exhibits and Schedules to this Agreement) as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The word “including” or any variation thereof means “including, without limitation” and does not limit any general statement that it follows to the specific or similar items or matters immediately following it. The words “to the extent” when used in reference to a liability or other matter means that the liability or other matter referred to is included in part or excluded in part, with the portion included or excluded determined based on the portion of such liability or other matter exclusively related to the subject or period. The word “or” shall be disjunctive but not exclusive. A reference to any party to any Contract (including this Agreement) shall include such party’s successors and permitted assigns. A reference to any Law or to any provision of any Law shall include any amendment to, and any modification or reenactment thereof, any Law substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(e) Headings. The division of this Agreement into Articles, Sections, and other subdivisions, and the insertion of headings are for convenience of reference only and do not affect, and will not be utilized in construing or interpreting, this Agreement. All references in this Agreement to any “Section” are to the corresponding Section of this Agreement unless otherwise specified.

(f) Joint Participation. The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

## **ARTICLE II PURCHASE AND SALE**

Section 2.1 Purchased Assets. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, Seller will sell, assign, convey, transfer,

and deliver (or cause to be sold, assigned, conveyed, transferred and delivered) to Buyer, and Buyer will purchase and acquire from Seller (or an Affiliate of Seller, as the case may be), free and clear of all Encumbrances (except for Permitted Encumbrances), all of Seller's or Seller's Affiliates' right, title, and interest in, to, and under the assets, tangible or intangible, described below, as the same exists at the Effective Time (and, as permitted or contemplated hereby, with such additions and deletions as shall occur from the date hereof through the Effective Time), except to the extent that such assets are Excluded Assets (collectively, the "Purchased Assets"):

(a) The following real and personal property, plant and equipment and related tangible property:

(i) all real property and real property interests located in the Territories owned, used or leased by Seller primarily related to the Business, including: the real property in which Seller owns a fee simple interest generally described on Schedule 2.1(a)(i), together with all buildings, structures, pipelines, other improvements, and fixtures located thereon ("Owned Real Property"); the leasehold interests under the leases described on Schedule 2.1(a)(i) (the "Leases"); and the easement interests under the Easements generally described on Schedule 2.1(a)(i) (such Easements, the "Purchased Easements") (all of the foregoing, the "Real Property");

(ii) all other natural gas distribution utility system assets installed in the Territories and used in the Business, including as generally described on Schedule 2.1(a)(ii);

(iii) the inventory of natural gas and natural gas products used in the Business and that are located in facilities owned, leased or controlled by Seller or its Affiliates described in the general ledger accounts listed in Schedule 2.1(a)(iii) (the "Gas Inventory");

(iv) all parts and other inventory (but excluding the Gas Inventory) that are located or have, in the 12-month period prior to the date hereof, been located in the Territories owned by Seller or any of its Affiliates held for use primarily in connection with the Business (collectively, the "Inventory");

(v) all information technology and communications equipment located in the Territories, or that have, in the 12-month period prior to the date hereof, been located in the Territories, is installed or in use primarily at or on, and used primarily in connection with the operation of, the Business, except as otherwise provided in Section 2.2(e) (the "IT Assets");

(vi) all motor vehicles, trailers and similar rolling stock located in the Territories, or that have, in the 12-month period prior to the date hereof, been located that in the Territories, that is used primarily in connection with the Business, to the extent owned by Seller or any of its Affiliates as of the Effective Time (the "Vehicles"); and



(vii) all furnishings, fixtures, machinery, equipment, materials and other tangible personal property owned by Seller or any of its Affiliates (other than any Gas Inventory, IT Assets and Vehicles) that is located in the Territories, or that have, in the 12-month period prior to the date hereof, been located that in the Territories, and that is used in connection with the operation of the Business, to the extent owned by Seller or any of its Affiliates as of the Effective Time.

(b) all Billed Revenues and Unbilled Revenues, each as defined in Section 3.5, which for the avoidance of doubt and notwithstanding any other provision of this Agreement to the contrary, shall constitute current assets for purposes of calculating the Adjustment Amount;

(c) the assets of Seller with respect to over-recovered or under-recovered purchased gas cost adjustment charges, and all prepayments, deferred charges, regulatory liabilities and other similar items, to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A;

(d) the Business Agreements, subject to Section 7.1(b) and Section 7.6(b), and the Shared Contract Rights, subject to Section 7.18;

(e) all Permits and Environmental Permits used or held by Seller or any of its Affiliates primarily in connection with the Business or the ownership or operation of any of the Purchased Assets, except to the extent that, notwithstanding compliance by Seller with its obligations hereunder, any such Permits or Environmental Permits are prohibited by applicable Law or the terms of such Permits or Environmental Permits from being assigned to Buyer in connection with the transactions contemplated hereby (the "Transferable Permits");

(f) the Documents;

(g) all warranties (other than those included in Shared Contracts) against manufacturers, service providers or vendors to the extent primarily relating to any of the Purchased Assets, to the extent transferrable;

(h) Business Intellectual Property, including Business Marks;

(i) Claims and defenses of Seller to the extent, but only to the extent, such Claims or defenses relate to the Business, Purchased Assets or Assumed Obligations, provided such Claims and defenses will be assigned by Seller to Buyer without warranty or recourse; *provided*, that if such transfer would prejudice any such Claims or defenses, the Parties shall cooperate in good faith to avoid such prejudice;

(j) notwithstanding any provision of Section 2.2, the assets and other rights set forth on Schedule 2.1(j);

- (k) any assets transferred pursuant to Section 7.11 with respect to the Benefit Plans;
- (l) to the extent not specifically identified above, any assets to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A; and
- (m) any other tangible assets that are primarily related to the current operation of the Business and any other intangible assets that are exclusively related to the current operation of the Business, in each case, other than the Excluded Assets.

Section 2.2 Excluded Assets. The Purchased Assets do not include any property or assets of Seller other than as described in Section 2.1 and, notwithstanding any provision to the contrary in Section 2.1 or elsewhere in this Agreement (other than as set forth on Schedule 2.1(j)), the Purchased Assets do not include the following property or assets of Seller (all assets excluded pursuant to this Section 2.2, the “Excluded Assets”):

- (a) cash, cash equivalents, and bank deposits except as described in Section 2.1(l);
- (b) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of Indebtedness, and any other debt or equity interest in any Person;
- (c) all assets used by Seller in performing corporate, support, administrative and other services from locations outside of the Territories;
- (d) all assets relating to the Benefit Plans, except for those assets transferred pursuant to Section 7.11;
- (e) all information technology and communications equipment, network resources, software applications, websites and integrated systems of Seller (other than the IT Assets), which for the avoidance of doubt may also be used in connection with the Business and the operation of the Purchased Assets, such as network resources and integrated systems of Seller to which the IT Assets connect or with which the IT Assets communicate;
- (f) (i) all Contracts set forth on Schedule 2.2(f), (ii) all Material Contracts existing as of the date hereof that are not set forth on Schedule 5.10(a) as of the date hereof, unless otherwise elected by Buyer to be included as Purchased Assets, and (iii) except as otherwise provided in Section 7.1(b) or unless otherwise elected by Buyer to be included as Purchased Assets, any Business Agreement that is entered into after the date hereof that, if existing on the date hereof, would be required to be set forth on Schedule 5.10(a) as a Material Contract (all of the foregoing, the “Retained Agreements”);

(g) any assets that have been disposed of by Seller in compliance with this Agreement after the date hereof and prior to the Closing;

(h) except to the extent provided in Section 3.4, Section 7.2(b) and Section 7.9(c), all books and records of Seller or any of its Affiliates other than the Documents, including (A) the corporate seal, Governing Documents, minute books or stock books of Seller or any of its Affiliates and the original financial and accounting books and records and Tax Returns of Seller or any of its Affiliates (including supporting work papers and other documents relating to the financial, accounting and Tax policies of Seller, such as transfer pricing studies and other proprietary information related to the preparation and filing of Tax Returns, calculations of Tax and similar matters), and (B) copies of any books and records relating to the ongoing businesses (other than the Business) of Seller or any of its Affiliates;

(i) the Seller Marks (which, for the avoidance of doubt, do not include any Business Marks);

(j) any refund of or credit for Taxes of Seller, and any refund of or credit for Taxes with respect to the ownership of the Purchased Assets or the operation of the Business related to a Pre-Closing Tax Period paid by or on behalf of Seller, whether such refund is received as a payment or as a credit against future Taxes payable;

(k) except to the extent expressly provided in Section 2.1(i), all Claims of Seller against any Person;

(l) all insurance policies, and, subject to Buyer's rights under Section 7.12(a), the rights thereunder, including any such policies and rights in respect of the Purchased Assets or the Business;

(m) the rights of Seller arising under or in connection with this Agreement, any certificate or other document delivered in connection herewith, and any of the transactions contemplated hereby and thereby;

(n) all attorney-client privilege and attorney work-product protection of Seller or associated with the Business arising with respect to legal counsel representation of Seller or its Affiliates or the Business in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements and all documents subject to the attorney-client privilege or work-product protection described in this Section 2.2(n);

(o) all rights in, to and under all Permits and other rights under any Law, other than the Transferrable Permits;

- (p) any investment in the capital stock or other equity interests of (or any intercompany advances to) any Affiliate of Seller;
- (q) all personnel records and other records relating to the Business that Seller or any Affiliate of Seller is required by Law to retain in its possession to the extent so required;
- (r) all loans to employees of Seller or any of its Affiliates other than normal travel or expense allowances;
- (s) all documents maintained by Seller in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements;
- (t) subject to Section 7.16, the Shared Contracts and the Contracts set forth on Schedule 2.2(t);
- (u) the assets and other rights set forth on Schedule 2.2(u); and
- (v) any other asset of Seller or any of its Affiliates that is not a Purchased Asset.

Section 2.3 Assumed Obligations. On the Closing Date, Buyer will deliver to Seller the Bill of Sale and Assignment and Assumption Agreement pursuant to which Buyer will specifically assume, as of the Effective Time, and become responsible for the following liabilities and obligations of Seller without recourse to Seller or any of its Affiliates, and thereafter pay, perform and discharge when due, the following (the “Assumed Obligations”):

- (a) any trade accounts payable or other accrued and unpaid current expenses to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A;
- (b) all liabilities and obligations of Seller with respect to over-recovered purchased gas cost adjustment charges, and all customer deposits, customer advances for construction, deferred credits, regulatory liabilities and other similar items, to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A;
- (c) all liabilities and obligations of Seller under any Regulatory Order applicable to the Business or the Purchased Assets, other than (i) payment obligations of Seller arising in respect of periods prior to the Effective Time, except to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A; and (ii) obligations imposed on Seller or its Affiliates (rather than on Buyer as Seller’s successor with respect to the Business) under any Regulatory Order issued specifically with respect to the transactions contemplated by this Agreement;

(d) all liabilities and obligations of Seller arising under the Business Agreements, the Transferable Permits and any other agreements or contractual rights, in each case to the extent assigned to Buyer pursuant to the terms of this Agreement;

(e) without duplication of any right to recovery herein, Taxes imposed with respect to the ownership of the Purchased Assets or the ownership or operation of the Business for a Post-Closing Tax Period;

(f) all liabilities and obligations to any Business Employees relating to their employment with Buyer to the extent attributable to the period from and after the Effective Time, including liabilities or obligations (i) under any employment, wage and hour, equal opportunity, discrimination, plant closing or immigration and naturalization Laws, or (ii) under any collective bargaining or labor Laws, agreements or arrangements;

(g) all liabilities and obligations to any Business Employees relating to their employment with Buyer to the extent attributable to the period prior to, from and after the Effective Time, including liabilities or obligations in connection with any workers' compensation or any other employee health, accident, disability or safety claims;

(h) all liabilities and obligations for which Buyer is expressly responsible pursuant to Section 7.11;

(i) all liabilities, obligations and commitments, inclusive of asset retirement obligations, and other than the Excluded Liabilities, to the extent accruing or arising out of or relating to the conduct or operation of the Business or the ownership or use of the Purchased Assets prior to, from and after the Effective Time;

(j) all liabilities, obligations and commitments to the extent relating to the Business or Purchased Assets and arising under, based upon, or relating to, any Environmental Law, Environmental Permit, Environmental Claims or Release, regardless of when the conduct giving rise to any such liability, obligation, or commitment occurred;

(k) the Shared Contract Obligations subject to Section 7.18;

(l) to the extent not specifically identified above, any liabilities to the extent included in the calculation of the Adjustment Amount in accordance with Appendix A; and

(m) the liabilities, obligations and commitments listed on Schedule 2.3(m).

Section 2.4 Excluded Liabilities. Seller acknowledges that the sole liabilities and obligations being assumed by Buyer are the Assumed Obligations and Seller shall retain all other liabilities and obligations, including (collectively, the “Excluded Liabilities”):

- (a) any trade accounts payable or other accrued and unpaid current expenses to the extent not included in the calculation of the Adjustment Amount in accordance with Appendix A;
- (b) any liabilities or obligations of Seller to the extent related to any Excluded Assets;
- (c) any liabilities or obligations of Seller in respect of Indebtedness;
- (d) without duplication of any right to recovery herein, and in no event including any Transaction Taxes, (i) any liabilities or obligations in respect of Taxes of Seller, (ii) any liability of Seller for unpaid Taxes of any Person under Treasury Regulation section 1.1502-6 (or similar provision of state, local, or foreign Law) as a transferee or successor, by contract or otherwise, (iii) any Taxes imposed with respect to the ownership of the Purchased Assets or the ownership or operation of the Business for a Pre-Closing Tax Period and (iv) any Taxes imposed on or with respect to the ownership or operation of the Excluded Assets or that are attributable to any asset or business of Seller that is not part of the Purchased Assets;
- (e) any obligations of Seller or any of its Affiliates with respect to wages, vacation pay, other paid time off, employment Taxes, bonuses, other incentive compensation, commissions, expense reimbursement, or retention or severance pay to Persons to the extent attributable to the period prior to the Effective Time or which may become payable as a result of the Closing;
- (f) any liabilities or obligations with respect to Shared Contracts that are not Shared Contract Obligations subject to Section 7.18;
- (g) except as otherwise expressly provided in Section 7.11, any liabilities under or relating to any Benefit Plan at any time maintained, contributed to or required to be contributed to by Seller or any of its Affiliates, or under which Seller or any Affiliate has or may incur liability, or any contributions, benefits or liabilities therefor, or any liability with respect to Seller’s or any of Seller’s Affiliate’s withdrawal or partial withdrawal from or termination of any Benefit Plan;
- (h) any criminal liabilities or actual fraud of Seller or any of its Affiliates;

(i) any liabilities or obligations of Seller arising under or in connection with this Agreement, any certificate or other document delivered in connection herewith, and any of the transactions contemplated hereby and thereby; and

(j) any item designated as an Excluded Liability by Buyer in accordance with Section 7.23.

Section 2.5 Intercompany Accounts. Prior to the Effective Time, Seller shall cause all intercompany payables, receivables and loans between the Business, on the one hand, and Seller and its Affiliates, on the other hand, to be fully settled or fully cancelled without further liability to the Business or Buyer.

### **ARTICLE III PURCHASE PRICE**

Section 3.1 Purchase Price. Subject to the terms and conditions of this Agreement, the aggregate purchase price (the "Purchase Price") for the Purchased Assets shall be an amount in cash equal to \$2,150,000,000 increased by the Adjustment Amount if the Adjustment Amount is a positive number, or decreased by the Adjustment Amount if the Adjustment Amount is a negative number. The Adjustment Amount will be determined in accordance with this Agreement and Appendix A and in the same form and format as Appendix B.

#### Section 3.2 Determination of Purchase Price.

(a) No later than five Business Days prior to the Closing Date, Seller will prepare and deliver to Buyer a good faith estimate of the Purchase Price, calculated in good faith in accordance with this Agreement and Appendix A and in the same form and format as Appendix B, together with reasonable supporting documentation and worksheets. Within two Business Days following receipt by Buyer of such estimate, Buyer may in good faith object in writing to Seller's estimate, in which case the Parties shall endeavor to reconcile their differences in good faith by negotiation prior to the Closing Date; provided that, in the event the Parties are unable to reconcile their differences, Seller's estimate of the Purchase Price shall prevail. The amount of Seller's estimate of the Purchase Price (or the estimate of the Purchase Price to which the Parties agree) (the "Closing Payment Amount") shall be paid to Seller at the Closing.

(b) Within 90 days after the Closing Date, Seller will prepare and deliver to Buyer a revised calculation of the Purchase Price, calculated in good faith in accordance with this Agreement and Appendix A and in the same form and format as Appendix B, together with worksheets and supporting documentation (the "Post-Closing Adjustment Statement"). Buyer shall have a reasonable right of consultation with Seller in connection with Seller's preparation of the Post-Closing Adjustment Statement and related information, and will provide Seller with access to its books, records, information, and employees as Seller may reasonably request. Buyer shall cause the personnel of Buyer and its Subsidiaries (including the

Business) to cooperate with Seller and its Representatives in connection with their preparation of the Post-Closing Adjustment Statement. In the event Buyer raises any objections or disagreements with any methodology used or determination made by Seller during the preparation of the Post-Closing Adjustment Statement, the Parties shall endeavor to reconcile their differences in good faith by negotiation prior to delivery of the Post-Closing Adjustment Statement by Seller to Buyer.

(c) The amounts determined by Seller as set forth in the Post-Closing Adjustment Statement will be final, binding, and conclusive for all purposes unless, and only to the extent, that within 30 days after Seller has delivered the Post-Closing Adjustment Statement Buyer notifies Seller of any dispute with respect to matters set out in the Post-Closing Adjustment Statement. Any such notice of dispute delivered by Buyer (an “Adjustment Dispute Notice”) will identify with specificity each item in the Post-Closing Adjustment Statement with respect to which Buyer disagrees, the basis of such disagreement, and Buyer’s position with respect to such disputed item, accompanied by reasonably detailed documentation showing Buyer’s calculation of the disputed amounts; provided that the disagreement may be based for purposes of this Section 3.2 only on mathematical errors or amounts reflected in the Post-Closing Adjustment Statement not being calculated in accordance with this Agreement and Appendix A and the accounting principles specified therein.

(d) If Buyer delivers an Adjustment Dispute Notice in compliance with Section 3.2(c) and Seller and Buyer are unable to reach a resolution with respect to all disputed items within 30 days of delivery of the Adjustment Dispute Notice, Seller and Buyer will submit any items remaining in dispute for determination and resolution to the Independent Accounting Firm. The Independent Accounting Firm will be instructed to, and shall, determine and resolve any such remaining disputed items in accordance with this Agreement and the accounting principles described in Appendix A, as appropriate depending on the item at issue, and report to the Parties, within 30 days after such submission, of the Independent Accounting Firm’s determination and resolution. In resolving any disputed items, the Independent Accounting Firm (i) shall limit its review to matters specifically set forth in the Adjustment Dispute Notice, (ii) shall limit its review to correcting mathematical errors and determining whether disputed items were determined in accordance with this Agreement and accounting principles listed in Appendix A and shall not make any other determination, including any determination as to whether any estimates on the Post-Closing Adjustment Statement are correct, adequate or sufficient and (iii) may not assign a value to any item greater than the greatest value claimed for such item or less than the smallest value for such item claimed by either Buyer or Seller; provided, however, that to the extent the determination of the value of any disputed item directly affects any other item used in calculating the Final Purchase Price such direct effect may be taken into account by the Independent Accounting Firm. The report of the Independent Accounting Firm will be final, binding, and conclusive on the Parties for all purposes. The fees



and disbursements of the Independent Accounting Firm will be allocated between Seller and Buyer so that Buyer's share of such fees and disbursements will be in the same proportion that the aggregate amount of any such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by Buyer (as finally determined by the Independent Accounting Firm) bears to the total amount of such disputed amounts initially submitted to the Independent Accounting Firm.

(e) Within 10 Business Days following the final determination of the Purchase Price pursuant to Section 3.2(c) or Section 3.2(d) (as so determined, the "Final Purchase Price"), (i) if the Final Purchase Price is greater than the Closing Payment Amount, Buyer will pay the difference to Seller; or (ii) if the Final Purchase Price is less than the Closing Payment Amount, Seller will pay the difference to Buyer. Any amount paid under this Section 3.2(e) will be paid with interest for the period commencing on the Closing Date through the date of payment, calculated at the Prime Rate in effect on the Closing Date. Any amount paid under this Section 3.2(e) shall be paid in cash by wire transfer of immediately available funds to the account specified by the Party receiving payment. Neither the determination of the Final Purchase Price nor any payment thereof shall be deemed to waive or limit in any respect any representation or warranty or rights in respect thereof under this Agreement.

Section 3.3 Allocation of Purchase Price. The sum of the Purchase Price and the Assumed Obligations will be allocated among the Purchased Assets on a basis consistent with Section 1060 of the Code and the Treasury Regulations thereunder. The Parties will work together in good faith to agree upon such allocation in conjunction with the determination of the Final Purchase Price. In the event that such agreement has not been reached within 30 days following the determination of the Final Purchase Price, the allocation will be determined by the Independent Accounting Firm, and such determination will be binding on the Parties. Each Party will pay one-half of the fees and expenses of the Independent Accounting Firm in connection with such determination. The Parties will in good faith revise the allocation to reflect any subsequent adjustment to the purchase consideration for income Tax purposes of the Purchased Assets. Each Party will report the transactions contemplated by this Agreement for Tax purposes in a manner consistent with such allocation. Each Party will provide the other promptly with any other information required to complete Form 8594 under the Code. Each Party will notify the other, and will provide the other with reasonably requested cooperation, in the event of an examination, audit, or other proceeding regarding the allocations provided for in this Section 3.3.

Section 3.4 Prorations.

(a) For purposes of determining the Purchase Price, personal property and real property Taxes (to be allocated between the Pre-Closing Tax Period and Post-Closing Tax Period portions of a Straddle Period in accordance with Section 7.9(d)), rents under any leases of real or personal property, or other similar expenses, that are not due or assessed until after the Effective Time but which are

attributable in whole or in part to any period commencing prior to the Effective Time, and any other amounts that by the terms of this Agreement are to be allocated between the Parties, will be prorated as of the Effective Time, with Seller liable to the extent such items relate to any period prior to the Effective Time, and Buyer liable to the extent such items relate to any period from and after the Effective Time. If the actual amounts to be prorated are not known as of the Effective Time, Seller shall include an itemized estimate in the Post-Closing Adjustment Statement based upon the most recent available rates, assessments, valuations, or other data, and the Parties shall adjust the amounts paid at the Closing to reflect such prorations. Any prorations shall be made so as to avoid duplication of any amounts, and will be adjusted to properly take into account any amounts thereof used in determining the Purchase Price.

(b) The proration of all items under this Section 3.4 will be recalculated by Buyer within a reasonable period of time following the date upon which the actual amounts become available to Buyer. Buyer will notify Seller of such recalculated amounts, and will provide Seller with all reasonable documentation relating to such recalculations. The Parties will make such payments to each other as are necessary to reconcile any estimated amounts prorated as of the Effective Time with the final amounts to be prorated. Seller and Buyer agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all proration calculations made pursuant to this Section 3.4. For the avoidance of doubt, Section 7.9(b) and not this Section 3.4(b) will apply to recalculations or reconciliations with respect to Taxes.

Section 3.5 Unbilled Revenues. Prior to the Closing Date, Seller shall read all customer meters in their normal cycle and in due course render the related bills to its customers served by the Business. Seller shall also read each daily read transportation customer meter (collectively, the “Large Volume Meters”) on the day immediately preceding the Closing Date. Seller shall provide Buyer with the last meter reading from each of the Large Volume Meters made on the day immediately preceding the Closing Date as soon as practicable after the Closing Date. On and after the Closing Date, Buyer shall read the customer meters for their first time, in the normal cycle, and in due course render bills for service during the period between Seller’s last reading in the normal cycle and Buyer’s first reading in the normal cycle to the customers served by the Business. Buyer shall determine the volume of gas sold by Seller prior to the Closing Date through Large Volume Meters by Seller’s meter readings on the day immediately preceding the Closing Date. Buyer shall determine by allocation the volumes of gas sold through all meters other than Large Volume Meters, by Seller prior to the Closing Date, and by Buyer on and after the Closing Date and prior to its first meter reading, through meters without charts. Such allocation shall be consistent with Seller’s past practices for unbilled revenues. The receivables related to the volume of gas allocable to Seller under this Section 3.5 but not yet billed to customers served by the Business, net of allowance for bad debts, shall be defined as “Unbilled Revenues.” “Billed Revenues” shall mean all outstanding bills to customers served by the Business that have not been paid as of the Closing Date less (i) any offset that results from the

difference between installment payments and gas consumed and (ii) allowance for bad debt, which shall be calculated consistent with Seller's past practices.

Section 3.6 Withholding. Buyer or any of its Affiliates shall be entitled to deduct and withhold (or have deducted and withheld) from any amounts payable pursuant to this Agreement such amounts as it reasonably determines are required to be deducted or withheld therefrom or in connection therewith under the Code or any provision of state, local or foreign Tax Law or under any other applicable Law or Order. To the extent such amounts are so deducted or withheld, such amounts shall be remitted to the applicable Governmental Entity and be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. Buyer shall reasonably cooperate with Seller to eliminate or reduce the basis for such deduction or withholding.

#### **ARTICLE IV THE CLOSING**

Section 4.1 Time and Place of Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement, the closing of the purchase and sale of the Purchased Assets and assumption of the Assumed Obligations (the "Closing") will take place electronically or otherwise at the offices of Seller in Houston, Texas, beginning at 10:00 A.M. (Central time) on the third Business Day following the date on which the conditions set forth in Article VIII (other than conditions to be satisfied by deliveries at the Closing) have been satisfied or waived, or at such other place or time as the Parties may agree; provided, the Parties acknowledge and agree that the Closing Date will need to allow for the events described in Section 3.2(a). The date on which the Closing occurs is referred to herein as the "Closing Date." The purchase and sale of the Purchased Assets and assumption of the Assumed Obligations will be effective as of 12:01 A.M. (Central time) on the Closing Date (the "Effective Time").

Section 4.2 Closing Payment. At the Closing, Buyer will pay or cause to be paid to Seller the Closing Payment Amount, by wire transfer of immediately available funds or by such other means as may be agreed upon by Seller and Buyer.

Section 4.3 Seller's Closing Deliveries. At or prior to the Closing, Seller will deliver the following to Buyer:

- (a) the certificate contemplated by Section 8.2(d);
- (b) the Bill of Sale, duly executed by Seller;
- (c) the Assignment and Assumption Agreements, duly executed by Seller;
- (d) one or more Special Warranty Deeds of conveyance of the parcels of Real Property with respect to which Seller holds fee interests, substantially in the form of the applicable Special Warranty Deed, duly executed and acknowledged by Seller, and in recordable form;

(e) one or more instruments of assignment or conveyance, substantially in the applicable form of the Assignments of Easements, as are necessary to transfer the Purchased Easements, duly executed and acknowledged by Seller and in recordable form;

(f) one or more Assignments of Lease, with respect to each Lease;

(g) all such other instruments of assignment or conveyance as are reasonably requested by Buyer in connection with the transfer of the Purchased Assets to Buyer in accordance with this Agreement;

(h) the Transition Services Agreement, duly executed by Seller;

(i) all required consents, waivers or approvals as obtained by Seller from third parties in connection with this Agreement;

(j) all Tax Returns for Transaction Taxes required by applicable Law to be executed by Seller at or prior to Closing, if any, duly executed (and acknowledged, if appropriate) by Seller;

(k) a certificate, in form and substance reasonably acceptable to Buyer and meeting the requirements of Treasury Regulation Section 1.1445-2(b)(2), duly executed by Seller, to the effect that Seller is not a “foreign person” within the meaning of Section 1445 of the Code; and

(l) such other agreements, documents, instruments, and writings as are required to be delivered by Seller on or prior to the Closing Date pursuant to this Agreement or as may reasonably be required by Buyer to consummate the transactions contemplated hereby, including all affidavits, statements, declarations, forms and other documents and instruments required by applicable Law to transfer real property and interests in real property or to record deeds, assignments and other transfer documentation relating to real property or interests in real property, duly executed (and acknowledged, if appropriate) by Seller or such other party as may be required.

Section 4.4 Buyer’s Closing Deliveries. At or prior to the Closing, Buyer will deliver the following to Seller:

(a) the certificate contemplated by Section 8.3(c);

(b) the Insurance Policy, duly executed by Buyer and the insurer(s), in such form and with such terms as specified in Section 7.12(b) and paid in full by Buyer as of the time of delivery;

(c) the Bill of Sale, duly executed by Buyer;

- (d) the Assignment and Assumption Agreements, duly executed by Buyer;
- (e) the Assignments of Easements and Assignments of Lease, duly executed (and acknowledged, as applicable) by Buyer;
- (f) the Transition Services Agreement, duly executed by Buyer;
- (g) all such other documents, instruments, and undertakings as are reasonably requested by Seller in connection with the assumption by Buyer of the Assumed Obligations in accordance with this Agreement;
- (h) all required consents, waivers, or approvals as obtained by Buyer from third parties in connection with this Agreement; and
- (i) such other agreements, documents, instruments and writings as are required to be delivered by Buyer on or prior to the Closing Date pursuant to this Agreement or as may reasonably be required by Seller to consummate the transactions contemplated hereby.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as set forth in the Seller Disclosure Schedules, Seller hereby represents and warrants to Buyer, as of the date hereof and, except to the extent expressly made only as of an earlier date, as of the Closing:

Section 5.1 Organization and Good Standing. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease, and operate the Purchased Assets and to carry on the Business as presently conducted. Seller is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of the Business, or the ownership or operation of any Purchased Assets, by Seller makes such qualification necessary, except, in each case, for any such failures that would not, individually or in the aggregate, have a Material Adverse Effect.

Section 5.2 Authority and Enforceability. Seller has all corporate power and authority necessary to execute and deliver, and to perform its obligations under, and, subject to the satisfaction of the closing conditions, to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements. The execution, delivery and performance by Seller of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the sole director of Seller, and no other corporate proceedings on the part of Seller are necessary to authorize this Agreement or any Ancillary Agreement or to consummate the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by Seller, and, assuming this Agreement constitutes the legal, valid and binding agreement of Buyer, this

Agreement constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity. At the Closing, each Ancillary Agreement to which Seller is contemplated to be a party will be duly and validly executed and delivered by Seller and, assuming such Ancillary Agreement constitutes the legal, valid and binding agreement of the other parties thereto, will constitute a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 5.3 No Conflicts; Consents. Except as set forth on Schedule 5.3, none of the execution, delivery and performance by Seller of this Agreement or any Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby, will:

- (a) violate or conflict with any of Seller's Governing Documents in any material respect;
- (b) assuming that all of the Required Regulatory Approvals have been made or obtained, violate any Law or Order applicable to Seller or any of the Purchased Assets, except for any such violations of Law or Order that (i) would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used or (ii) arise as a result of any facts or circumstances relating particularly to Buyer or any of its Affiliates;
- (c) other than the Required Regulatory Approvals, require any declaration, filing, or registration by Seller or any of its Affiliates with, or notice by Seller or any of its Affiliates to, or authorization, consent, or approval with respect to Seller or any of its Affiliates of, any Governmental Entity, except for any such declarations, filings, registrations, notices, authorizations, consents, or approvals (i) with the SEC under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby; (ii) the failure of which to obtain or make would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used; or (iii) that arise as a result of any facts or circumstances relating to Buyer or any of its Affiliates; or
- (d) assuming that all of the Required Regulatory Approvals have been made or obtained, violate any Law or Order applicable to Seller or any of the Purchased Assets, violate, conflict with, result in a breach of, require any consent or approval of, or (with or without notice or lapse of time or both) constitute a default, give rise to any right of modification, acceleration, payment, cancellation or termination, or result in the creation or imposition of any Encumbrance (other than a Permitted Encumbrance) upon any of the Purchased Assets (i) under or

pursuant to any Permit or Environmental Permit, or (ii) under or pursuant to any Material Contract, except for any such violations, conflicts, breaches, consents, approvals, defaults or other occurrences that would not have a Material Adverse Effect; or (iii) that arise solely as a result of any action or inaction of Buyer or any of its Affiliates.

Section 5.4 Governmental Filings. Except as set forth on Schedule 5.4, since January 1, 2018, to Seller's Knowledge, Seller has filed or caused to be filed with the Applicable Commission and FERC all material forms, statements, reports, and documents (including all exhibits, amendments, and supplements thereto) required by Law or Order to be filed by Seller with the Applicable Commission or FERC with respect to the Business, the Purchased Assets, or the Assumed Obligations. As of the respective dates on which such forms, statements, reports, and documents were filed (but giving effect to any subsequent amendment thereof prior to the date hereof), each complied in all material respects with all requirements of any Law or Order applicable thereto in effect on such date and were true and correct in all material respects, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of the applicable statute and the rules and regulations thereunder have not had a material and adverse effect on Seller's operation of the Business.

Section 5.5 Financial Information.

(a) Schedule 5.5(a) sets forth the balance sheet of each of (i) the Arkansas Business and (ii) the Oklahoma Business as of December 31, 2019 and 2020 (the "Balance Sheets") and the income statements for each of (i) the Arkansas Business and (ii) the Oklahoma Business for the 12-month periods ended December 31, 2019 and 2020 (the "Income Statements"). Each Balance Sheet and each Income Statement was prepared in accordance with principles used in the preparation of the financial statements of the applicable state-specific division in connection with the submission of such financial statements to the Applicable Commission (except that with respect to items disclosed on Schedule 5.5(a) that have been allocated by Seller to the Business), and fairly present, in all material respects, the financial condition and results of operation of the Arkansas Business and the Oklahoma Business as of the dates thereof or for the periods covered thereby. The Balance Sheets and Income Statements are based upon and consistent with information contained in the books and records of Seller kept in the Ordinary Course of Business (which books and records are true, correct and complete in all material respects).

(b) Except as set forth on Schedule 5.5(b), neither Seller nor any of its Affiliates have any Indebtedness or liability, absolute or contingent, related to the Purchased Assets, or the Business, other than liabilities, obligations or contingencies (i) that are adequately accrued or reserved against in the Balance Sheets and (ii) that were incurred in the Ordinary Course of Business since December 31, 2020 (none of which is a liability resulting from, arising out of, relating to, in the nature of, or caused by any breach of contract, breach of

warranty, tort, infringement, violation of law, environmental matter, claim or lawsuit).

Section 5.6 Changes. Except as set forth on Schedule 5.6, since December 31, 2020, the Business has been operated, in all material respects, in the Ordinary Course of Business (except as otherwise contemplated by, or in preparation for the transactions contemplated by, this Agreement), and no change or event has occurred which, either individually or in the aggregate, has resulted, or with the passage of time, would reasonably be expected to result in a Material Adverse Effect.

Section 5.7 Purchased Assets. Except for (i) Shared Contracts that are not Ongoing Shared Contracts or Shared Contract Rights, (ii) the assets and properties to which the Business will have continued access to or use of after the Closing Date pursuant to the Ancillary Agreements and (iii) as set forth in Schedule 5.7, the Purchased Assets include no assets other than those relating to the Business and, together with the Excluded Assets identified in subsections (a) through (u) of Section 2.2 and Buyer's rights under this Agreement and the Ancillary Agreements, constitute all of the material tangible assets required by Seller for the conduct of the Business in substantially the same manner as currently conducted by Seller.

Section 5.8 Title. Upon consummation of the transactions contemplated by this Agreement and receipt of all consents and approvals disclosed on Schedule 5.3, Seller will have assigned, transferred and conveyed to Buyer good and transferable title to, or a valid leasehold interest in or valid right to use, the material tangible personal property included in the Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances), except as would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used.

Section 5.9 Regulatory Status. Except with respect to certain facilities that cross the Arkansas state border, which makes the Arkansas Business subject to FERC's jurisdiction pursuant to Section 7(f) of the Natural Gas Act, 15 U.S.C. § 717(f) and *CenterPoint Energy Resources Corporation*, 168 FERC ¶ 62,011 (2019), Seller has not engaged in the transportation of natural gas using the natural gas distribution facilities that are part of the Purchased Assets in a manner that is subject to FERC's jurisdiction pursuant to Section 1(b) of the Natural Gas Act, 15 U.S.C. § 717(1)(b). To Seller's Knowledge, no Claim is pending against Seller challenging the jurisdictional status of the Business under the Natural Gas Act.

Section 5.10 Material Contracts.

(a) Schedule 5.10(a) lists all of the following Business Agreements (the "Material Contracts"):

(i) (A) each agreement, ordinance, or other grant of any municipal, town or county franchise relating to the Business (the "Franchises"), except for such Franchises, the absence of which would not, individually or in the aggregate, reasonably be expected to be material to the Business and (B) each agreement, agreement in principle, memorandum of understanding or option agreement to



acquire or be granted, or to sell or relinquish, a Franchise that would result in the addition or loss of service territory for the Business;

(ii) all agreements between Seller and any of its Affiliates used primarily in or with respect to the Business, Purchased Assets or Assumed Obligations, including all such agreements for the provision of any commodities, goods, or services and/or related to the use of Intellectual Property;

(iii) all agreements granting to any Person any right or option to purchase or otherwise acquire any of the Purchased Assets, including rights of first option, rights of first refusal or other preferential rights;

(iv) (A) all agreements between Seller and one or more Business Employees that provides for (I) employment other than on an at-will basis or (II) any retention, severance or change of control payment, and (B) all collective bargaining agreements or other agreements with any labor union, employees' association or other employee representative of a group of Business Employees ("Collective Bargaining Agreements");

(v) all leases, subleases, licenses or other agreements (which, for the avoidance of doubt, shall not include Purchased Easements) by which any right to use or occupy any interest in real property is granted by or to Seller and which require annual payments by Seller in excess of \$500,000 except for such leases, subleases, licenses or other agreements, the existence or absence of which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(vi) all Business Agreements that individually involve anticipated or forecasted expenditures (whether by or to Seller) in excess of \$5,000,000 in any year;

(vii) all agreements for or relating to Indebtedness in excess of \$2,000,000 in any one year;

(viii) all agreements providing for the extension of credit by Seller in excess of \$10,000,000 in any year, other than (A) the extension of credit to vendors in the Ordinary Course of Business, and (B) normal employee advances and other customary extensions of credit in the Ordinary Course of Business that are not material in amount;

(ix) all futures contracts, option contracts or other agreements evidencing a derivative transaction or otherwise relating to the supply or price of natural gas for the Business that has a term longer than ninety (90) days and a notional value greater than \$2,000,000;

(x) all gas transportation or gas storage contract that is reasonably expected to result in future payments by the Business in excess of \$2,000,000 in any one-year period;

(xi) all agreements that, upon or after the Closing, would limit the ability of Buyer or the Business to compete with any Person or in any line of business or geographic area, including any agreement that contains exclusivity or non-compete provisions and any agreement with non-solicitation or no-hire provisions;

(xii) all settlement, conciliation or similar agreement with any Governmental Entity relating to the Business, the Purchased Assets or the Assumed Obligations that will involve payment after the Effective Time of any amount; and

(xiii) all partnership, joint venture and joint ownership agreements, and all similar material agreements (however named) relating to the Business, Purchased Assets or Assumed Obligations involving a sharing of assets, profits, losses, costs or liabilities.

(b) Except as set forth on Schedule 5.10(b)(i), Seller has made available to Buyer copies of all Material Contracts together with all material amendments, waivers, or other changes thereto, which are correct and complete in all material respects. Except as set forth on Schedule 5.10(b)(ii), (i) each Material Contract is a valid and binding obligation of Seller, enforceable against it in accordance with its terms, and, to Seller's Knowledge, is a valid and binding obligation of each other party thereto, enforceable against it in accordance with its terms, in each case except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar Laws relating to creditors' rights generally, and (ii) neither Seller nor, to Seller's Knowledge, any other party thereto is (or, upon the passage of time or the giving of notice, or both, would be) in material default under or breach of any Material Contract.

(c) All agreements entered into or otherwise used by Seller for the purchase, supply, transmission, transportation, storage and delivery of natural gas or other energy commodities, or for the management of price or other risks associated therewith, in each case that relate exclusively to the Business, have been approved by or otherwise satisfy all requirements of the Applicable Commission.

(d) Seller has all Franchises and other rights required under applicable Law to provide natural gas distribution service to all retail distribution customers of the Business, except for such Franchises as would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used. Except as set forth on Schedule 5.10(d), such Permits are not prohibited by applicable Law or the terms of such

from being assigned to Buyer in connection with the transactions contemplated hereby.

(e) Schedule 5.10(e) sets forth a list of each Shared Contract material to the operation of the Business.

Section 5.11 Support Obligations. Schedule 5.11 sets forth all credit support maintained by Seller or its Affiliates for the benefit of the Business pursuant to applicable Law or the terms of a Material Contract or Transferable Permit, including guarantees, letters of credit, escrows, sureties, performance bonds, security agreements and other similar arrangements.

Section 5.12 Intellectual Property.

(a) Seller and its Affiliates own all right, title and interest in and to the Business Intellectual Property, free and clear of Encumbrances other than Permitted Encumbrances. Seller has taken reasonable measures to protect, preserve and maintain the proprietary nature of the Business Intellectual Property, and the confidentiality of all Business Confidential Information in their possession.

(b) The Business Intellectual Property combined with the (1) Intellectual Property licensed pursuant to (A) the Shared Contracts or (B) the Business Agreements included in the Purchased Assets and (2) the Intellectual Property that will be licensed to Buyer under the Transition Services Agreement constitute a scope of the Intellectual Property suitable to operate the Business as conducted as of the date of this Agreement.

(c) To Seller's Knowledge, the conduct of the Business and the use of the Business Intellectual Property in connection with the Business does not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. No Claim is pending or, to Seller's Knowledge, threatened, that alleges any such infringement, violation or misappropriation, and none of the Business Intellectual Property is subject to any outstanding Order that would materially and adversely affect the Buyer's rights under the Business Intellectual Property. Further, to Seller's Knowledge, no Person is infringing, violating or misappropriating, any Seller Intellectual Property, and no Claim is pending or threatened by Seller or its Affiliates against another Person that alleges any such infringement, violation or misappropriation of the Business Intellectual Property.

Section 5.13 Legal Proceedings. Except as set forth on Schedule 5.13, (a) there are no pending, or to Seller's Knowledge threatened in writing, Claims relating to the Business, the Purchased Assets or the Assumed Obligations, except for such Claims that would not, individually or in the aggregate, reasonably expected to be material and adverse to the Business, the Purchased Assets or the Assumed Obligations and (b) there are no pending, or threatened in writing, material Claims by Seller on behalf of the Business, the Purchased Assets or the Assumed Obligations against any third party. None of the matters on Schedule 5.13 involves

injunctive or equitable relief that, if adversely determined against the Business, the Purchased Assets or the Assumed Obligations, would be reasonably expected to be material to the Business, the Purchased Assets or the Assumed Obligations.

Section 5.14 Compliance with Law; Orders; Permits.

(a) Except as set forth on Schedule 5.14(a), Seller is, and to Seller's Knowledge at all times since January 1, 2018 has been, in compliance in all material respects with all Laws, Orders and Permits applicable to the Purchased Assets or the Business.

(b) Except as set forth on Schedule 5.14(b), Seller possesses all Permits necessary to own and operate the Business and the Purchased Assets as currently operated in all material respects, all of such Permits are in full force and effect, and no appeal or other proceeding is pending or, to Seller's Knowledge, threatened in writing to revoke any such Permits. Except as set forth on Schedule 5.14(b), such Permits are not prohibited by applicable Law or the terms of such from being assigned to Buyer in connection with the transactions contemplated hereby.

Section 5.15 Anti-Corruption; Anti-Money Laundering; Sanctions.

(a) Neither Seller nor its directors or officers has breached or is in breach of any applicable anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act or any other applicable Laws relating to anti-bribery and anti-corruption in any material respect.

(b) Each of Seller and any Person controlling Seller are in compliance in all material respects with all anti-money laundering Laws related to the prevention of money laundering and terrorist financing, including the Bank Secrecy Act and the USA PATRIOT Act in the jurisdictions in which Seller, or such Person controlling Seller, as applicable, operate.

(c) Seller is not a Person that is, or is fifty percent (50%) or more owned or controlled by a Person or Persons that are: (i) the subject of any economic or financial sanctions or trade embargoes imposed, administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control or the U.S. Department of State or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(d) No sale or other transaction contemplated by this Agreement will violate Sanctions.

Section 5.16 Environmental Matters.

(a) Except as set forth on Schedule 5.16(a) or as would not, individually or in the aggregate, have a Material Adverse Effect, (i) Seller holds all material Environmental Permits necessary for Seller to operate the Business as it is currently being operated; (ii) Seller is in material compliance with such Environmental Permits; (iii) the Environmental Permits in effect on the date hereof (if still used by the Business on the Effective Date) are transferrable to Buyer; (iv) such Environmental Permits are in full force and effect and any applications required to renew or maintain the Environmental Permits in full force and effect have been submitted to the applicable Governmental Entity; and (v) to Seller's Knowledge, there are no pending Claims that would suspend, cancel, withdraw, limit or revoke any Environmental Permit.

(b) Except as set forth on Schedule 5.16(b), neither Seller nor any Affiliates of Seller has, since January 1, 2018, entered into or been subject to any consent decree or agreement, been subject to any Order, or received any written notice, report, or other information regarding any actual or alleged violation of Environmental Laws or any liabilities or potential liabilities, including any investigatory, remedial, or corrective obligations, arising under Environmental Laws, in each case relating to the ownership or operation of the Business or the Purchased Assets, except for notices, reports, or information with respect to matters that have been resolved, settled or withdrawn.

(c) Except as set forth on Schedule 5.16(c), or as would not, individually or in the aggregate, have a Material Adverse Effect, (i) Seller has not caused any Release from, in, on, or beneath any of the Real Property or any of the manufactured gas plant sites disclosed on Schedule 2.3(m)) that could form a basis for an Environmental Claim or Loss pursuant to Environmental Laws; (ii) to Seller's Knowledge, there is and has been no Release from, in, on, or beneath any of the Real Property by any third-party that could form a basis for an Environmental Claim or Loss pursuant to Environmental Laws; and (iii) there are no written Environmental Claims pending or, to Seller's Knowledge threatened in writing, that relate to the Purchased Assets or the Business or, to Seller's Knowledge, that relate to any property or assets previously used in connection with the ownership or operation of the Business or Purchased Assets.

(d) There have been no material environmental assessments, inspections or audits conducted by or on behalf of Seller (or to Seller's Knowledge by any Governmental Entity) in respect of any of the Real Property or the Business during the past three years, other than those for which copies of the associated reports within Seller's possession or control have been provided to Buyer.

(e) Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 5.16 and Section 5.18(c) are Seller's sole and exclusive representations and warranties regarding Environmental Laws and Environmental Permits.

Section 5.17 Taxes. Except as set forth on Section 5.17:

(a) All material Tax Returns relating to the Business or the Purchased Assets required to be filed by or on behalf of Seller have been filed in a timely manner, such Tax Returns are true, correct and complete in all material respects, and all Taxes required to be shown on such Tax Returns have been paid in full. There are no material audits or other examinations pending or, to Seller's Knowledge, threatened in writing relating to any Taxes relating to the Business or the Purchased Assets. No claim has been made since January 1, 2016 by any Governmental Entity in a jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to taxation by that jurisdiction with respect to the Business or the Purchased Assets. Seller has not granted any waiver of any statute of limitations regarding, or any extension of any period for the assessment of, any material Tax relating to the Business or the Purchased Assets. There are no Encumbrances for Taxes on any of the Purchased Assets other than Permitted Encumbrances.

(b) Seller has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party of the Business, and all tax and information reporting forms required with respect thereto have been properly completed and timely filed.

(c) Seller has not entered into any transaction with respect to the Business that is either a "listed transaction" or a "reportable transaction" (both as defined in Treasury Regulation Section 1.6011-4, as modified by published Internal Revenue Service guidance).

(d) None of the Purchased Assets is an interest in an entity taxable as a corporation, partnership, trust or real estate mortgage investment conduit for federal income Tax purposes.

(e) Seller has not executed or entered into any agreement with, or obtained any consents or clearances from, any Governmental Entity with respect to Taxes, and has not been subject to any ruling guidance specific to Seller, to the extent that any of such agreement, consent, clearance or ruling would be binding on either Buyer for any taxable period (or portion thereof) ending after the Closing Date.

(f) Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 5.17 and Section 5.19 are Seller's sole and exclusive representations and warranties regarding Taxes.

Section 5.18 Labor Matters.

(a) Seller has made available to Buyer a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates, bonus and other compensation, and the paid time off pay of all Business Employees.

(b) (i) Seller is, as of the date hereof, in compliance in all material respects with all Laws applicable to the Business Employees respecting employment and employment practices, terms and conditions of employment, and wages and hours; (ii) Seller has not, within the past three years, received written notice of any unfair labor practice charge against Seller pending before the National Labor Relations Board with respect to any of the Business Employees; (iii) Seller has not, within the past three years, received notice that any representation petition respecting the Business Employees has been filed with the National Labor Relations Board; and (iv) there is no labor strike, slowdown, work stoppage, or lockout actually pending or, to Seller's Knowledge, threatened in writing involving the Business Employees.

(c) Since January 1, 2018, Seller has complied in all material respects with all applicable Laws and Orders relating to employee health and safety in all material respects, and no Seller has received any written notice from any Governmental Authority that past or present conditions of the Purchased Assets violate any applicable Laws and Orders or otherwise will be made the basis of any claim, proceeding, or investigation based on violations of the Occupational Safety and Health Act of 1970 or otherwise related to employee health and safety.

(d) Seller is in compliance with all applicable Laws and Orders pertaining to employment and employment practices to the extent they relate to Business Employees, including all Laws and Orders relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect. All individuals classified as independent contractors under all applicable Laws and Orders are properly classified. All Business Employees classified as exempt under the Fair Labor Standards Act and state and local wage and hour Laws are properly classified. There are no charges, complaints, or actions against Seller pending, or to Seller's Knowledge, threatened to be brought or filed, by or with any court, agency or governmental body or arbitrator relating to the Business Employees, including any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours, health and safety, or any other employment-related matter arising under applicable Laws.

Section 5.19 Employee Benefits.

(a) Schedule 5.19(a) lists each material employee benefit plan (as such term is defined in section 3(3) of ERISA) and each other material employee benefit plan, program, or arrangement providing benefits to employees that is maintained by, contributed to, or required to be contributed to by Seller or any of its ERISA Affiliates as of the date hereof on account of current Business Employees or persons who have retired or may retire from the Business (each, a “Benefit Plan”); provided that with respect to employment agreements, long-term incentive agreements and similar agreements, only the forms of such agreements and arrangements shall be listed, together with any material deviations from such forms.

(b) With respect to each Benefit Plan, Seller has made available to Buyer true, complete and correct copies of each of the following documents: (i) each Benefit Plan (including all amendments thereto) or, in the case of any unwritten Benefit Plan, a description thereof; (ii) the most recent summary plan description, together with each summary of material modifications, if required under ERISA, with respect to such Benefit Plan; and (iii) the most recent determination letter received from the United States Internal Revenue Service with respect to each Benefit Plan that is intended to be qualified under Section 401(a) of the Code.

(c) Except as set forth on Schedule 5.19(c):

(i) Each Benefit Plan that is intended to be qualified under section 401(a) of the Code has received a determination from the Internal Revenue Service that such Benefit Plan is so qualified. To Seller’s Knowledge, nothing has occurred since the date of such determination that would be reasonably expected to materially adversely affect the qualified status of such Benefit Plan.

(ii) Each Benefit Plan has been maintained, funded, and administered in material compliance with its terms and in material compliance with all applicable Laws, including ERISA and the Code. There are no pending or, to Seller’s Knowledge, threatened claims by or on behalf of any of the Benefit Plans, by any Business Employee or any beneficiary thereof covered under any such Benefit Plan or otherwise involving any such Benefit Plan (other than routine claims for benefits) that would result in liability to Buyer.

(iii) There are no administrative or other proceedings, audits, examinations or investigations pending or asserted or, to Seller’s Knowledge, threatened, anticipated, or expected to be asserted with respect to any Benefit Plan or the assets of any such Benefit Plan (other than routine claims for benefits arising in the ordinary course) that would result in liability to Buyer.

(iv) Seller has the right, at any time and without liability, to amend or terminate any post-retirement medical and life benefits, and to adjust premiums or cost-sharing provisions.



(v) No liability under section 412 or 430 of the Code or Title IV or section 302 or 303 of ERISA has been incurred by Seller or any ERISA Affiliate that has not been satisfied in full, and no condition or circumstance exists, to Seller's Knowledge, that would be reasonably expected to result in any unsatisfied liability of Seller or any ERISA Affiliate under Title IV or section 302 of ERISA. Any Benefit Plan subject to Title IV of ERISA or any trust established thereunder has satisfied the minimum funding standards of Section 412 of the Code and Section 302 of ERISA, whether or not waived, as of the last day of the most recent fiscal year of each such Benefit Plan ended prior to the Closing Date. There has been no "reportable event" (as such term is defined in Section 4043(c) of ERISA) in connection with any Benefit Plan within the prior three years other than reportable events for which notice is waived under applicable regulations or that would not reasonably be expected to result in material liability to Buyer. No Benefit Plan subject to Title IV of ERISA is a "multiemployer pension plan," nor is any Benefit Plan subject to Title IV of ERISA a plan described in section 4063(a) of ERISA.

(vi) All contributions required by Law to be made to the Benefit Plans for all periods ending prior to the Closing Date will be paid by Seller to the Benefit Plans within the time required by Law.

(d) Except as set forth on Schedule 5.19(d) or as otherwise expressly provided for in Section 7.11, the consummation of the transactions contemplated hereby will not accelerate the vesting or the time of payment, or increase the amount, of any compensation or benefits of any Business Employee. The execution of this Agreement and the consummation of the transactions contemplated hereby, do not constitute a triggering event under any Benefit Plan, which (either alone or upon the occurrence of any additional or subsequent event) will or may result in any "parachute payment" (as such term is defined in Section 280G of the Code).

#### Section 5.20 Information Technology and Data Security.

(a) To Seller's Knowledge, the IT Assets (i) are functioning properly (in the case of hardware, ordinary wear and tear excepted); (ii) are configured and maintained in a manner reasonably designed to minimize the effects of viruses and do not contain trojan horses, spyware, adware, malware or other malicious code; and (iii) are not suffering any material error, interruption, breakdown, failure, or security breach that has caused material disruption, unauthorized disclosure or corruption of Confidential Information or damage to the Business or the operation of the Purchased Assets;

(b) With respect to the Business and the Purchased Assets, Seller maintains sufficient back-ups, disaster recovery and business continuity arrangements, IT systems, software and other hardware and software support and maintenance reasonably designed to reduce (i) the risk of material error,

interruption, breakdown, failure and (ii) the risk that, if such event does occur, it would not cause a material disruption, unauthorized disclosure or corruption of Confidential Information, or damage to the Business or the operation of the Purchased Assets;

(c) Seller has, with respect to the Business and the operation of the Purchased Assets, at all times complied in all material respects with all Laws and Contracts, as well as its own internal policies and procedures, relating to rights of publicity, consumer protection, privacy, and data security and the collection, use, storage and disposal of personal information collected, used or held for use by the Business. No Claim has been asserted or threatened in writing alleging a material violation of any person's rights of publicity or privacy or personal information or data rights and the consummation of the transactions contemplated by this Agreement will not breach or otherwise cause any violation of any policies or procedures, or obligations under any contract to which each Business is a party. Seller has, with respect to the Business and the operation of the Purchased Assets, taken commercially reasonable measures, including all measures required by any applicable Laws, to ensure that personal information (including financial information) and other sensitive information is protected against unauthorized access, use, modification or other misuse. Seller has, with respect to the Business and the operation of the Purchased Assets, reasonable security practices, policies, and procedures designed to reduce (i) the risk of a material error, breakdown, failure, or security breach occurring and (ii) the risk that, if such an event does occur, it would cause a material disruption to the Business; and

(d) Since January 1, 2018, Seller has not suffered any error, breakdown, failure or security breach that has caused any material loss of data, material disruption, material unauthorized disclosure or material corruption of Confidential Information or material damage to the Purchased Assets, the operation of the Purchased Assets or the Business, or that was reportable to any Governmental Entity or any affected individual, in either case in connection with the Business.

Section 5.21 Insurance. All insurance policies of Seller providing coverage for the Purchased Assets, Assumed Obligations and the Business are in full force and effect, (b) Seller is not in material breach of or default under, and, to Seller's Knowledge, no event has occurred which, with notice or the lapse of time or both, would constitute such a material breach of or default under, or permit termination or modification under, any such policies, (c) all material premiums due with respect to each such policy have been paid, and (d) since the most recent renewal date, Seller has not received any written notice threatening termination of, material premium increases with respect to, or material alteration of coverage under, any such policies. Seller maintains insurance coverage sufficient in amount to pay all claimed or potential damages with respect to all such actions, suits or proceedings required to be disclosed on Schedule 5.13.

Section 5.22 Real Property.

(a) To Seller's Knowledge, Schedule 5.22 includes all of the Owned Real Property, the Leased Real Property and the Purchased Easements.

(b) Except as would not be reasonably expected to result in a material and adverse effect on the Business or use of the Purchased Assets as a whole in the manner currently conducted, (i) Seller has on the date of this Agreement (and immediately prior to the Closing will have) good and marketable fee simple title to the Owned Real Property and all improvements thereon and good and valid leasehold interests in the Leased Real Property and all improvements thereon (to the extent leased by Seller), and (ii) good and marketable easement interests in the Purchased Easements and all improvements thereon (to the extent held by Seller), free and clear of all Encumbrances except Permitted Encumbrances. The Purchased Easements, together with the Owned Real Property and Leased Real Property, constitute all real property and interests in real property that are used in or otherwise required for the operation of the Business as currently conducted.

(c) Seller has not received any written notice of existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters except for such proceedings and matters that would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchased Assets in the manner currently used. Seller has not made any claim that is currently pending under any policy of title insurance insuring its title or interest in any Owned Real Property, Leased Real Property or Purchased Easements. All improvements on the Owned Real Property, Leased Real Property and Purchased Easements are structurally safe and sound without any latent or patent defects, fit for their intended purpose, and in good working order and condition except for such defects or conditions that would not reasonably be expected to materially and adversely affect Buyer's operation of the Business or use of the Purchase Assets in the manner currently used.

(d) As of the Closing, true, correct and complete copies of all Leases and Purchased Easements in the possession of Seller have been made available to Buyer.

Section 5.23 Brokers and Finders. No broker, finder, or other Person is entitled to any brokerage fees, commissions, or finder's fees for which Buyer or its Affiliates could become liable or obligated in connection with the transactions contemplated hereby by reason of any action taken by Seller or any of its Affiliates.

Section 5.24 Exclusivity of Representations and Warranties. Neither Seller nor any of its Affiliates or Seller's Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied (including any relating to financial condition or results of operations of the Business or maintenance, repair, condition, design, performance, value, merchantability or fitness for any particular purpose of the Purchased Assets), except as expressly set forth in this Article V, the Special Warranty Deeds, and the Seller Disclosure Schedules or any certificates delivered pursuant to this Agreement or any of the

transactions contemplated by this Agreement, and Seller hereby disclaims any such other representations or warranties.

## **ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller, as of the date hereof and, except to the extent expressly made only as of an earlier date, as of the Closing:

Section 6.1 Organization and Good Standing. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of Delaware and has all requisite corporate power and authority to own, lease and operate its assets and to carry on its business as presently conducted. As of the Closing, Buyer will be duly qualified or licensed to do business as a foreign entity and is in good standing in each jurisdiction in which the conduct of the Business, or the ownership or operation of any Purchased Assets, by Buyer makes such qualification necessary, except, in each case, for any such failures that would not, individually or in the aggregate, have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis.

Section 6.2 Authority and Enforceability. Buyer has all limited liability company power and authority necessary to execute and deliver, and to perform its obligations under, and, subject to the satisfaction of the closing conditions, to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements. The execution, delivery and performance by Buyer of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the sole member of Buyer, and no other limited liability company proceedings on the part of Buyer are necessary to authorize this Agreement or any Ancillary Agreement or to consummate the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by Buyer, and, assuming this Agreement constitutes the legal, valid and binding agreement of Seller, this Agreement constitutes a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity. At the Closing, each Ancillary Agreement to which Buyer is contemplated to be a party will be duly and validly executed and delivered by Buyer and, assuming such Ancillary Agreement constitutes the legal, valid and binding agreement of the other parties thereto, will constitute a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 6.3 No Conflicts; Consents. Neither the execution, delivery and performance by Buyer of this Agreement or any Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby, will:

(a) violate or conflict with any of Buyer's Governing Documents;

(b) assuming that all of the Required Regulatory Approvals have been made or obtained, violate any Law or Order applicable to Buyer, except for any such violations of Law or Order that would not have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis or arise as a result of any facts or circumstances relating to Seller or any of its Affiliates;

(c) other than the Required Regulatory Approvals, require any declaration, filing, or registration by Buyer or any of its Affiliates with, or notice by Buyer or any of its Affiliates to, or authorization, consent, or approval with respect to Buyer or any of its Affiliates of, any Governmental Entity, except for any such declarations, filings, registrations, notices, authorizations, consents, or approvals (i) the failure of which to obtain or make would not have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis or (ii) that arise as a result of any facts or circumstances relating to Seller or any of its Affiliates; or

(d) assuming that all of the Required Regulatory Approvals have been made or obtained, violate, conflict with, result in a breach of, require any consent or approval of, or (with or without notice or lapse of time or both) constitute a default, give rise to any right of modification, acceleration, payment, cancellation or termination under or pursuant to any loan agreement, note, bond, mortgage, indenture, or other material instrument or agreement to which Buyer or its Affiliates is a party or by which Buyer or any of its Affiliates or any of their assets may be bound, except for any such violations, conflicts, breaches, consents, approvals, defaults or other occurrences that (i) would not have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis or (ii) arise as a result of any facts or circumstances relating to Seller or any of its Affiliates.

#### Section 6.4 Financial Capability.

(a) Buyer has delivered to the Seller true and complete fully executed copies of (i) executed commitment letter(s), dated as of the date hereof between Buyer and the Financing Sources party thereto (including all exhibits, schedules and annexes thereto, and the executed fee letter (the "Fee Letter") associated therewith (provided that the amount of fees, flex provisions, pricing terms and pricing caps set forth in any commitment letter or the Fee Letter may be redacted; provided, further, that none of the redacted terms (x) could reasonably be expected to adversely affect the availability of the Debt Financing or (y) affect the conditionality, enforceability, availability or aggregate principal amount of the Debt Financing), as the same may be amended pursuant to Section 7.21, collectively, the "Debt Financing Commitment Letter" and, together with the

Equity Commitment Letter, the “Financing Commitment Letters”) pursuant to which the lender parties thereto have agreed, subject to the terms and conditions thereof, to provide or cause to be provided the debt financing in the amounts set forth therein (the “Debt Financing”) and (ii) the Equity Commitment Letter, pursuant to which the Equity Provider has agreed and committed, subject to the terms and conditions thereof, to invest in Buyer, directly or indirectly, the cash amounts set forth therein (such financing, the “Equity Financing” and, together with the Debt Financing, the “Financing Commitments”) for the purpose of satisfying Buyer’s obligations under this Agreement and to consummate the transactions contemplated hereby and to pay all fees and expenses reasonably expected to be incurred in connection herewith and with the Financing. The Equity Commitment Letter provides that the Seller is an express third-party beneficiary thereof and Buyer and the Equity Provider will not oppose the granting of an injunction, specific performance or other equitable relief in connection with the exercise of such third-party beneficiary rights.

(b) As of the date of this Agreement, the Financing Commitment Letters and the terms of the Financing Commitments have not been withdrawn (and no party thereto has indicated an intent to so withdraw), amended, restated or otherwise modified or waived, and the respective commitments contained therein have not been withdrawn, modified or rescinded in any respect, and, except as permitted by Section 7.21 or as otherwise agreed to in writing by the Seller, no such amendment, restatement or modification thereto is contemplated; provided that the existence or exercise of “market flex” provisions contained in the Fee Letter shall not constitute an amendment or modification of the Debt Financing Commitment Letter. As of the date of this Agreement, the Financing Commitment Letters are in full force and effect and constitute the legal, valid and binding obligation of the Buyer and, to the knowledge of Buyer, the other parties thereto, enforceable against each party thereto in accordance with its terms (in each case, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, rehabilitation, liquidation, preferential transfer, moratorium and similar Laws now or hereafter affecting creditors’ rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at equity or law)).

(c) There are no side letters or other legally binding agreements, contracts or arrangements relating to the funding or investing, as applicable, of the full amount of the Equity Financing or the Debt Financing, other than as expressly set forth in the Equity Commitment Letter or the Debt Financing Commitment Letter, as applicable. Neither the Equity Financing nor the Debt Financing is subject to any conditions precedent other than those expressly set forth in the Equity Commitment Letter or the Debt Financing Commitment Letter, as applicable.

(d) Assuming the funding in full of the Financing, the net proceeds of the Financing Commitments, when funded in accordance with the Financing Commitment Letters, will be, in the aggregate, sufficient for the satisfaction of Buyer's obligations under this Agreement and to consummate the transactions contemplated hereby and to pay all fees and expenses reasonably expected to be incurred in connection herewith and with the Financing Commitments.

(e) As of the date of this Agreement, (i) to the knowledge of Buyer, no event has occurred which would constitute or would reasonably be expected to constitute a breach or default (or an event which with notice or lapse of time or both would constitute or would reasonably be expected to constitute a default) on the part of any party to the Financing Commitment Letters, under the Financing Commitment Letters, and (ii) Buyer has no reason to believe that any of the conditions to the Financing Commitments will not be satisfied (or that the full amount of the Equity Financing and the full amount of the Debt Financing will not be available to Buyer) on or prior to the Closing Date. Buyer will fully pay when due (and has paid to the extent required to be paid prior to the date of this Agreement) any and all commitment and other fees, costs and expenses that are required to be paid pursuant to the Financing Commitment Letters or otherwise in connection with the Financing Commitments.

(f) Notwithstanding anything to the contrary contained herein, the parties acknowledge and agree that it shall not be a condition to the obligations of Buyer to consummate the transactions contemplated by this Agreement or any of its obligations under this Agreement that Buyer continue to have access to the financing contemplated by the Financing Commitments (i.e., Buyer's obligations are not conditioned upon the availability of financing).

Section 6.5 Brokers and Finders. No broker, finder, or other Person is entitled to any brokerage fees, commissions, or finder's fees for which Seller or its Affiliates could become liable or obligated in connection with the transactions contemplated hereby by reason of any action taken by Buyer or any of its Affiliates.

Section 6.6 Legal Proceedings. There are no pending or, to Buyer's knowledge, threatened in writing, Claims that would, individually or in the aggregate, have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis.

Section 6.7 Regulation as a Utility. As of the date of this Agreement, Buyer is not subject to regulation as a public utility or public service company (or similar designation) by the United States, any state of the United States, any foreign country or any municipality or any political subdivision of the foregoing.

Section 6.8 Investigation by Buyer. Buyer has performed all due diligence that it has deemed necessary to perform concerning the Business, the Purchased Assets, and the Assumed Obligations in connection with its decision to enter into this Agreement and the Ancillary

Agreements and to consummate the transactions contemplated hereby and thereby and acknowledges that Buyer and Buyer's Representatives have been provided access to the personnel, properties, premises and records of Seller for such purpose. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis, and Buyer:

(a) acknowledges that none of Seller or any of its Affiliates or any of Seller's Representatives makes or has made any representation or warranty, of any kind or nature whatsoever, either express or implied, oral or written, as to the accuracy or completeness of any of the information provided or made available to Buyer or Buyer's Representatives, except that the foregoing limitations shall not apply with respect to Seller to the specific representations and warranties set forth in Article V of this Agreement or any Ancillary Agreement, but always subject to the limitations and restrictions contained herein;

(b) agrees, to the fullest extent permitted by applicable Law, that none of Seller or any of its Affiliates or any of Seller's Representatives shall have any liability or responsibility whatsoever to Buyer on any basis based upon any information provided or made available, or statements made, whether oral or written, to Buyer or Buyer's Representatives (including any documents, financial statements, estimates, budgets, forecasts, including forecasted natural gas demand, information, projected information, third party reports, such as the quality of earnings report or the market and regulatory vendor due diligence report, or other material), in any "data rooms," teaser, confidential information memorandum, due diligence discussions, management presentations or otherwise in connection with the transactions contemplated by this Agreement except with respect to the representations and warranties in this Agreement and the Ancillary Agreements, provided that nothing in this Section 6.8(b) shall in any way be deemed to limit or modify any rights of Buyer or its Affiliates under the Insurance Policy or inhibit Buyer from obtaining any remedies Buyer may have against any insurer under the Insurance Policy;

(c) acknowledges that there are inherent uncertainties in any estimates, budgets, forecasts, including forecasted natural gas demand, third party reports, projected information estimates or similar information and that Buyer takes full responsibility for making its own evaluation of the adequacy and accuracy of any such estimates, budgets, forecasts, third party reports projected information estimates or similar information (including the reasonableness of the assumptions underlying any such estimates, budgets, forecasts, projected information estimates or similar information); and

(d) acknowledges that, except as expressly set forth in Article V of this Agreement or the Ancillary Agreements, there are no representations or warranties of any kind, express or implied, oral or written, with respect to the Business, the Purchased Assets or the Assumed Obligations.

#### Section 6.9 Exclusivity of Representations and Warranties



. Neither Buyer nor any of its Affiliates or Buyer's Representatives is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied, except as expressly set forth in this Article VI, and any certificates delivered pursuant to this Agreement or any of the transactions contemplated by this Agreement, and Buyer hereby disclaims any such other representations or warranties.

## **ARTICLE VII COVENANTS OF THE PARTIES**

### Section 7.1 Conduct of the Business.

(a) Except (i) as contemplated in this Agreement or required by applicable Law or Order; (ii) for actions approved by Buyer in writing (which approval shall not be unreasonably withheld, conditioned, or delayed); (iii) in connection with necessary repairs due to unanticipated breakdown or casualty, or other actions in accordance with Good Utility Practice in response to a business emergency or other unforeseen operational matters; (iv) for any COVID-19 Measures taken or not taken with respect to the Purchased Assets and the Business; or (v) as otherwise described on Schedule 7.1, during the period from the date of this Agreement to the Effective Time, Seller (x) will use commercially reasonable efforts to operate the Purchased Assets and the Business in the Ordinary Course of Business, (y) will use commercially reasonable efforts to preserve intact the Business, and to preserve the goodwill and relationships with customers, suppliers, Business Employees, regulators and others material relationships of the Business and (z) will not, with respect to the Business or the Purchased Assets, without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) sell, lease (as lessor), transfer, or otherwise dispose of any of the Purchased Assets, other than (A) the use or sale of Inventory in the Ordinary Course of Business, (B) the disposal of Purchased Assets having an aggregate value of less than \$2,000,000 or (C) the disposal of Purchased Assets that are obsolete or worn-out with *de minimis* or no book value;

(ii) make any material change in the levels of Inventory customarily maintained by Seller with respect to the Business;

(iii) terminate, assign, relinquish any material rights under, grant any material waiver or material consent under, or amend in any material respect any of the Material Contracts, Transferable Permits or Leases;

(iv) enter into any Business Agreement that (A) has a term longer than one year and cannot be terminated by Buyer after the Closing without penalty or other material and adverse effect on the Business or the Purchased Assets upon written notice of 90 days or less, other than "blanket" or other contracts that do not provide for a binding commitment to or for the Business or an Assumed

Obligation of more than \$5,000,000 in the aggregate, (B) provides for a binding commitment to or for the Business or an Assumed Obligation of more than \$5,000,000 in the aggregate or (C) contains any exclusivity, non-compete provisions, non-solicitation or no-hire provisions binding on the Business or the Purchased Assets that would materially impair the operation of the Business or use of the Purchased Assets after Closing; provided that, notwithstanding anything to the contrary in this Section 7.1, Seller shall not be required to seek the consent of Buyer to renew any Business Agreement with a term ending prior to the Closing Date.

(v) materially increase or decrease the number of, or transfer a material number of employees from, the positions of employment in which Business Employees are employed, except in the Ordinary Course of Business;

(vi) grant any increase in the compensation of, or grant any bonus or retention or severance pay to, Business Employees, except (A) for increases in compensation and bonuses in the Ordinary Course of Business and (B) for bonuses, including long-term incentive awards, and retention and severance pay that will be fully paid by Seller; provided, in each case, that Seller informs Buyer in writing prior thereto;

(vii) settle or compromise any pending or threatened action, suit, or proceeding or any claim or claims, that in the aggregate, would reasonably be expected to be greater than \$5,000,000;

(viii) fail to make capital expenditures in accordance with the capital plan set forth on Schedule 7.1(a) (viii), subject to a 10% annual variance;

(ix) engage in efforts outside of the Ordinary Course of Business with respect to its cash management customs and practices (including the collection of receivables and payment of payables) that would reasonably be expected to affect the calculation of the Purchase Price or the Adjustment Amount in any material respect;

(x) enter into any Contract with any union or labor organization (including any such Contract that would be deemed to be a Collective Bargaining Agreement if entered into by Seller with respect to any Business Employees) or amend or modify any Collective Bargaining Agreements in any material respect;

(xi) to the extent relating primarily to the Purchased Assets or the Business, (A) make, revoke or change any material election with respect to Taxes, (B) settle or compromise any Tax audit, claim, or assessment of any material liability for Taxes, (C) file any amendment to a Tax Return which may result in a material adjustment of any item of income, gain, deduction or loss with respect to the Business, (D) enter into any closing agreement or obtain any Tax ruling affecting any material Tax liability or refund, (E) surrender any right to claim a

refund of any material Tax liability or refund, (F) consent to any extension or waiver with respect to any material Tax claim, assessment, or liability, or (G) change any material financial or Tax accounting methods, policies or practices except as required by a change in GAAP or in the generally applicable principles used in the preparation of the financial statements as required by any Applicable Commission, provided, however, that nothing in this Section 7.1(a)(xi) shall prevent Seller from taking any action that primarily affects the assets and business of Seller other than Purchased Assets or the Business (including, for example, any actions affecting rate recovery or securitization with respect to the Winter Weather Event as it relates to such assets or business);

(xii) operate, or permit any Affiliate to operate, the Purchased Assets in a manner that would cause the Purchased Assets to become subject to additional FERC jurisdiction; and

(xiii) agree or commit to take any action which would be a violation of the restrictions set forth in this Section 7.1(a).

(b) Except to the extent that Buyer's consent is not required under Section 7.1(a), Seller shall reasonably consult with Buyer prior to entering into any Business Agreement that, if existing as of the date hereof, would be required to be set forth on Schedule 5.10(a) as a Material Contract and promptly provide to Buyer a copy of any such agreement. Schedule 5.10(a) shall be deemed supplemented to include such agreement if (i) Buyer consents in writing thereto (which consent shall not be unreasonably withheld, conditioned, or delayed), provided, however, that in the event Seller has requested Buyer's consent to enter into a Material Contract that requires Buyer's consent pursuant to this Section 7.1(b) and Buyer has not responded to such request within five Business Days, Buyer shall be deemed to have consented to the entry into such Material Contract, or (ii) such agreement is an agreement for the provision of commodities, goods or services by any third party (other than an Affiliate) entered into in the Ordinary Course of Business that may be terminated by Buyer, without penalty or cost, on no more than 90 days prior written notice following the Closing. Such Business Agreements shall otherwise constitute Retained Agreements, notwithstanding any other provision of this Agreement, and the failure of such Retained Agreements to be set forth on Schedule 5.10(a) shall not constitute a breach by Seller of any representation or warranty in this Agreement.

(c) Seller shall keep Buyer apprised of the matters known to Seller that Seller reasonably expects to result in a material increase in operating expenses or a material decrease in revenue for the Business, the Purchased Assets, or the Assumed Obligations.

(d) The Parties shall cooperate in the planning and preparation for, and the implementation of, the transition to Buyer of data, files, knowledge, functions and responsibilities relating to the operation of the Business, as necessary for the

commencement and continuance by Buyer, without interruption, of the conduct of the Business, operation of the Purchased Assets, and performance of the Assumed Obligations upon the Closing. In addition to the foregoing, each Party agrees to use commercially reasonable efforts to comply with such conditions as may be required by any Applicable Commission with regard to the transition to Buyer of the operations of the Business.

(e) Subject to any limitations based on advice of legal counsel, Seller, to the extent reasonably practicable: (i) shall consult with Buyer and consider in good faith reasonable input provided in a timely manner from Buyer on a current basis regarding any rate filing, rate update and rate proceeding, including with respect to rate riders, formula rates, performance-based rates, securitization or the Winter Weather Event, in each case relating to the Business or the Purchased Assets (“Rate Proceeding”), Seller shall consider in good faith reasonable input provided in a timely manner with respect to the preparation, filing of or response to such Rate Proceeding; (ii) shall keep Buyer informed as promptly as reasonably practicable of any material communications or meetings with FERC, any applicable commission or any other Governmental Authority, including meetings with regulatory staff relating to the Business or the Purchased Assets; (iii) shall provide copies of any material non-public written communication or materials with respect thereto to Buyer; (iv) shall convene and hold periodic status meetings with Buyer as reasonably requested by Buyer; (v) shall consult with Buyer and give Buyer a reasonable opportunity, within the applicable time constraints, to comment on any related material communications or materials submitted to a Governmental Entity relating to the Business or the Purchased Assets and consider in good faith reasonable comments provided in a timely manner from Buyer; and (vi) shall not settle or compromise, or offer any proposal to settle or compromise, any Rate Proceeding that would reasonably be expected to result in a Regulatory Order that would have a material impact on (A) the rates or rate structure applicable to the Purchased Assets or the Business or (B) the treatment of rate recovery or securitization with respect to the Winter Weather Event as related to the Purchased Assets or the Business without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed); provided, that clauses (i), (ii), (iii) and (v) of this Section 7.1(e), shall not apply to any responses to discovery requests in the course of a regulatory proceeding to the extent Seller reasonably determines in good faith that the responses to which would not be reasonably likely to materially impact the Business or the Purchased Assets.

#### Section 7.2 Access.

(a) Subject to confidentiality obligations and similar restrictions that may be applicable to information furnished to Seller or any of its Subsidiaries by third parties that may be in Seller’s or any of its Subsidiaries’ possession from time to time, from the date hereof until the Closing Date, to the extent permitted by applicable Law, including in accordance with the HSR Act, between the date of

this Agreement and the Closing Date, Seller will, during ordinary business hours and upon reasonable notice, (i) give Buyer and Buyer's Representatives reasonable access to the Purchased Assets, (ii) permit Buyer to make such reasonable inspections thereof (including performing one or more ALTA/NSPS surveys of the Owned Real Property or any portion thereof) as Buyer may reasonably request, (iii) furnish Buyer with such financial and operating data and other information with respect to the Business as Buyer may from time to time reasonably request and (iv) furnish Buyer with a copy of each material report, schedule, or other document primarily relating to the Business (which may be reasonably redacted by Seller if not exclusively relating to the Business) filed or submitted by Seller with, or received by Seller from, any Governmental Entity, in each case (A) to comply with reporting, disclosure, filing or other requirements imposed on Buyer or its Affiliates (including under applicable securities Laws) or for other bona fide business reasons, (B) to satisfy audit, accounting, claims, regulatory, litigation, subpoena or other similar requirements, or (C) to comply with the obligations of Buyer under this Agreement or the Ancillary Agreements; provided, however, that any such access will be conducted at Buyer's risk and expense, at a reasonable time, under the supervision of Seller's or its Affiliates' personnel and (w) any such investigation will be conducted in such a manner as not to interfere unreasonably with the operation of the Business or any other Person; (x) Seller shall not be required to take any action which would constitute or result in a waiver of the attorney-client privilege, work product doctrine or other legal privilege; (y) Seller shall not be required to supply any information relating to the sale process for the Business and information and analysis (including financial analysis) relating thereto; and (z) Seller shall not be required to supply Buyer with any information which Seller is under a legal obligation not to supply; provided further, that, Buyer's access to the Purchased Assets may be limited to the extent Seller reasonably determines, in light of the COVID-19 Pandemic, that such access would jeopardize the health and safety of any of its employees or other Representatives. Notwithstanding the foregoing, any Party may, as it deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other Parties under this Section 7.2 as "outside counsel only." Such materials and the information contained therein shall be given only to the outside counsel of the recipient Party, and the recipient Party shall cause such outside counsel not to disclose such materials or information to any employees, officers, directors or other Representatives of the recipient Party, unless express written permission is obtained in advance from the source of the materials. Notwithstanding anything herein to the contrary, no such access, disclosure or copying shall be permitted for a purpose relating to a dispute or potential dispute between Seller and Buyer or any of their respective Affiliates. Buyer will indemnify and hold harmless Seller from and against any Losses incurred by Seller, its Affiliates or their Representatives by any action of Buyer or Buyer's Representatives while present on any of the Purchased Assets or other premises to which Buyer is granted access hereunder (including restoring any such premises to the condition substantially equivalent to the condition such premises were in prior

to any such investigation). Notwithstanding anything in this Section 7.2 to the contrary, (x) Buyer will not have access to personnel and medical records if such access could, in Seller's opinion (in its reasonable discretion), subject Seller to risk of liability or otherwise violate applicable Law, including the Health Insurance Portability and Accountability Act of 1996; (y) Buyer will not have access to any information to the extent relating to any Tax Return of Seller or any of its Affiliates that does not constitute a Document and (z) any investigation of environmental matters by or on behalf of Buyer will be limited to visual inspections, review of records and site visits included in the scope of "Phase 1" level environmental inspections and compliance inspections, and Buyer will not have the right to perform or conduct any sampling or testing at, in, on, or underneath any of the Purchased Assets. Buyer hereby agrees to defend, indemnify and hold harmless each of the Seller Indemnified Parties from and against any and all Losses arising out of, resulting from or relating to any field visit, environmental property assessment, or other investigation activities or other due diligence activity conducted by Buyer or any of its Representatives with respect to the Business, EVEN IF SUCH LOSSES ARISE OUT OF OR RESULT FROM, SOLELY OR IN PART, THE SOLE, ACTIVE, PASSIVE, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OR VIOLATION OF LAW OF OR BY ANY OF THE SELLER INDEMNIFIED GROUP, EXCEPTING ONLY LOSSES ACTUALLY RESULTING ON ACCOUNT OF THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY OF THE SELLER INDEMNIFIED GROUP. Seller shall have the right to have a Representative present at all times during any such inspections, interviews and examinations. Buyer shall hold in confidence all such information on the terms and subject to the conditions contained in the Confidentiality Agreement. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by Seller in this Agreement.

(b) For a period of five years after the Closing Date, each Party and its Representatives will have reasonable access to all of the books and records primarily and to the extent relating to the Business or the Purchased Assets, including all Transferred Employee Records, in the possession of the other Party, and to the employees of the other Party, to the extent that such access may reasonably be required by such Party in connection with the Assumed Obligations or the Excluded Liabilities, or other matters relating to or affected by the operation of the Business and the Purchased Assets. Such access will be afforded by the applicable Party upon receipt of reasonable advance notice and during normal business hours, and will be conducted in such a manner as not to interfere unreasonably with the operation of the business of any Party or its respective Affiliates. The Party exercising the right of access hereunder will be solely responsible for any costs or expenses incurred by either Party in connection therewith. If the Party in possession of such books and records desires to dispose of any such books and records prior to the expiration of such five-year period, such

Party will, prior to such disposition, give the other Party a reasonable opportunity at such other Party's expense to segregate and take possession of such books and records as such other Party may select.

Section 7.3 Confidentiality.

(a) For a period of two years following the Closing or the termination of this Agreement, (i) Buyer will, and will cause its Affiliates and Buyer's Representatives to, hold all Seller Confidential Information in strict confidence and not disclose any Seller Confidential Information to any Person other than its Affiliates and Buyer's Representatives; provided, however, that upon the Closing, the provisions of this Section 7.3 will expire with respect to any information primarily related to the Purchased Assets, Assumed Obligations or the Business, and (ii) Seller will, and will cause its Affiliates and Seller's Representatives to, hold all Buyer Confidential Information in strict confidence and not disclose any Buyer Confidential Information to any Person other than its Affiliates and Seller's Representatives. "Seller Confidential Information" means (i) prior to the Closing, all information in any form heretofore or hereafter obtained from Seller in connection with Buyer's evaluation of the Business, Purchased Assets or Assumed Obligations or the negotiation of this Agreement, whether pertaining to financial condition, results of operations, methods of operation or otherwise, other than information that is in the public domain through no violation of this Agreement or the Confidentiality Agreement by Buyer, its Affiliates, or Buyer's Representatives and (ii) after the Closing, information in any form heretofore or hereafter obtained from Seller in connection with Buyer's evaluation of the Business, Purchased Assets or Assumed Obligations primarily related to the Excluded Assets, Excluded Liabilities or Seller's business other than the Business. "Buyer Confidential Information" means all information in any form heretofore or hereafter obtained from Buyer in connection with this Agreement and the terms of this Agreement, except to the extent such information (i) is in the public domain through no violation of this Agreement or the Confidentiality Agreement by Seller, its Affiliates, or Seller's Representatives, (ii) is lawfully acquired by Seller, any of its Affiliates or their respective Representatives from and after the Closing from sources not known to be prohibited from disclosing such information to such Person by an obligation of confidentiality to Buyer or (iii) is developed independently by Seller, any of its Affiliates or any of their respective Representatives without the use of Business Confidential Information.

(b) Notwithstanding the foregoing, a Party may disclose Confidential Information to the extent that such information is required to be disclosed by such Party by Law or in connection with any proceeding by or before a Governmental Entity, including any disclosure, financial or otherwise, required to comply with the rules of any securities commission or exchange. In the event that either Party believes any such disclosure is required, such Party will give the other Party notice thereof as promptly as possible and, at the disclosing Party's expense, will

cooperate with the other Party in seeking any protective orders or other relief as such disclosing Party may reasonably request.

(c) If the transactions contemplated hereby are not consummated, each Party will promptly return to the other Party or destroy all copies of any Confidential Information, including any materials prepared by either Party or their respective Representatives incorporating or reflecting Confidential Information, and an officer of the Party returning such copies or materials shall certify in writing compliance by such Party with the foregoing; provided, however, that the foregoing shall not apply to computer back-up tapes or similar electronic archival storage or materials required to be maintained in conjunction with policies and procedures designed to comply with applicable law, regulation, professional standards or reasonable business practice, including to enforce the terms of this Agreement.

(d) The provisions of this Section 7.3 supersede the Confidentiality Agreement.

(e) Notwithstanding anything contrary set forth herein, (i) for so long as Confidential Information is not disclosed by or for Buyer to a J.P. Morgan Chase & Co. business group other than J.P. Morgan Asset Management's Alternatives – Infrastructure Investments Group, no such business group shall be deemed to be a "Buyer's Representative" for purposes of this Section 7.3, and (ii) for so long as Confidential Information is not disclosed by or for Buyer to a fund, investment vehicle or separate account that is sponsored, advised and/or managed by J.P. Morgan Investment Management Inc. or any of its Affiliates, no such fund, investment vehicle or separate account shall be deemed to be a "Buyer's Representative" for purposes of this Section 7.3. Notwithstanding anything contrary set forth herein, neither Buyer nor any of Buyer's Representatives or Affiliates shall be required to inform or notify Seller or any other Person of any disclosure made to or requested by a bank examiner, regulatory examiner or self-regulatory examiner in the course of such examiner's routine examination, inspection or audit where Seller, its Affiliates or the transactions contemplated by this Agreement are not the target of such examination, inspection or audit, and any such disclosure shall not be deemed a breach of this Section 7.3.

Section 7.4 Notices of Events. Each Party shall, promptly after obtaining knowledge thereof, give written notice to the other Party of any event or condition that causes or will cause any representation or warranty of such Party to be inaccurate or that will result in the non-fulfillment of any of the conditions to the consummation of the transactions hereunder. Except as expressly provided in Section 7.1(b) and Article I, neither such notice nor the receiving Party's resulting knowledge of the matters disclosed therein shall be deemed to waive or limit in any respect any representation or warranty, rights in respect thereof, or conditions to the consummation of the transactions under this Agreement.

Section 7.5 Expenses



. Buyer shall bear sole responsibility for all filing fees of either Party incurred in connection with any filings or submissions under the HSR Act. Buyer shall bear the cost of the premium and other costs of procuring the Insurance Policy and any other fees, costs or deductibles associated with the Insurance Policy. Except as provided in the foregoing or to the extent otherwise specifically provided herein, and irrespective of whether the transactions contemplated hereby are consummated, all other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be borne by the Party incurring such costs and expenses, including filing, recording, transfer, or other fees or charges of any nature in connection with any Required Regulatory Approvals or otherwise payable pursuant to any provision of any Law, Order or Franchise in connection with the sale, transfer, and assignment by Seller or its Affiliates of the Purchased Assets and the Assumed Obligations to Buyer or its Affiliates, and fees and expenses of legal counsel in connection with the preparation and prosecution of any and all applications and proceedings with respect to the Required Regulatory Approval of each Applicable Commission.

#### Section 7.6 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Law to consummate and make effective the transactions contemplated hereby, including using commercially reasonable efforts to obtain satisfaction of the conditions precedent to each Party's obligations hereunder. Neither Party will, and each Party will cause its Affiliates not to, in each case without the prior written consent of the other Party, take any action that would reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement.

(b) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, this Agreement and the Ancillary Agreements shall not constitute an agreement to transfer or assign any Contract, Permit, Claim or right or any benefit or obligation arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention under any agreement or Law or Order to which Seller is a party or by which it is bound, or in any way adversely affect the rights of Seller or, upon transfer, Buyer under such Contract, Permit, Claim or right. Subject to Section 7.17, Seller will use its commercially reasonable efforts to obtain, promptly following the date hereof, any and all consents of third parties required to assign to Buyer Seller's rights under the Business Agreements and assignable Permits. Buyer agrees to cooperate with Seller in Seller's efforts to obtain any consents of third parties required to assign to Buyer Seller's rights under the Business Agreements and assignable Permits, including the submission of such financial or other information concerning Buyer and the execution of any assumption agreements or similar documents reasonably requested by a third party; provided, however, that notwithstanding the terms of any such agreement or

document, no such agreement or document shall, as between the Parties, be deemed to alter the character of any liability or obligation as an Assumed Obligation or Excluded Liability hereunder or otherwise modify any of the rights or obligations of the Parties hereunder with respect thereto. To the extent that, notwithstanding its commercially reasonable efforts, Seller is unable to obtain any such required consent prior to the Closing, and as a result thereof Buyer shall be prevented by such third party from receiving the rights and benefits with respect to such Purchased Asset intended to be transferred hereunder, or if any attempted assignment would adversely affect the rights of Seller or Buyer thereunder so that Buyer would not in fact receive all such rights or Seller would forfeit or otherwise lose the benefit of rights that Seller is entitled to retain, Seller shall continue to use its commercially reasonable efforts to obtain such consent after the Closing and Seller and Buyer shall cooperate in any lawful and commercially reasonable arrangement as Seller and Buyer shall agree, under which Buyer would, to the extent practicable, obtain the economic claims, rights and benefits under such asset and assume the economic burdens and obligations with respect thereto in accordance with this Agreement, including by subcontracting, sublicensing or subleasing to Buyer. Without in any way limiting the conditions to the Closing set forth in Article VIII, Buyer agrees that other than liability arising from a failure to comply with this Section 7.6, Seller shall not have any liability to Buyer arising out of the failure to obtain any such consent that may be required in connection with the transactions contemplated by this Agreement or the Ancillary Agreements or because of any circumstances resulting therefrom. Nothing in this Section 7.6(b) shall be deemed a waiver by Buyer of its right to receive an effective assignment of all of the Purchased Assets at the Closing nor shall any Purchased Assets covered by this Section 7.6(b) be deemed to constitute Excluded Assets.

(c) Seller agrees to cooperate with any efforts by Buyer to obtain, at Buyer's sole cost and expense, (i) title insurance policies in respect of the Real Property, insuring title to the applicable Real Property as vested in Buyer, including by providing all title affidavits and indemnities, evidence of corporate authority, proofs of payment, lien waivers, releases and satisfactions of liens and such other documents, agreements, instruments and information reasonably required by Buyer's title insurance company to issue such policies at Closing, duly executed (and acknowledged, if appropriate) by Seller, Seller's shareholders, officers or directors, or such other party as may be required or appropriate; (ii) all surveys desired by Buyer in respect of the Real Property; and (iii) all estoppel certificates and non-disturbance agreements desired by Buyer in respect of any real property Leases included in the Purchased Assets. Seller agrees to cooperate with Buyer to more specifically identify and describe the Real Property in which Seller holds an interest and that will be transferred, conveyed or assigned to Buyer at the Closing.

(d) If within three years following the Closing Date Seller or Buyer determines that:

(i) any Excluded Asset or Excluded Liability is inadvertently transferred from Seller to Buyer, Buyer shall execute, deliver and record (where appropriate) any and all instruments or other documents of transfer, conveyance and assignment, or amend or correct any such existing instruments or documents, and take such other action as Seller may reasonably request, as may be necessary or advisable to effect or evidence the transfer of such Excluded Assets or Excluded Liabilities to Seller and its Affiliates (or to any Person as directed by Seller) in accordance with the terms of this Agreement, and agrees, at Seller's option, to return or destroy any Confidential Information related to such Excluded Assets or Excluded Liabilities. Any such Confidential Information inadvertently transferred to Buyer shall remain subject to the confidentiality obligations of Section 7.3; or

(ii) any Purchased Asset or Assumed Obligation is inadvertently retained by Seller, Seller shall execute, deliver and record (where appropriate) any and all instruments or other documents of transfer, conveyance and assignment, or amend or correct any such existing instruments or documents, and take such other action as Buyer may reasonably request, as may be necessary or advisable to effect or evidence the transfer of such Purchased Assets or Assumed Obligations to Buyer and its Affiliates (or to any Person as directed by Buyer) in accordance with the terms of this Agreement. Seller agrees to use commercially reasonable efforts to convey all of the Real Property to Buyer at the Closing; provided, however, that to the extent all of the Real Property is not conveyed to Buyer at the Closing, the Parties shall cooperate to convey any remaining Real Property to Buyer promptly following the identification of any such Real Property.

(e) For the purposes of this Section 7.6, "commercially reasonable efforts" shall not include the payment of any consideration (monetary or otherwise), the reduction of amounts owed to such Party in connection with obtaining any consent required by this Agreement or the concession or provision of any right to, or the amendment or modification in any manner materially adverse to such Party.

#### Section 7.7 Transition Plan.

(a) During the period after the date of this Agreement and up to the Closing (the "Interim Period"), in furtherance of the transactions contemplated by this Agreement, the Parties shall, and shall cause their Affiliates to, cooperate in good faith and use their commercially reasonable efforts to develop and plan for a mutually acceptable transition plan for the migration and integration of the Purchased Assets, Assumed Obligations and Business to and into Buyer, subject to compliance with applicable Laws (the "Transition Plan"). The Transition Plan shall address matters agreed to by the Parties (which, for the avoidance of doubt, may include matters agreed by the Parties following the date hereof in accordance Section 7.23). Such cooperation shall include Buyer and Seller taking the

following actions: (i) promptly after execution of this Agreement, appointing a transition manager whose primary responsibility will be to plan and execute the transition and manage such Party's transition team; (ii) promptly after execution of this Agreement, reviewing the technology, business operations and administration capabilities to be transitioned or migrated, taking into account any issues of separation arising from the Transition Plan; (iii) reviewing the services to be provided to Buyer under the Shared Contracts and the extent to which such services can be provided on a transitional basis; (iv) establishing transition teams; (v) setting regular meetings of the teams during the Interim Period; (vi) making available appropriate knowledgeable business, operations, administration and technology personnel and any other personnel reasonably needed for such transition and migration planning, execution and knowledge transfer; (vii) coordinating as to transitional matters with respect to Governmental Entities; and (viii) developing detailed project plans for migration and transition; provided that all such activities subject to this Section 7.7 shall be in compliance with applicable Law, including the HSR Act.

(b) In furtherance of the Transition Plan, during the Interim Period, Seller shall, and shall cause its Affiliates to, work together with Buyer in good faith and the Parties shall use their commercially reasonable efforts to prepare for the transition and migration of the software identified by Buyer to Seller as software Buyer intends to use in connection with the operation of the Business after the Closing (the "Transitioning Software"). In connection therewith, Seller shall, and shall cause its Affiliates to, facilitate discussions with third party licensors of Transitioning Software with the intent of making the Transitioning Software available to Buyer for the operation of the Business as currently conducted, effective following the Closing, subject to Buyer's negotiation and agreement with third party licensors as to the terms and conditions of any license required with respect thereto and the payment of any fee that may be required. If the Transitioning Software is not available for use by Buyer as of the Closing Date, then Seller or its Affiliates shall continue the efforts described in this Section 7.7(b) under the terms of the Transition Services Agreement, as and to the extent permissible under the terms of the Transitioning Software licenses. The Buyer will be responsible for all costs associated with securing its separate licenses from third party licensors.

(c) In furtherance of the Transition Plan, during the Interim Period, Seller shall, and shall cause its Affiliates to, work together with Buyer in good faith and the Parties shall use their commercially reasonable efforts to not more than twenty Business Days following the date of this Agreement, submit jointly with Buyer to FERC a petition for waiver, pursuant to which Seller and Buyer will seek waivers of applicable (i) capacity release regulations and (ii) any tariff provisions of the relevant interstate pipeline(s) for a permanent capacity release of Seller's rights and obligations in and to the interstate pipeline service agreements to be transferred to Buyer. Seller shall use its commercially reasonable efforts to

obtain as soon as possible from the relevant interstate pipeline(s), any consent(s) or agreement(s) not to oppose the waiver(s) requested in the petition for waiver and the permanent release of the interstate capacity as provided therein. If such FERC waivers have not been granted as of the Closing Date, then Seller or its Affiliates shall continue the efforts described in this Section 7.7(c) under the terms of the Transition Services Agreement.

(d) In furtherance of the Transition Plan and subject to Section 7.6(b), during the Interim Period, Seller shall, and shall cause its Affiliates to, work together with Buyer in good faith and the Parties shall use their commercially reasonable efforts to obtain any required consent(s) from counterparties to Seller's asset management agreements, interstate pipeline service agreements and natural gas purchase and sales contracts that are Business Agreements ("Material Gas Contracts") to assign or novate such Material Gas Contracts, as appropriate, to Buyer at Closing. If such third party consents to assign or novate such Material Gas Contracts have not been granted as of the Closing Date, then Seller or its Affiliates shall continue the efforts described in this Section 7.7(d) under the terms of the Transition Services Agreement and, to the extent requested by Buyer, use commercially reasonable efforts to ensure that the capacity to which Seller is currently entitled under Material Gas Contracts is preserved through the transaction for the benefit of Buyer or its Affiliates on substantially the same economic basis.

#### Section 7.8 Governmental Approvals.

(a) As soon as reasonably practicable following the date hereof, but in no event later than 60 days following the date hereof (or such later date as the parties shall mutually agree), Seller and Buyer will each file or cause to be filed (i) with each Applicable Commission, joint applications for the approval of the transactions contemplated hereby, which may include seeking expedited treatment; and (ii) with FERC, (A) an application for the modification and transfer of certain service area determinations under Section 7(f) of the Natural Gas Act and (B) a petition for waiver to permit the permanent assignment of interstate natural gas transportation and storage capacity to Buyer. In addition, within 90 days following the date hereof, or such other date mutually agreed between the Parties, Seller and Buyer will each file or cause to be filed, with the Federal Trade Commission and the United States Department of Justice, Antitrust Division, any notifications required to be filed under the HSR Act with respect to the transactions contemplated hereby, and shall therein request early termination of the waiting period under the HSR Act.

(b) Seller and Buyer will, and will cause their respective Affiliates to, cooperate with each other and use reasonable best efforts to (i) promptly prepare and file all necessary applications, notices, petitions, and filings, and execute all agreements and documents, to the extent required by Law, Order or this

Agreement for consummation of the transactions contemplated by this Agreement (including the Required Regulatory Approvals) by the Termination Date, (ii) obtain the transfer to Buyer of all material Transferable Permits and the reissuance to Buyer of all material Permits that are not Transferable Permits, and (iii) obtain the consents, approvals, and authorizations of all Governmental Entities to the extent required by Law or Order for consummation of the transactions contemplated by this Agreement (including the Required Regulatory Approvals). Each Party will, and will cause its Affiliates to, consult and cooperate with the other Party as to the appropriate time of filing all such notifications, furnish to the other Party such necessary information and reasonable assistance in connection with the preparation of such filings, and respond promptly to any requests for additional information made in connection therewith by any Governmental Entity. Notwithstanding the foregoing, any Party may, as it deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other Parties under this Section 7.8(b) as “outside counsel only.” Such materials and the information contained therein shall be given only to the outside counsel of the recipient Party, and the recipient Party shall cause such outside counsel not to disclose such materials or information to any employees, officers, directors or other Representatives of the recipient Party, unless express written permission is obtained in advance from the source of the materials. Seller and Buyer each will have the right to review in advance all characterizations of the information relating to it or to the transactions contemplated by this Agreement which appear in any filing made by the other Party or any of its Affiliates in connection with the transactions contemplated hereby.

(c) Notwithstanding anything herein to the contrary, Buyer agrees to use its reasonable best efforts, and to take any and all steps necessary, to eliminate each and every impediment and obtain all clearances, consents, approvals (including the Required Regulatory Approvals) and waivers under any antitrust, competition or trade regulation Law, the Arkansas Code Annotated Section 23-3-101 and 102, the Arkansas Public Service Commission Rules of Practice and Procedure, Rule 10.02, the Oklahoma Administrative Code 165:45-3-5, 15 United States Code Section 717f(f) and 18 Code of Federal Regulations Parts 157 and 385 or other applicable requirements of Law that is asserted by any Governmental Entity (including any Applicable Commission) or any other party so as to enable the Parties hereto to close the transactions contemplated hereby, prior to the Termination Date, including (i) offering, settling, accepting, and agreeing, committing to agree or consenting to, any undertaking, term, condition, liability, obligation, commitment, sanction or other measure, (ii) negotiating, committing to and effecting by consent decree, hold separate orders, or otherwise, (A) the sale, divestiture or disposition of such of Buyer’s assets, properties or businesses or of Seller’s assets, properties or businesses to be acquired by it pursuant hereto, (B) terminating, relinquishing, modifying, or waiving existing relationships, ventures, contractual rights, obligations or other arrangements of Buyer or its subsidiaries, as necessary in order to effect the dissolution of any injunction, temporary restraining

order or other Order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the transactions contemplated by this Agreement prior to the Termination Date, and (iii) entering into any relationships, ventures, contractual rights, obligations or other such arrangements, as necessary in order to effect the dissolution of any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the transactions contemplated by this Agreement prior to the Termination Date, and (iv) defending through litigation on the merits any claim asserted in court by any party in order to avoid entry of, or to have vacated or terminated, any decree, order or judgment (whether temporary, preliminary or permanent) that would prevent the Closing from occurring prior to the Termination Date; provided, however, that such litigation in no way limits the obligation of Buyer to use its reasonable best efforts, and to take any and all steps necessary, to eliminate each and every impediment and obtain all clearances, consents, approvals (including the Required Regulatory Approvals) and waivers under any antitrust, competition or trade regulation Law, the Arkansas Code Annotated Section 23-3-101 and 102, the Arkansas Public Service Commission Rules of Practice and Procedure, Rule 10.02, the Oklahoma Administrative Code 165:45-3-5, 15 United States Code Section 717f(f) and 18 Code of Federal Regulations Parts 157 and 385 or other applicable requirements of Law that is asserted by any Governmental Entity (including any Applicable Commission) or any other party so as to enable the Parties hereto to close the transactions contemplated hereby, prior to the Termination Date, and Seller shall use its reasonable best efforts to support Buyer in connection therewith.

(d) To the fullest extent possible and permitted by Law, in connection with any communications, meetings, or other contacts, oral or written, with any Governmental Entity (including any Applicable Commission) in connection with the transactions contemplated hereby (but excluding information requests by Buyer's contractors as part of the standard scope of a Phase 1 environmental site assessment), each Party shall (and will cause its Affiliates to): (i) inform the other Party in advance of any such communication, meeting, or other contact which such Party or any of its Affiliates proposes or intends to make, including the subject matter, contents, intended agenda, and other aspects of any of the foregoing; (ii) consult and cooperate with the other Party, and to take into account the comments of such other Party in connection with any of the matters covered by Section 7.8(b), including in connection with any analyses, appearances, presentations, written correspondence, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party relating to the HSR Act or any other antitrust or competition Law, or related investigations and inquiries, with respect to the transactions contemplated hereby; (iii) permit for Representatives of the other Party to participate to the maximum extent possible in any such communications, meetings, or other contacts, provided that no Party shall independently participate in any meeting with any Governmental Entity (including any Applicable Commission) in respect of any HSR Act filing or any investigation

or other inquiry with respect to the transactions contemplated by this Agreement without giving the other Party reasonable prior advance notice of the meeting and, to the extent permitted by such Governmental Entity (including any Applicable Commission), the opportunity to attend and participate; (iv) notify the other Party of any oral communications with any Governmental Entity (including any Applicable Commission) relating to any of the foregoing; and (v) provide the other Party with copies of all written communications with any Governmental Entity (including any Applicable Commission) relating to any of the foregoing.

(e) Seller and Buyer will cooperate with each other and promptly prepare and file notifications with, and request Tax clearances from, federal, state and local taxing authorities in jurisdictions in which a portion of the Purchase Price may be required to be withheld or in which Buyer would otherwise be liable for any Tax liabilities of Seller pursuant to such federal, state and local Tax Law (other than any such liabilities which under the terms hereof are to be paid by Buyer).

#### Section 7.9 Tax Matters.

(a) All transfer, documentary, recording, notarial, sales, use, registration, stamp and other similar taxes, fees and expenses (including all applicable real estate transfer Taxes, and including any penalties, interest and additions to any such tax) ("Transaction Taxes") incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by Buyer, regardless of whether the Tax authority seeks to collect such Taxes from Seller or Buyer. Buyer and Seller shall cooperate in timely making and filing all Tax Returns as may be required to comply with the provisions of Laws relating to such Transaction Taxes. To the extent permitted by applicable Law, Buyer will file all necessary Tax Returns and other documentation with respect to all Transaction Taxes, and, if required by applicable Law, Seller will join in the execution of any such Tax Returns or other documentation. Seller shall give prompt written notice to Buyer of any proposed adjustment or assessment of any Transaction Taxes with respect to the transaction, or of any examination of said transaction in a sales, use, transfer, or similar Tax audit. In any proceedings, whether formal or informal, Seller shall permit Buyer to participate in and control the defense of such proceeding and shall take all actions and execute all documents required to allow such participation. Seller shall not negotiate a settlement or compromise of any Transaction Taxes without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed.

(b) Any Tax Return with respect to the ownership of the Purchased Assets or the ownership or operation of the Business for any Tax period ending on or prior to the Closing Date that is due after the Closing Date will be prepared and timely filed or caused to be prepared and timely filed by Seller in accordance with the past practice of Seller, unless otherwise required by applicable Law. Any Tax



Return with respect to the ownership of the Purchased Assets or the ownership or operation of the Business for any Straddle Period will be prepared and timely filed or caused to be prepared and timely filed by Buyer in accordance with the past practice of Seller, unless otherwise required by applicable Law. Each such Tax Return subject to this Section 7.9(b) will be subject to the approval of the Party not preparing such return, which approval will not be unreasonably withheld, conditioned or delayed. Each Party will make any such Tax Return prepared by it available for the other Party's review and approval no later than 10 Business Days prior to the due date for filing such Tax Return. Each Party shall pay the amount of Taxes shown as due upon the Tax Returns for which it controls the preparation and filing of pursuant to this Section 7.9(b). Within five Business Days after Seller's receipt and approval of any Tax Return with respect to a Straddle Period reporting Taxes not subject to Section 3.4, Seller will pay to Buyer the amount of Taxes shown as due on the applicable Tax Return with respect to the Pre-Closing Tax Period. Within five Business Days after Seller's receipt and approval of any such Tax Return with respect to a Straddle Period reporting Taxes subject to Section 3.4, as the case may be, (i) Seller will pay to Buyer the amount of Taxes shown as due on such Tax Return with respect to the Pre-Closing Tax Period in excess of the amount of Taxes taken into account pursuant to Section 3.4 with respect to Seller and the Pre-Closing Tax Period, if any, and (ii) Buyer will pay to Seller the excess of the amount of Taxes taken into account pursuant to Section 3.4 with respect to Seller and the Pre-Closing Tax Period over the amount of Taxes shown as due on such Tax Return with respect to the Pre-Closing Tax Period, if any. This Section 7.9(b) shall not apply to Transaction Taxes.

(c) Buyer and Seller will provide each other with such assistance as may reasonably be requested by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and each Party will retain and provide the other with any records or information which may be relevant to such return, audit or examination or proceedings. Any information obtained pursuant to this Section 7.9(c) or pursuant to any other Section hereof providing for the sharing of information in connection with the preparation of, or the review of, any Tax Return or other schedule relating to Taxes will be kept confidential by the Parties, except to the extent that any disclosure thereof is required by applicable Law or Governmental Entity.

(d) For all purposes of this Agreement, except with respect to the allocation of Transaction Taxes, for any Tax (or Tax refund) imposed with respect to the ownership of the Purchased Assets or the ownership or operation of the Business that relates to a Straddle Period, the Parties shall use the following conventions for determining the portion of such Tax (or Tax refund) that relates to a Pre-Closing Tax Period portion of such Straddle Period and the portion that relates to a Post-Closing Tax Period portion of such Straddle Period: (i) in the case of personal property and real property Taxes or other similar Taxes imposed on a

periodic basis, the amount of Taxes (or Tax refunds) attributable to the Pre-Closing Tax Period shall be determined by multiplying the Taxes for the entire period by a fraction, the numerator of which is the number of calendar days in the portion of the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire period, and the remaining amount of such Taxes (or Tax refunds) shall be attributable to the Post-Closing Tax Period; and (ii) in the case of all other Taxes (including income Taxes, employment Taxes and sales and use Taxes), the amount of Taxes (or Tax refunds) attributable to the Pre-Closing Tax Period shall be determined as if a separate return was filed for the period ending as of the end of the day on the Closing Date using a “closing of the books methodology”, and the remaining amount of the Taxes (or Tax refunds) for such period shall be attributable to the Post-Closing Tax Period.

(e) Notwithstanding any other provision in this Agreement, Buyer shall reimburse Seller for any Tax that Seller pays under Section 7.9(b) but that Buyer collects from a third party; and Seller shall not be liable for any Tax that relates to a Pre-Closing Tax Period that Buyer pays under Section 7.9(b) and that Buyer collects from a third party.

#### Section 7.10 Employees.

(a) Schedule 7.10(a) sets forth a list of the Business Employees as of the date hereof, which list shall indicate Business Employees on approved leave of absence or short-term disability leave. In the event that any Business Employee ceases to be employed by Seller and its Affiliates, Seller, by delivery of written notice thereof to Buyer, shall promptly update Schedule 7.10(a) to remove from such list the name of such person. Upon any replacement of the applicable Business Employee, Schedule 7.10(a) shall be updated to include the name of such person. In the event any Business Employee returns to active employment or commences an approved leave of absence or short-term disability leave prior to the Closing, Seller shall update such employee’s status on Schedule 7.10(a) by delivery of written notice thereof to Buyer. In the event of any other change to the Business Employees not prohibited under Section 7.1(a), Seller, by delivery of written notice thereof to Buyer, shall promptly update Schedule 7.10(a) to reflect such change. Seller shall not otherwise modify Schedule 7.10(a) without the prior written consent of Buyer.

(b) From and after the date hereof until the Closing Date, Buyer and Seller shall cooperate in good faith regarding any written communications to be distributed to any Business Employees related to the transaction contemplated by this Agreement or post-Closing terms of employment, and Buyer shall consult and obtain Seller’s consent (which shall not be unreasonably withheld) before distributing any communications to any Business Employees. Prior to the time Buyer gives Qualifying Offers of employment to each of the Business Employees pursuant to Section 7.10(b), Seller shall cooperate in good faith to provide Buyer

with such information regarding the Business Employees as Buyer may reasonably request in order to comply with covenants in Section 7.10(b). No later than 20 Business Days prior to the anticipated Closing Date, Buyer will give Qualifying Offers of employment to each of the Business Employees. As used herein, a “Qualifying Offer” means an offer by Buyer to continue employment with the Business (i) in a role that has substantially similar duties and responsibilities and is of the same status (*i.e.*, full-time or part-time) as such Business Employee’s role immediately prior to the date on which such Qualifying Offer is made, (ii) with a primary work location within a 30 mile radius from such employee’s primary work location immediately prior to the Closing Date, and (iii) with compensation and benefits as provided in Section 7.11 of this Agreement. All Qualifying Offers of employment made by Buyer pursuant to this Section 7.10(b) will be made in accordance with all applicable Laws, will be conditioned only on the occurrence of the Closing, and will include such additional information as shall be mutually agreed by Seller and Buyer. Business Employees actively employed at the time of Closing (“Active Employees”) shall be deemed to be employees of Buyer as of the Closing Date; provided each such employee does not reject Buyer’s Qualifying Offer. Business Employees on approved leave of absence or short-term disability leave at the time of Closing (“Inactive Employees”) shall be deemed to be employees of Buyer as of the date such Business Employee returns to active employment, provided such employee (i) returns to active employment within (A) the 12-month period following the Closing Date or, if later, (B) the Business Day immediately following the date of expiration of such Business Employee’s statutory return right under applicable requirements of Law (including statutory return rights following the expiration of military leave) (in either case, the “Return Date”) and (ii) does not reject Buyer’s Qualifying Offer of employment in writing prior to the Return Date. Buyer shall keep Seller reasonably apprised as to the status of all offers. Seller will provide Buyer with access to the Transferred Employee Records for those (x) Business Employees that have accepted Buyer’s Qualifying Offer of employment prior to the Closing Date and (y) Inactive Employees that return to active employment on the applicable Return Date and have accepted Buyer’s Qualifying Offer of employment in writing prior to the applicable Return Date. Each such person who becomes employed by Buyer pursuant to this Section 7.10(b) is referred to herein as a “Transferred Employee.” Seller will reasonably cooperate with Buyer’s efforts to encourage the Business Employees to accept employment with Buyer. Each Business Employee’s employment with Seller will terminate on the effective date of their employment with Buyer as provided in Section 7.10(b). For a period of 12 months following the Closing, Seller will not, and will cause its Affiliates not to, solicit for employment any Transferred Employees who are still employed by Buyer or any other employees of Buyer or otherwise encourage any such person to terminate employment with Buyer; provided, that the restrictions in this Section 7.10(b) shall not apply with respect to any general solicitations for employment or engagement (whether by newspaper, internet advertisement, headhunter solicitation or otherwise) not specifically targeted at any such person.

Section 7.11 Employee Benefits.

(a) Seller or its Affiliates will pay or cause to be paid to all Transferred Employees all compensation to which such Transferred Employees are entitled upon or prior to the Effective Time. Except as otherwise provided in this Section 7.11, Seller shall be responsible for all liabilities and obligations associated with or arising with respect to employee benefits provided by Seller to the Transferred Employees upon or prior to the Closing, regardless of whether such liabilities or obligations must be satisfied before or after the Effective Time. In no event shall Buyer be responsible for the payment of any severance benefits as a result of the termination of employment of Business Employees or any other Person by Seller or any of its Affiliates.

(b) As of the Effective Time and for a period expiring at the end of the 24-month period following the Closing (the "Continuation Period"), Buyer will cause the Transferred Employees to be provided (i) with a role that has substantially similar duties and responsibilities and is of the same status (i.e., full-time or part-time) as such Business Employee's role immediately prior to the Closing Date, (ii) with a primary work location within a 30-mile radius from such employee's primary work location immediately prior to the Closing Date, (iii) with the same or better base salary or hourly wages, cash incentive compensation (including target annual cash bonus opportunity), and equity or equity-based incentive compensation (or, alternatively, other incentive compensation with a substantially equivalent value to existing equity or equity-based incentive compensation) as those in effect immediately prior to the Closing Date, (iv) with the same or better vacation benefits as those in effect immediately prior to the Closing Date, (v) with retirement eligibility for short term incentive compensation no less favorable than such eligibility under the CenterPoint Energy, Inc. Short Term Incentive Plan immediately prior to the Closing Date, (vi) with severance benefits no less favorable than the severance benefits set forth in Section 7.11(h), and (vii) with other compensation and benefits that are in the aggregate substantially comparable to such compensation and benefits in effect immediately prior to the Closing Date; provided, however, that no defined benefit pension, post-employment welfare, retention, change-in-control or other special or non-recurring compensation or benefit provided prior to the Closing Date shall be taken into account for purposes of this covenant, except as explicitly provided in the provisions of this Section 7.11.

(c) Buyer agrees that upon the Closing Date, each Transferred Employee shall be immediately eligible to participate in a group health plan, as defined in Section 5000(b)(1) of the Code of Buyer or its Affiliates ("Buyer Medical Plan"). Buyer will waive or cause the waiver of all limitations under its Buyer Medical Plan and life insurance welfare benefit plans as to pre-existing conditions and actively-at-work exclusions and waiting periods for the Transferred Employees. To the extent commercially reasonable to do so and disclosed to

Buyer by Seller, all health care expenses incurred by Transferred Employees or any eligible dependent thereof, including any alternate recipient pursuant to qualified medical child support orders, in the portion of the calendar year preceding the Closing Date that were qualified to be taken into account for purposes of satisfying any deductible or out-of-pocket limit under any Seller health care plans will be taken into account for purposes of satisfying any deductible or out-of-pocket limit under the Buyer Medical Plan for such calendar year. Seller's Benefit Plans that are welfare plans shall retain all liabilities for claims incurred prior to the Closing Date, except as set forth in Section 7.11(f).

(d) Buyer shall, or cause its Affiliates to, recognize the service of the Transferred Employees with Seller or any of its Affiliates that has been disclosed to Buyer for purposes of determining eligibility to participate, vesting and level of compensation or benefits for any employee benefit plan, policy, program, agreement or arrangement maintained by Buyer or its Affiliates in which any Transferred Employee will participate after the Closing (a "Buyer Plan"), except (x) with respect to benefit accruals under qualified and nonqualified defined benefit pension plans or (y) to the extent such recognition would result in the duplication of benefits.

(e) Effective as of the Closing Date, Buyer shall maintain or designate, or cause to be maintained or designated, a defined contribution plan and related trust intended to be qualified under Sections 401(a), 401(k) and 501(a) of the Code (the "Buyer's 401(k) Plan") for the benefit of Transferred Employees. Effective as of the Closing Date, Seller shall take whatever action is necessary so that the Transferred Employees shall cease participation in Seller's Savings Plan ("Seller's 401(k) Plan"), and Buyer shall take whatever action is necessary so that the Transferred Employees shall commence participation in Buyer's 401(k) Plan. Seller shall take such action as is necessary to provide that all Transferred Employees who are participants in Seller 401(k) Plan have a fully vested and nonforfeitable interest in their entire respective account balances under such plan as of the Closing Date (regardless of their years of vesting credit under the Seller 401(k) Plan). Buyer's 401(k) Plan shall provide for the receipt from the Transferred Employees of "eligible rollover distributions" (as such term is defined under Section 402 of the Code), including, to the extent permitted by the applicable third-party service providers to Buyer's 401(k) Plan, rollovers of outstanding plan loans under Seller's 401(k) Plan (and all assets and liabilities associated therewith). As soon as practicable following the Closing Date, (a) Buyer shall provide Seller with such documents and other information as Seller shall reasonably request to assure itself that Buyer's 401(k) Plan is tax-qualified and provides for the receipt of eligible rollover distributions, and (b) Seller shall provide Buyer with such documents and other information as Buyer shall reasonably request to assure itself that Seller's 401(k) Plan is tax-qualified and provides for the distribution of eligible rollover distributions. Each Transferred Employee shall be given the opportunity to receive a distribution of his or her

account balance under Seller's 401(k) Plan and shall be given the opportunity to elect a direct rollover of such account balance, including the rollover of any outstanding plan loans, to Buyer's 401(k) Plan, subject to and in accordance with the provisions of such plan and applicable Law. Seller and Buyer shall cooperate in order to facilitate any such distribution or rollover and to effect an eligible rollover distribution for those Transferred Employees who elect to rollover their account balances directly to the Buyer's 401(k) Plan. With respect to each Transferred Employee who elects to effect an eligible rollover distribution of his or her account balances to Buyer's 401(k) Plan and has an outstanding plan loan under Seller's 401(k) Plan as of the Closing Date, to the extent permitted by the applicable third-party service providers to the Buyer's 401(k) Plan, Seller and Buyer shall cooperate to take such steps as may be necessary to (i) name the trustee of Buyer's 401(k) Plan as the obligee of such loan, (ii) obtain an executed written acknowledgement from such Transferred Employee that Buyer's 401(k) Plan will be the obligee of such loan, and (iii) permit any such Transferred Employee to make timely loan service payments to Buyer's 401(k) Plan through payroll deductions by Buyer (or its applicable Affiliate) on or after completion of the eligible rollover distribution. On and after the Closing Date and prior to the completion by any Transferred Employee of an eligible rollover distribution which includes the rollover of an outstanding plan loan, Buyer and Seller shall cooperate to permit such Transferred Employee to make timely loan service payments to Seller's 401(k) Plan through payroll deductions by Buyer (or its applicable Affiliate).

(f) Effective as of the Closing Date, Buyer shall have in effect, or cause to be in effect, flexible spending reimbursement accounts under a cafeteria plan qualified under Section 125 of the Code ("Buyer's Cafeteria Plan"). Each Transferred Employee who participated as of the Closing Date (collectively, the "Cafeteria Plan Participants") in a plan maintained by Seller or its Affiliate that is qualified under Section 125 of the Code ("Seller's Cafeteria Plan") shall participate in Buyer's Cafeteria Plan effective as of the Closing Date, and Buyer shall cause Buyer's Cafeteria Plan to assume the account balances (whether positive or negative) associated with the Cafeteria Plan Participants' flexible spending reimbursement accounts under Seller's Cafeteria Plan (the "Transferred Account Balances") to the extent information regarding such account balances are provided to Buyer by Seller. During the period from the Closing Date until the last day of the plan year of Seller's Cafeteria Plan that commenced immediately prior to the Closing Date, Buyer shall continue, or shall cause to be continued, the salary reduction elections made by the Cafeteria Plan Participants as in effect as of the Closing Date to the extent such elections are provided to Buyer by Seller, and each Cafeteria Plan Participant shall be entitled to reimbursement from such participant's flexible spending reimbursement accounts under Buyer's Cafeteria Plan on the same terms and conditions as would have been applicable to such participant had such participant continued to be employed by Seller during such period to the extent such terms and conditions are provided to Buyer by Seller. As

soon as practicable following the Closing Date, upon Seller providing Buyer with disclosures regarding the amount of the Transferred Account Balances, Seller or its Affiliate shall pay Buyer the net aggregate amount of the Transferred Account Balances, if such amount is positive, and Buyer shall pay Seller or its Affiliate the net aggregate amount of the Transferred Account Balances, if such amount is negative. From and after the Closing, subject to the disclosures set forth above, Buyer shall assume, or cause to be assumed, and be solely responsible for all unreimbursed claims made by the Cafeteria Plan Participants under Seller's Cafeteria Plan that were incurred for the plan year of Seller's Cafeteria Plan that commenced prior to the Closing, or that are incurred anytime thereafter.

(g) If the Closing Date occurs prior to December 31, 2021, Buyer and its Affiliates shall pay the Transferred Employees prorated target awards to the extent such target awards have been disclosed to Buyer as of the date hereof under Buyer's short-term incentive program based on the portion of such plan year completed on and after the Closing Date. In the event the Closing Date occurs on or after December 31, 2021, Transferred Employees will participate in Buyer's short-term incentive program without proration (e.g. shall be eligible for the full 2022 calendar year bonus).

(h) If Buyer terminates the employment of any Transferred Employee within the Continuation Period for any reason other than for Cause, subject to the Transferred Employee's execution and delivery and non-revocation of a release of claims in favor of Seller, Buyer, and their respective Affiliates, Buyer or the applicable Affiliate will provide such Transferred Employee with severance benefits that are no less favorable than the severance benefits set forth below:

(i) a lump-sum cash severance payment in an amount equal to (A) for a Transferred Employee who is an officer, 18 months of base salary or (B) for a Transferred Employee who is not an officer, three weeks of base salary or annualized base rate of pay ("Severance Pay") multiplied by the number of full years of service credited to the non-officer Transferred Employee, subject to a minimum of six months and a maximum of 18 months of Severance Pay;

(ii) an additional lump-sum cash severance payment in an amount equal to (x) for a Transferred Employee who is an officer, the Transferred Employee's target award under Buyer's short term incentive program, based upon the Transferred Employee's annual base salary, without proration, or (y) for a Transferred Employee who is not an officer, the Transferred Employee's target award under Buyer's short term incentive program, based upon the Transferred Employee's actual eligible earnings for the period commenced on January 1st of the year during which his or her termination occurs and ending on the Transferred Employee's termination date;

(iii) for the applicable period required by COBRA Continuation Coverage for benefits provided to the Transferred Employee under a Buyer

Medical Plan, the Transferred Employee shall pay the active employee rate with respect to coverage during the period of time commencing as of his or her termination date equal to the total number of weeks used to calculate his or her severance benefit in clause (A) above; and

(iv) the Transferred Employee shall be offered outplacement services appropriate to his or her employment position on his or her termination date as provided in Schedule 7.11(h)(iv).

(i) Seller will be responsible, with respect to the Business, for performing and discharging all of its requirements under the WARN Act and under applicable Law for the notification of its employees of any “employment loss” within the meaning of the WARN Act which occurs on or prior to the Closing Date. Buyer will be responsible, with respect to the Business, for performing and discharging all of its requirements under the WARN Act and under applicable Law for the notification of Transferred Employees of “employment loss” within the meaning of the WARN Act, resulting from this transaction, whether prior to or after the Closing Date.

(j) Seller will be responsible for providing COBRA Continuation Coverage to any current and former employees of Seller, or to any qualified beneficiaries of such employees, who become entitled to COBRA Continuation Coverage before or on the Closing, including those for whom the Closing occurs during the COBRA election period. Buyer will be responsible for extending and continuing to extend COBRA Continuation Coverage to all Transferred Employees (and their qualified beneficiaries) who become entitled to such COBRA Continuation Coverage after the Closing Date.

(k) With respect to each Transferred Employee, the Parties shall, or shall cause their respective Affiliates to, (i) treat Buyer or its applicable Affiliate as a “successor employer” and Seller or its applicable Affiliate as a “predecessor,” within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, and (ii) cooperate with each other to avoid the restart of FICA and FUTA upon or following the Closing with respect to each such Transferred Employee for the year during which the Closing occurs.

(l) Nothing in this Agreement, whether express or implied, shall (i) confer upon any employee of Seller or its Affiliates, or any representative of any such employee, any rights or remedies, including any right to employment or continued employment for any period or terms of employment, of any nature whatsoever, (ii) be interpreted to prevent or restrict Buyer or its Affiliates from modifying or terminating the employment or terms of employment of any Transferred Employee, including the amendment or termination of any employee benefit or compensation plan, program or arrangement, after the Closing Date or (iii) be treated as an amendment or other modification of any employee benefit plan or arrangement.



Section 7.12 Insurance Policies.

(a) Seller shall use its commercially reasonable efforts to maintain or cause to be maintained in full force and effect until the Closing all material insurance policies in effect on the date hereof (or reasonably comparable replacement policies), and rights thereunder with respect to coverage of the Purchased Assets or the Business. All such insurance coverage shall be terminated as of the Closing. Buyer shall be solely responsible for providing insurance with respect to coverage of the Purchased Assets or the Business for any event or occurrence that occurs on or after the Closing. With respect to events, circumstances or claims relating to the Purchased Assets or the Business that occurred or existed prior to the Closing Date that result or are reasonably expected to result in Losses and which are covered by Seller's or its Affiliates' insurance policies that apply with respect to coverage of the Purchased Assets or the Business or the locations at which the Business is operated (collectively, the "Pre-Closing Insurance"), on or after the Closing, at Buyer's reasonable written request, Seller shall continue to pursue any claims pending with Pre-Closing Insurance as of the Closing to the extent applicable to the Purchased Assets or the Business and Seller shall make claims and use commercially reasonable efforts to recover under the Pre-Closing Insurance to the extent such coverage and limits are available with respect to the Purchased Assets or the Business under the Pre-Closing Insurance as of the date of any such claim. By requesting that Seller continue to pursue or make any claims under the Pre-Closing Insurance, Buyer agrees to reimburse Seller or its Affiliates for any costs incurred by any of them on or after the Closing as a result of such claims and Buyer or its Affiliates shall exclusively bear the amount of any "deductibles" or net retentions associated with such claims under the Pre-Closing Insurance. Seller shall hold in trust for and pay to Buyer, promptly upon receipt thereof, all proceeds, recoveries and other monies received by Seller or any of its Affiliates in connection with its claim under any Pre-Closing Insurance.

(b) As soon as reasonably practicable following the date of this Agreement, Buyer will obtain and bind the Insurance Policy with respect to the representations and warranties of Seller in this Agreement and the other matters covered by such policy and which expressly provides that (i) the insurer under the Insurance Policy has no subrogation rights, and will not pursue any claim against Seller or any of its respective Affiliates, Subsidiaries or Representatives or any of their respective successors and assigns, except in the case of actual fraud, (ii) following the date of the Insurance Policy, Buyer may not modify the provision(s) of the Insurance Policy in respect of the no subrogation provisions described in clause (i) or in any manner that would allow the insurer thereunder or any other Person to subrogate or otherwise make or bring any action against Seller or any of its Affiliates, Subsidiaries or Representatives or any of their respective successors and assigns, except in the case of actual fraud, in each case without Seller's prior written consent (which consent may be withheld in Seller's sole discretion), and (iii) Buyer is not required to pursue remedies against Seller or any of its Affiliates,

Subsidiaries or Representatives or any of their respective successors or assigns prior to or as a condition to making a claim under such Insurance Policy. In furtherance, and not in limitation of the foregoing, Buyer shall not permit the Insurance Policy to be amended or modified in a manner that adversely affects Seller or any of its Affiliates, Subsidiaries or Representatives or any of their respective successors and assigns in any material respect without Seller's prior written consent, which consent may be withheld in Seller's sole discretion.

Section 7.13 Transitional Use of Signage. As soon as reasonably practicable following the Closing, and in any case no later than three Business Days following the Closing Date, Buyer shall cause the Business to cease to hold itself out as having any affiliation with Seller or any of its Affiliates. Following the Closing, Buyer shall, as soon as reasonably practicable, but in no event later than 90 days following the Closing Date, cease to make any use of any Seller Marks. In furtherance thereof, as soon as practicable but in no event later than 90 days following the Closing Date, Buyer shall remove, strike over, or otherwise obliterate all Seller Marks from the Purchased Assets and all other assets and materials owned or used by Buyer, including any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer software, and other materials and systems; provided, that Buyer shall not be required to remove, strike or otherwise obliterate Seller Marks from (a) any Documents to the extent such Documents are primarily archival or (b) any demarcations that are made for a functional utility purpose, including asset tags. Any use by Buyer of any of the Seller Marks as permitted in this Section 7.13 is subject to Buyer's compliance with the quality control requirements and guidelines in effect for the Seller Marks as of the Closing Date (as may be amended by Seller from time to time following the Closing). Buyer shall not use the Seller Marks in a manner that may reflect negatively on such Seller Marks or on Seller or its Affiliates.

Section 7.14 Litigation Support. In the event and for so long as either Party is actively contesting or defending any third-party Claim in connection with any transaction contemplated under this Agreement, the other Party shall use its commercially reasonable efforts to cooperate with the contesting or defending Party and its counsel in the contest or defense, make available its personnel, and provide access to its books and records as is reasonably necessary in connection with the contest or defense; provided, that, no Party shall be required to take any action which would constitute or result in a waiver of the attorney-client privilege, work product doctrine or other legal privilege unless the party to whom the privilege belongs waives such privilege. If a Party incurs expenses in complying with this Section 7.14 at the other Party's request, then the other Party shall reimburse the first Party for such reasonable out-of-pocket expenses, including attorneys' fees, but excluding personnel's time, salary or wages.

Section 7.15 Notification of Customers. As soon as practicable following the Closing, Seller and Buyer will cause to be sent to customers of the Business written notice that such customers have been transferred from Seller to Buyer. Such notice will contain such information as is required by Law and approved by Buyer and Seller, which approval will not be unreasonably withheld or delayed.

Section 7.16 Public Statements. The initial press release with respect to the execution of this Agreement shall be a joint press release to be reasonably agreed upon by the Parties. Following such initial press release, each Party will, and will cause its Affiliates to, consult with the other Party prior to issuing, and will consider in good faith any comments by the other Party to or in respect of, any public announcement, statement, or other disclosure with respect to this Agreement or the transactions contemplated hereby, except (a) as in the reasonable judgment of any Party, may be legally required by Law or by any applicable Governmental Entity or needed to obtain the benefits or protection of any applicable Governmental Entity (including any filings of financial statements by a Party or its Affiliates with the SEC), (b) in connection with a Party's or its Affiliates' obligations as a publicly-held, exchange-listed company (including disclosures required to be made in the financial statements of any Party or of any of its Affiliates) or (c) as otherwise agreed to in writing by the Parties; provided that Seller agrees that prior to issuing (i) any written press release or written communication that relates solely to the transactions contemplated by this Agreement, Seller shall provide Buyer a copy of such written press release or written communication prior to such issuance, or (ii) any Current Report on Form 8-K announcing the entry into this Agreement or the transactions contemplated hereby, Seller shall provide Buyer a copy of such Current Report on Form 8-K prior to such issuance. Notwithstanding the foregoing, Seller and its Affiliates may make any public statements in response to questions by the press, analysts, investors or those attending industry conferences or analyst or investor conference calls that are consistent in all material respects with any prior public disclosures regarding the transactions contemplated herein (to the extent the information to be utilized from such prior public disclosures remains accurate in all material respects). Nothing will prohibit any Party or its Affiliates from disclosing information consistent with any information in any press release or other public announcement that was previously agreed to and disseminated in compliance with this Section 7.16, and nothing in this Section 7.16 shall require a Party to consult with the other in connection with such disclosure.

Section 7.17 Indemnification.

(a) Seller shall indemnify, reimburse, defend and hold Buyer, its Affiliates, and their respective directors and officers, each in their capacity as such (the "Buyer Indemnified Parties") harmless against all Losses to the extent arising out of or relating to any Excluded Liabilities. Seller's obligations to indemnify the Buyer Indemnified Parties for such Losses shall be net of available insurance proceeds actually received by the applicable Buyer Indemnified Parties for such Losses, provided, however, for the avoidance of doubt, (i) Seller shall be responsible for paying all defense, indemnification and settlement costs for such Losses until insurance proceeds are actually received by the applicable Buyer Indemnified Parties for such Losses, (ii) Buyer Indemnified Parties shall not be required to advance payment for any such defense, indemnification or settlement costs for such Losses and (iii) any insurance proceeds paid to the applicable Buyer Indemnified Parties for any such defense, indemnification or settlement costs for such Losses shall promptly be remitted to Seller.

(b) Buyer shall indemnify, reimburse, defend and hold Seller, its Affiliates, and their respective directors and officers, each in their capacity as such (the “Seller Indemnified Parties” and together with the Buyer Indemnified Parties, the “Indemnified Parties”) harmless against all Losses to the extent arising out of or relating to any Assumed Obligations. Buyer’s obligations to indemnify the Seller Indemnified Parties for such Losses shall be net of available insurance proceeds actually received by the applicable Seller Indemnified Parties for such Losses, provided, however, for the avoidance of doubt, (i) Buyer shall be responsible for paying all defense, indemnification and settlement costs for such Losses until insurance proceeds are actually received by the applicable Seller Indemnified Parties for such Losses, (ii) Seller Indemnified Parties shall not be required to advance payment for any such defense, indemnification or settlement costs for such Losses, and (iii) any insurance proceeds paid to the applicable Seller Indemnified Parties for any such defense, indemnification or settlement costs for such Losses shall promptly be remitted to Buyer.

(c) Each Indemnified Party shall use its commercially reasonable efforts to mitigate any Loss indemnifiable pursuant to this Section 7.17. Each of the Parties shall have the right, but not the obligation, and shall be afforded the opportunity to the extent reasonably possible, to take all available steps to minimize Losses for which such Party is obligated to provide indemnification to an Indemnified Party pursuant to this Section 7.17 before such Losses are actually incurred by the Indemnified Party.

(d) From and after the Closing, except with respect to claims for injunctive, specific performance or other similar equitable remedies pursuant to Section 10.12 or in the case of actual fraud or willful and material breach, indemnification pursuant to this Section 7.17 will be the sole and exclusive remedy of the Parties and any Person claiming by or through any party (including the Indemnified Parties) related to or arising from the Excluded Liabilities and the Assumed Obligations, and neither Buyer nor Seller will have any other rights or remedies in connection therewith, whether based on contract, tort, strict liability, other Laws or otherwise.

Section 7.18 Shared Contracts. Notwithstanding anything to the contrary in this Agreement, the Purchased Assets shall include Shared Contract Rights, and the Assumed Obligations shall include Shared Contract Obligations. Except as provided in the foregoing sentence, all provisions of, and rights and obligations which arise under, Shared Contracts shall be Excluded Assets and Excluded Liabilities. Prior to Closing, Seller and Buyer shall cooperate to identify Shared Contracts that the Parties agree contain Shared Contract Rights and Shared Contract Obligations that, in each case, are required to be provided or performed after the Closing Date (such Shared Contracts, the “Ongoing Shared Contracts”). Each of Seller and Buyer will, in cooperation with the other, use its commercially reasonable efforts prior to the Closing to effect the assignment of the Shared Contract Rights and the Shared Contract Obligations to Buyer under the Ongoing Shared Contracts by, among other things, amending the

Ongoing Shared Contracts to separately assign the Shared Contract Rights and the Shared Contract Obligations to Buyer and, if necessary or deemed desirable by Seller and Buyer, to execute new contracts with respect thereto; provided, that such commercially reasonable efforts shall not require the payment of any consideration (monetary or otherwise) to, or the concession or provision of any material right to, or the amendment or modification in any manner materially adverse to Buyer or Seller of any Ongoing Shared Contract with, any third party; and, provided, further, that in no event shall Seller or any of its Affiliates have any obligation to any third party or to Buyer with respect to any Shared Contract Rights or Shared Contract Obligations following the assignment thereof to Buyer for any obligation that is an Assumed Obligation.

Section 7.19 Contact with Employees, Customers and Suppliers. Except as otherwise provided in this Agreement, from the date hereof until the earlier of the termination of this Agreement in accordance with its terms and the Closing, Buyer shall not, and shall cause its Representatives not to, contact or communicate with the employees, customers, potential customers, suppliers or licensors of Seller or its Affiliates, or any other Persons reasonably known by Buyer to have a business relationship with Seller or its Affiliates, concerning the transactions contemplated hereby without the prior written consent of Seller not to be unreasonably withheld, conditioned or delayed.

Section 7.20 Litigation Defense.

(a) Third Party Claims. From and after the Closing, if Seller or any of its Affiliates is party to, or receives notice of, any Claim by any Person who is neither a Party to this Agreement nor an Affiliate of a Party to this Agreement (a "Third Party Claim") which relates to an Assumed Obligation or a Purchased Asset, Seller will promptly give written notice (a "Third Party Claim Notice") of such Third Party Claim to Buyer. Any such Third Party Claim Notice shall describe the nature, facts and circumstances of the Third Party Claim in reasonable detail. Seller shall provide Buyer with such other information known to it or in its possession with respect to the Third Party Claim as Buyer may reasonably request. Buyer, at its sole cost and expense, will have the right, upon written notice to Seller within thirty (30) days (or such earlier time as may be required by the nature of the Third Party Claim) of receiving a Third Party Claim Notice, to assume the defense of the Third Party Claim through counsel of its choice, provided, that Seller shall be entitled to retain its own counsel, at the Buyer's expense, if (i) upon the advice of Buyer's counsel, a conflict of interest exists (or would reasonably be expected to arise) that would make it inappropriate for the same counsel to represent both the Buyer and Seller or its respective Affiliates in connection with a Third Party Claim or (ii) such Third Party Claim (A) seeks non-monetary relief, or (B) involves criminal allegations. If Buyer assumes the defense of the Third Party Claim pursuant to this Section 7.20(a), such assumption will conclusively establish for purposes of this Agreement that the claims made in such Third Party Claim are within the scope of and subject to indemnification by Buyer.

(b) Defense of Third Party Claims. If Buyer assumes the defense of a Third Party Claim pursuant to Section 7.20(a), Buyer will keep Seller reasonably informed with respect to such defense. Seller shall, and shall cause its Affiliates to, cooperate with Buyer and its counsel, including making available to Buyer all witnesses, pertinent records, materials and information in Seller's possession or under Seller's control relating thereto as is reasonably required by Buyer. Seller will have the right to participate in such defense, including appointing separate counsel; provided that, except as set forth in Section 7.20(a), the costs of such participation shall be borne solely by Seller. Buyer will, in consultation with Seller, make all decisions and determine all actions to be taken with respect to the defense and settlement of the Third Party Claim; provided, however, Buyer may not enter into a settlement or compromise with respect to a Third Party Claim without the consent of Seller unless (i) the sole relief provided is monetary damages that will be paid in full by Buyer and (ii) there is no finding or admission of any violation of Law or of the rights of any Person.

(c) Failure to Assume Defense. If Buyer elects not to defend such Third Party Claim or fails to promptly notify Seller in writing of its election to defend, Seller may defend such Third Party Claim and seek indemnification for any and all Losses that would otherwise be Assumed Obligations pursuant to this Agreement; provided, however, that Seller shall not pay, compromise, settle, or otherwise dispose of such Third Party Claim without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed).

#### Section 7.21 Financing.

(a) Buyer shall use its best efforts to arrange the Debt Financing on terms and conditions not less favorable to Buyer than those described in the Debt Financing Commitment Letter (including any "market flex" provisions applicable thereto), including using best efforts to (i) negotiate definitive agreements (such definitive agreements being referred to as the "Debt Financing Agreements") with respect thereto on the terms and conditions contained in the Debt Financing Commitment Letter, (including any "market flex" provisions applicable thereto) or, if available, on other terms that are acceptable to Buyer and would not materially and adversely affect the ability of Buyer to consummate the transactions contemplated herein, (ii) satisfy on a timely basis or obtain the waiver of all conditions applicable to Buyer in the Debt Financing Commitment Letter that are within their control, (iii) maintain in full force and effect the Debt Financing Commitment Letter in accordance with the terms thereof (subject to Buyer's right to replace, restate, supplement, modify, assign, substitute, waive or amend the Debt Financing Commitment Letter in accordance with this Section 7.21), (iv) in the event that all conditions in the Debt Financing Commitment Letter have been satisfied, draw down upon and consummate the Debt Financing contemplated by the Debt Financing Commitment Letter at the Closing, and (v) take such actions as

are reasonably necessary to enforce its rights under the Debt Financing Commitment Letter in the event of a breach by the Financing Sources .

(b) Buyer shall keep Seller reasonably and promptly informed with respect to all material activity and developments concerning the Debt Financing. Without limiting the foregoing, Buyer agrees to notify Seller promptly, and in any event within two Business Days after it becomes aware thereof, (i) the entry into any material and definitive agreements related to the Debt Financing, (ii) the Debt Financing Commitment Letter shall expire or be terminated for any reason, (iii) any Financing Source that is a party to any Debt Financing Commitment Letter notifies Buyer in writing that such Financing Source no longer intends to provide financing to Buyer on the terms set forth therein, (iv) Buyer receives any notice, or other communication with respect to, any actual or threatened breach, default, termination or repudiation by any party to any Debt Financing Commitment Letter or (v) Buyer has concluded in good faith that it will not be able to obtain on the Closing Date all or any portion of the Debt Financing contemplated by the Debt Financing Commitment Letter. In addition, Buyer will promptly provide the Company with copies of all executed definitive agreements with respect to the Debt Financing.

(c) Buyer shall have the right from time to time to amend, replace, supplement or otherwise modify, or waive any of its rights under, any Debt Financing Commitment Letter; provided, however, that any such amendment, replacement, supplement or other modification to or waiver of any provision of the Debt Financing Commitment Letter shall not (i) reduce the aggregate amount of the Debt Financing or length of the commitment period set forth in the Debt Financing Commitment Letter as in effect on the date hereof, (ii) add, expand or otherwise modify the conditions precedent or contingencies to the funding on the Closing Date, (iii) otherwise expand, amend, modify or waive any provision of any Debt Financing Commitment Letter in a manner that in any such case would reasonably be expected to (x) delay or make less likely the funding of the Debt Financing (or satisfaction of the conditions precedent to the funding of the Debt Financing) on the Closing Date or otherwise prevent, delay or impair the transactions contemplated by this Agreement in any material respect or (y) adversely affect the ability of Buyer to timely consummate the transactions contemplated hereby or (iv) adversely affect the ability of Buyer to enforce its rights against the other parties to the Debt Financing Commitment Letter as so amended, replaced, supplemented or otherwise modified or waived, relative to the ability of Buyer to enforce its rights against such parties to the Debt Financing Commitment Letter as in effect on the date hereof; provided, however, that Buyer may replace or amend any Debt Financing Commitment Letter to add lenders, arrangers, agents, bookrunners, managers and other Financing Sources who had not executed such Debt Financing Commitment Letter as of the date hereof if (x) the addition of such additional parties, individually or in the aggregate, would not prevent, delay or impair the availability of the Debt Financing or the

consummation of the transactions contemplated by this Agreement and (y) the aggregate commitments under the Debt Financing Commitment Letter as in effect on the date hereof after the additional of such lenders, arrangers, agents, bookrunners, managers and other Financing Sources to the Debt Financing Commitment Letter is not reduced. Buyer shall promptly deliver, and in any event within two Business Days after execution, to Seller true and complete copies of any amendment, replacement, supplement or other modification or waiver of the Debt Financing Commitment Letter. Upon any such replacement, amendment, supplement or other modification of, or waiver under, the Debt Financing Commitment Letter in accordance with this Section 7.21, the term “Debt Financing Commitment Letter” (and consequently the terms “Debt Financing,” and “Financing” shall mean the Debt Financing contemplated by such Debt Financing Commitment Letter as so replaced, amended, supplemented, modified or waived), shall mean such Debt Financing Commitment Letter as so replaced, amended, supplemented, modified or waived

(d) If all or any portion of the Debt Financing becomes unavailable, or the Debt Financing Commitment Letter shall be withdrawn, repudiated, terminated or rescinded for any reason, then Buyer shall use its best efforts to arrange and obtain, as promptly as practicable, from the same and/or alternative Financing Sources, alternative financing and on terms and in an amount sufficient to enable Buyer to consummate the transactions contemplated by this Agreement and to consummate the transactions contemplated hereby and to pay all fees and expense reasonable expected to be incurred in connection herewith and with the Financing Commitments (“Alternative Financing”); provided that any such Alternative Financing shall not expand upon the conditions precedent to the Debt Financing as set forth in the Debt Financing Commitment Letter on the date hereof. In such event, the term “Debt Financing” as used in this Agreement shall be deemed to include any Alternative Financing (and consequently the term “Financing” shall include the Equity Financing and the Alternative Financing), and the term “Debt Financing Commitment Letter” as used in this Agreement shall be deemed to include the commitment letter with respect to such Alternative Financing. Buyer shall promptly provide Seller with a correct and complete copy of any commitment letter and any related fee letter (or similar agreements) relating to such Alternative Financing.

(e) Buyer shall not enter into any merger, acquisition, joint venture, disposition, lease, debt or equity financing or similar transaction that would reasonably be expected to materially impair, delay or prevent the consummation of the Debt Financing contemplated by the Debt Financing Commitment Letter.

(f) Notwithstanding anything to the contrary in this Agreement, Buyer acknowledges and agrees that receipt of the Debt Financing is not a condition to its obligation to consummate the transaction contemplated by this Agreement.



Section 7.22 Financing Cooperation.

(a) In connection with any contemplated obtainment of Debt Financing, prior to the Closing, at Buyer's expense to the extent subject to the expense reimbursement provisions in Section 7.22(b), Seller shall use commercially reasonable efforts to provide (and shall use commercially reasonable efforts to cause its Representatives to provide) to Buyer (at Buyer's sole expense) such cooperation as may be reasonably requested by Buyer to assist them in arranging the Debt Financing, provided, that such requested cooperation does not require the Seller or any of its Affiliates to (A) engage in any action that would adversely interfere with the business or operations of the Seller or such Affiliate or (B) pay any fee or incur any other liability in connection with the Debt Financing. Such cooperation shall include, but not be limited to: (a) furnishing on a confidential basis to Buyer and its Representatives and the Financing Sources, within a reasonable time period consistent with the Seller's past practice, such historical financial information and other pertinent historical information regarding the Business, the Purchased Assets and the Assumed Obligations as may be reasonably requested by Buyer in connection with the Debt Financing; provided that such assistance shall be limited solely with respect to information and data derived from the Seller's historical books and records; (b) [reserved] (c) participation in a reasonable number (with reasonable advance notice) of meetings, presentations, road shows, due diligence sessions and drafting sessions with prospective lenders and with rating agencies, including direct contact between senior management of Seller, on the one hand, and the actual and potential Financing Sources, on the other hand, and other customary syndication activities, (d) facilitating the granting of a security interest (and perfection thereof) in collateral, and the preparation of guarantees, mortgages, other definitive financing documents or other certificates or documents as may reasonably be requested by Buyer, including obtaining releases of existing liens; provided that any granting of security interests (and perfection thereof) in collateral, obligations related to any guarantees, mortgages, other definitive financing documents or other certificates or documents and releases of liens contained in all such agreements and documents shall be, in each case, subject to the occurrence of the Closing, (e) cooperating in satisfying the conditions precedent set forth in the Debt Financing Commitment Letter to the extent satisfaction of any such condition is within the control of Seller, (f) providing information regarding the Business, the Purchased Assets and the Assumed Obligations as may be reasonably requested by the Buyer to assist Buyer in preparing materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses (registered or otherwise) and similar documents reasonably and customarily used to complete the Debt Financing, (g) using commercially reasonable efforts to assist Buyer in the preparation of customary pro forma financial statements; provided, that neither the Seller or its Representatives shall be required to provide any such assistance with respect to financial information or statements relating to (A) the determination of the proposed aggregate amount of the Debt Financing, the interest rates thereunder

or the fees and expenses relating thereto; (B) the determination of any post-Closing or pro forma cost savings, synergies, capitalization, ownership or other pro forma adjustments desired to be incorporated into any information used in connection with the Debt Financing; or (C) any adjustments that are not directly related to the acquisition of the Purchased Assets; provided further that (x) such assistance shall be limited solely with respect to information and data derived from the Seller's historical books and records and (y) neither Seller nor its Representatives shall be required to certify or attest to any such pro forma financial statements or other forecasted information; and (h) to the extent required by the Financing Sources, providing customary authorization letters authorizing the distribution of information to prospective Financing Sources regarding the Business, subject to customary terms and conditions.

(b) Nothing in this Section 7.22 will require the Seller to (i) waive or amend any terms of this Agreement or agree to pay any fees or reimburse any expenses for which it has not received prior reimbursement or is not otherwise indemnified by or on behalf of Buyer; (ii) enter into any definitive agreement; (iii) give any indemnities in connection with the Debt Financing; (iv) take any action that, in the good faith determination of the Seller, would unreasonably interfere with the conduct of the business of the Seller and its Affiliates or create an unreasonable risk of damage or destruction to any property or assets of the Seller or any of its Affiliates; (v) adopt resolutions (whether by the board of directors of the Seller or otherwise) approving the agreements, documents and instruments pursuant to which the Debt Financing is obtained; or (vi) provide any assistance or cooperation that (A) would cause any representation or warranty in this Agreement made by Seller to be breached, or (B) cause any conditions to Closing set forth in Article VIII to fail to be satisfied by the Termination Date or otherwise result in a breach of this Agreement by Seller that would provide Buyer the right to terminate this Agreement (unless waived by Buyer). In addition, any bank information memoranda and high-yield offering prospectuses or memoranda required in relation to the Debt Financing will contain disclosure reflecting the Buyer or one or more Affiliates of Buyer as the obligor. Nothing in this Section 7.22 will require any Representative of the Seller or any of its Affiliates to deliver any document, or take any action that could reasonably be expected to result in personal liability to such Representative. Buyer shall promptly, upon request by the Seller (and in any event within 10 Business Days of such request), reimburse the Seller for all out-of-pocket costs and expenses incurred by the Seller or any of its Affiliates (including reasonable and documented attorneys' fees and accountants' fees) in connection with its cooperation contemplated by this Section 7.22.

(c) Buyer shall indemnify and hold harmless the Seller and its Affiliates and their respective directors, officers and employees from and against any and all Losses suffered or incurred by them in connection with the arrangement and completion of any Debt Financing, capital markets transactions or related transactions by Buyer in connection with financing the transactions

contemplated hereby and any information utilized in connection therewith. This Section 7.22(c) shall survive the consummation of the Closing and any termination of this Agreement, and is intended to benefit, and may be enforced by, the officers and directors of the Seller and its Affiliates and their respective heirs, executors, estates and personal representatives who are each third party beneficiaries of this Section 7.22(c).

(d) Notwithstanding anything to the contrary contained herein, no Seller Related Party shall have any rights or claims against any Debt Financing Source in connection with this Agreement, the Debt Financing Commitment Letter or the transactions contemplated hereby or thereby, and no Debt Financing Source shall have any rights or claims against any Seller Related Party in connection with this Agreement, the Debt Financing Commitment Letter or the transactions contemplated hereby or thereby, whether at law or equity, in contract, in tort or otherwise; provided that, following consummation of the Closing, the foregoing will not limit the rights of the parties to the Debt Financing Commitment Letter. In addition, in no event will any Debt Financing Source be liable for consequential, special, exemplary, punitive or indirect damages (including any loss of profits, business or anticipated savings) or damages of a tortious nature.

(e) Notwithstanding anything to the contrary in this Agreement, Buyer acknowledges and agrees that receipt of the Debt Financing is not a condition to its obligation to consummate the transaction contemplated by this Agreement.

Section 7.23 Disclosure Schedule Updates. No later than 10 days after the date hereof, Seller shall use its reasonable best efforts to supplement or amend the Seller Disclosure Schedules (the "Disclosure Schedule Update") with respect to any matter if necessary to remedy any inaccuracy in Article V of this Agreement as of the date hereof by delivering notice of such Disclosure Schedule Update to Buyer. In the event that any additional or changed item (to the extent not disclosed on the Seller Disclosure Schedules as of the date hereof) would have a material and adverse effect on the Business or the Purchased Assets as a whole, then Buyer shall have the right to designate such item as an Excluded Liability by delivering a written notice to Seller within 10 days after delivery of such Disclosure Schedule Update.

## **ARTICLE VIII CONDITIONS TO CLOSING**

Section 8.1 Conditions to Each Party's Closing Obligations. The respective obligations of each Party to effect the transactions contemplated hereby are subject to the fulfillment or joint waiver by the Parties on or prior to the Closing Date of the following conditions:

(a) the waiting period under the HSR Act, including any extension thereof, applicable to the consummation of the transactions contemplated hereby shall have expired or been terminated;

(b) no Order (whether temporary, preliminary or permanent) which prevents the consummation of the transactions contemplated hereby shall have been issued and remain in effect (without limiting each Party's obligations in this Agreement, each Party agrees to use its commercially reasonable efforts to have any such Order lifted); and

(c) no Law shall have been enacted which directly or indirectly prohibits the consummation of the transactions contemplated hereby.

#### Section 8.2 Conditions to Buyer's Closing Obligations

. The obligation of Buyer to effect the transactions contemplated hereby is subject to the fulfillment or waiver by Buyer on or prior to the Closing Date of the following additional conditions:

(a) no change or event shall have occurred since the date hereof that individually or in the aggregate, has had or would have a Material Adverse Effect;

(b) Seller shall have performed and complied in all material respects with the material covenants and agreements contained in this Agreement which are required to be performed and complied with by Seller on or prior to the Closing Date;

(c) (i) The Seller Fundamental Representations shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Time (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date) and (ii) all other representations and warranties of Seller set forth in Article V of this Agreement shall be true and correct (disregarding any materiality or Material Adverse Effect qualifications therein), as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date), except for any failure or failures of such representations or warranties to be true and correct that would not, individually or in the aggregate, result in a Material Adverse Effect;

(d) Buyer shall have received a certificate from Seller, signed on its behalf by a senior executive officer of Seller and dated the Closing Date, to the effect that the conditions set forth in Section 8.2(b) and Section 8.2(c) have been satisfied;

(e) with the exception of the FERC capacity release waiver order which instead will be subject to Section 8.2(i) below, the Required Regulatory Approvals shall have been obtained and shall have become Final Regulatory Orders;

(f) except as would not, individually or in the aggregate, result in a Material Adverse Effect or a material adverse effect on Buyer and its Affiliates (taken as a whole and deemed to be a consolidated group of entities of the size and scale of a hypothetical company that is the same size of the Business), all consents and approvals of third parties (other than the Required Regulatory Approvals) required in connection with the consummation of the transactions contemplated hereby shall have been obtained;

(g) Seller shall have obtained consents and approvals of third parties listed on Schedule 8.2(g);

(h) Buyer shall have received the other items to be delivered pursuant to Section 4.3; and

(i) a FERC order granting waivers permitting the permanent release or assignment of interstate natural gas transportation and storage capacity service agreements to Buyer shall have been obtained prior to the Closing and shall have become a Final Regulatory Order, or, if such order granting a waiver is not obtained prior to the Closing, the Parties shall have on substantially the same economic basis otherwise ensured that the capacity to which Seller is currently entitled is preserved through the transaction for the benefit of Buyer or its Affiliates.

Section 8.3 Conditions to Seller's Closing Obligations. The obligation of Seller to effect the transactions contemplated hereby is subject to the fulfillment or waiver by Seller on or prior to the Closing Date of the following additional conditions:

(a) Buyer shall have performed and complied in all material respects with the material covenants and agreements contained in this Agreement which are required to be performed and complied with by Buyer on or prior to the Closing Date;

(b) the representations and warranties of Buyer set forth in Article VI shall be true and correct (without giving effect to any limitation as to materiality or Material Adverse Effect set forth therein) as of the date of this Agreement and as of the Effective Time as though made at and as of the Effective Time (except to the extent that any such representation or warranty speaks as of a particular date, in which case such representation and warranty will be true and correct only as of such date), except for any failure or failures of such representations and warranties to be true and correct that do not, individually or in the aggregate, cause such representations and warranties of Buyer to be materially inaccurate taken as a whole or have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis;

(c) Seller shall have received a certificate from Buyer, signed on its behalf by a senior executive officer of Buyer and dated the Closing Date, to the effect that the conditions set forth in Section 8.3(a) and Section 8.3(b) have been satisfied;

(d) with the exception of the FERC capacity release waiver order which instead will be subject to Section 8.3(g) below, the Required Regulatory Approvals shall have been obtained and shall have become Final Regulatory Orders, and shall not or would not result in a material adverse effect on Seller and its Affiliates, taken as a whole;

(e) except as would not be reasonably expected to, in the aggregate, result in a material adverse effect on Seller and its Affiliates, taken as a whole, all consents and approvals of third parties (other than the Required Regulatory Approvals) required in connection with the consummation of the transactions contemplated hereby shall have been obtained;

(f) Seller shall have received the other items to be delivered pursuant to Section 4.4; and

(g) a FERC order granting waivers permitting the permanent release or assignment of interstate natural gas transportation and storage capacity service agreements to Buyer shall have been obtained prior to the Closing and shall have become a Final Regulatory Order, or, if such order granting a waiver is not obtained prior to the Closing, the Parties shall have on substantially the same economic basis otherwise ensured that the capacity to which Seller is currently entitled is preserved through the transaction for the benefit of Buyer or its Affiliates.

## **ARTICLE IX SURVIVAL, TERMINATION AND OTHER REMEDIES**

### Section 9.1 Survival.

(a) The representations and warranties of Seller in Article V of this Agreement will terminate and expire as of the earlier of the Closing or the time of termination of this Agreement. The Parties intend to shorten the statute of limitations by specifying the survival periods in this Agreement.

(b) The covenants and agreements of the Parties in this Agreement to be performed prior to the Closing will terminate and expire as of the Closing Date. This Section 9.1 will not limit any covenant or agreement in this Agreement which contemplates performance after the Closing; *provided* that the covenants and agreements in Section 7.9 will survive the Closing until 60 days after the applicable statute of limitations and the other covenants and agreements will survive the Closing until the earlier of discharge or satisfaction of the covenant or

agreement. In no event shall Seller's aggregate liability arising out of or relating to any covenant or agreement in this Agreement exceed an amount equal to ten (10) percent of the Purchase Price, and in no event shall Buyer's aggregate liability arising out of or relating to any covenant or agreement in this Agreement exceed the amount of the Purchase Price. Notwithstanding anything contained herein to the contrary, this Section 9.1 shall not limit or otherwise affect the Parties' rights pursuant to Section 7.17 or Section 9.3(b).

(c) Except to the extent arising from or related to actual fraud and subject to Section 7.17 and claims for injunctive, specific performance or other similar equitable remedies pursuant to Section 10.12, the rights provided under the Insurance Policy will be Buyer's sole recourse (even in the event the Insurance Policy is never issued by an insurer, the Insurance Policy is revoked, cancelled or modified in any manner after issuance for any reason, a claim is denied in whole or in part by any insurer under the Insurance Policy or coverage is unavailable under the Insurance Policy for any reason, including due to exclusions from coverage thereunder), and Seller will have no liability, for any breach of any representation or warranty contained in this Agreement. Nothing in this Section 9.1 will in any way be deemed to limit or modify any rights of Buyer or its Affiliates under the Insurance Policy or inhibit Buyer from obtaining any remedies it may have against any insurer under the Insurance Policy.

#### Section 9.2 Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of Seller and Buyer.

(b) This Agreement may be terminated by Seller or Buyer if the Closing has not occurred on or before 12 months following the date of this Agreement (the "Termination Date"); provided that the right to terminate this Agreement under this Section 9.2(b) will not be available to a Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date. Notwithstanding the foregoing, (i) if 12 months following the date of this Agreement the conditions to the Closing set forth in Section 8.2(e) or Section 8.3(d) have not been fulfilled, but all other conditions to the Closing have been fulfilled or are capable of being fulfilled at the Closing, then the Termination Date will be the day which is 15 months following the date of this Agreement.

(c) This Agreement may be terminated by either Seller or Buyer if (i) any Required Regulatory Approval has been denied by the applicable Governmental Entity and such denial has become final and non-appealable, or (ii) one or more courts of competent jurisdiction in the United States or any State has issued an Order permanently restraining, enjoining, or otherwise prohibiting the Closing, and such Order has become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 9.2(c) shall not be

available to any Party if the denial, restraining, enjoining or other action described in (i) or (ii) hereof is the result of a failure of such Party to comply with its obligations pursuant to Section 7.8.

(d) This Agreement may be terminated by Buyer if there has been a breach by Seller of any representation, warranty, or covenant made by it in this Agreement which has prevented the satisfaction of any condition to the obligations of Buyer to effect the Closing and such breach has not been cured by Seller or waived by Buyer within 20 Business Days after all other conditions to the Closing have been satisfied or are capable of being satisfied.

(e) This Agreement may be terminated by Seller if there has been a breach by Buyer of any representation, warranty, or covenant made by it in this Agreement which has prevented the satisfaction of any condition to the obligations of Seller to effect the Closing and such breach has not been cured by Buyer or waived by Seller within 20 Business Days after all other conditions to Closing have been satisfied or are capable of being satisfied.

(f) This Agreement may be terminated by Seller, if (i) all applicable conditions to the Closing set forth in Article VIII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied if the Closing Date were the date of such termination), (ii) Seller delivers to Buyer an irrevocable written notice on or after the date that the Closing is required to occur pursuant to Section 4.1 and Seller is ready, willing and able to proceed with the Closing in accordance with this Agreement and (iii) within three Business Days after Seller's delivery of such notice to Buyer (or, if sooner, the Termination Date), Buyer fails to consummate the Closing (including delivering the Closing Payment Amount in accordance with this Agreement).

#### Section 9.3 Procedure; Effect of Termination.

(a) In the event that a Party having the right to terminate this Agreement desires to terminate this Agreement, such Party shall give the other Party written notice of such termination, specifying the basis for such termination, and this Agreement will terminate and the transactions contemplated hereby will be abandoned, without further action by either Party, whereupon the liabilities of the Parties hereunder will terminate, except as otherwise expressly provided in this Section 9.3.

(b) The obligations of the Parties under Sections 5.23, 6.5, 7.3, 7.5, 7.17 and this Section 9.3 (and any definitions in Article I referenced in any of the foregoing) will survive the termination of this Agreement. Subject to proviso (x) below, except in connection with a termination under Section 9.2(f), any such termination shall be the sole remedy of the Parties hereto with respect to breaches of any covenant, agreement, representation or warranty contained in this



Agreement and neither Party hereto nor any of its Affiliates or Representatives shall have any liability or further obligation to the other Party or any of its Affiliates or Representatives pursuant to this Agreement, except with respect to the obligations specified in the preceding sentence; (x) provided that nothing herein shall relieve any Party from liability for any willful and material breach of any covenant or agreement of such Party contained in this Agreement; and (y) provided further that nothing in this Section 9.3 shall in any way be deemed to limit or modify any rights of Buyer or its Affiliates under the Insurance Policy or inhibit Buyer from obtaining any remedies Buyer may have against any insurer under the Insurance Policy.

(c) Upon any termination of this Agreement, all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, will within a commercially reasonable time thereafter be withdrawn by the filing Party from the Governmental Entity or other Person to which they were made.

## **ARTICLE X MISCELLANEOUS PROVISIONS**

Section 10.1 Amendment. Except as provided in Section 7.1(b) and Section 7.10(a), this Agreement may be amended, modified, or supplemented only by written agreement of Seller and Buyer. Notwithstanding anything to the contrary contained herein, Section 7.21, Section 7.22, Section 10.1, Section 10.5, Section 10.6, Section 10.10 and Section 10.11 (and any other provision of this Agreement to the extent an amendment, supplement, waiver or other modification of such provision would modify the substance of such Sections) and the definition of “Material Adverse Effect” may not be amended, supplemented, waived or otherwise modified without the prior written consent of the Financing Sources.

Section 10.2 Waivers and Consents. Except as otherwise provided in this Agreement, any failure of either Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 10.3 Notices. All notices, requests, instructions, claims, demands and other communications required or permitted to be given hereunder will be in writing and will be given by e-mail and either delivered by hand or sent by overnight courier (providing proof of delivery). Any notice sent by courier or delivery service shall be deemed to have been given and received at the time of confirmed delivery if such time is during normal local business hours (in the recipient’s location) or, otherwise, on the next Business Day after such confirmed delivery. Any notice sent by e-mail (including e-mail of a PDF attachment) shall be deemed to have been given and received at the time of confirmation of transmission. Any notice sent by e-mail shall be followed reasonably promptly with a copy by mail. All such notices, requests, claims, demands or other communications will be addressed as follows:

(a) If to Seller, to:

CenterPoint Energy, Inc.  
Attn: Monica Karuturi, Senior Vice President and General Counsel  
1111 Louisiana St., 47th Floor  
Houston, Texas 77002  
Email: [monica.karuturi@centerpointenergy.com](mailto:monica.karuturi@centerpointenergy.com)

with a copy (which shall not constitute notice) to:

Baker Botts L.L.P.  
Attn: Timothy S. Taylor  
Clinton W. Rancher  
910 Louisiana Street  
Houston, Texas 77002  
Email: [timothy.taylor@BakerBotts.com](mailto:timothy.taylor@BakerBotts.com); [clint.rancher@bakerbotts.com](mailto:clint.rancher@bakerbotts.com);

(b) if to Buyer, to:

Southern Col Midco, LLC  
c/o Summit Utilities, Inc.  
Attn: Hallie Flint Gilman, Chief Legal Officer  
10825 E. Geddes Ave., Suite 410  
Centennial, CO 80112  
Email: [HGilman@summitutilities.com](mailto:HGilman@summitutilities.com)

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP  
Attn: John G. Klauberg  
Michael E. Espinoza  
101 Park Ave.  
New York, NY 10178-0060  
Email: [john.klauberg@morganlewis.com](mailto:john.klauberg@morganlewis.com)  
[michael.espinoza@morganlewis.com](mailto:michael.espinoza@morganlewis.com)

and

Morgan, Lewis & Bockius LLP  
Attn: Kathryn Ostman  
One Federal Street  
Boston, MA 02110-1726  
Email: [kathryn.ostman@morganlewis.com](mailto:kathryn.ostman@morganlewis.com)

Section 10.4 Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned by either Party without the prior written consent of the other Party. Notwithstanding the foregoing, Buyer shall be permitted to assign its rights and obligations under this Agreement and any other Ancillary Agreement (including the rights to receive and assume particular Purchased Assets or Assumed Obligations to the extent consistent with the Final Regulatory Orders granting the Required Regulatory Approvals), individually or collectively, (a) prior to the Closing, to one or more Affiliates or solely for collateral security purposes to any Financing Source with prior written notice to Seller and (b) after the Closing, to any Person; provided, however, that no such assignment shall relieve Buyer of, or constitute a discharge of, any of Buyer's liabilities and obligations under this Agreement. If Buyer elects to assign its rights and obligations under this Agreement and any other Ancillary Agreement pursuant to this Section 10.4, Seller shall use commercially reasonable efforts and cooperate with Buyer as reasonably necessary to permit Buyer to identify and separately assign the rights to receive and assume Purchased Assets and Assumed Obligations at the Closing relating to each of the Arkansas Business and the Oklahoma Business to the applicable designee of Buyer, so long as such designee is not an existing utility.

Section 10.5 No Third Party Beneficiaries. No provision of this Agreement is intended to or shall be deemed to confer any rights or remedies upon any Person other than the Parties, except (a) for the rights of the Indemnified Parties under Section 7.17 and (b) that the Financing Sources shall be express third party beneficiaries of Section 7.21, Section 7.22, Section 10.1, Section 10.5, Section 10.6, Section 10.10 and Section 10.11, each of such Sections shall expressly inure to the benefit of the Financing Sources and the Financing Sources shall be entitled to rely on and enforce the provisions of such Section. Without limiting the foregoing, no provision of this Agreement creates any rights in any employee or former employee of Seller (including any beneficiary or dependent thereof) in respect of continued employment or resumed employment, and no provision of this Agreement creates any rights in any such Persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement.

#### Section 10.6 Governing Law.

(a) This Agreement (as well as any claim or controversy arising out of or relating to this Agreement or the transactions contemplated hereby) shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard to the conflicts of laws rules thereof that would otherwise require the Laws of another jurisdiction to apply.

(b) Notwithstanding anything herein to the contrary, the Parties and the Seller Related Parties agree that any claim, controversy or dispute any kind or nature (whether based upon Contract, tort or otherwise) involving a Financing Source that is in any way related to this Agreement or any of the transactions contemplated by this Agreement, including any dispute arising out of or relating in

any way to the Debt Financing shall be governed by, and construed in accordance with, the Laws of the State of New York (except to the extent any provision in the Debt Financing Commitment or in any definitive documentation related to the Debt Financing expressly specifies that the interpretation of such provisions shall be governed by and construed in accordance with the law of the State of the Delaware)).

Section 10.7 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

Section 10.8 Entire Agreement. This Agreement will be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by the Parties, and until such execution and delivery no legal obligation will be created by virtue hereof. This Agreement, the Confidentiality Agreement and the Ancillary Agreements, together with the Appendices, Schedules and Exhibits hereto and thereto and the certificates and instruments delivered hereunder or in accordance herewith, embodies the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. This Agreement, the Confidentiality Agreement and the Ancillary Agreements supersede all prior agreements and understandings between the Parties with respect to such transactions contemplated hereby. Neither this Agreement, the Confidentiality Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of either Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder.

Section 10.9 Delivery. This Agreement, and any certificates and instruments delivered hereunder or in accordance herewith, may be executed in multiple counterparts (each of which will be deemed an original, but all of which together will constitute one and the same instrument), and may be delivered by facsimile or electronic transmission, with such facsimile or electronic signature constituting an original for all purposes.

Section 10.10 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR ARISING OUT OF OR RELATING TO THE DEBT FINANCING OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING IN ANY ACTION, PROCEEDING OR COUNTERCLAIM AGAINST ANY FINANCING SOURCE.

Section 10.11 Submission to Jurisdiction

(a) Each of the Parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by the other Party or its successors or assigns shall be brought and determined in any Delaware state or federal court sitting in the City of Wilmington (or, if such court lacks subject matter jurisdiction, in any appropriate Delaware state or federal court) and the appropriate appellate courts therefrom, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties agrees not to commence any action, suit or proceeding relating hereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(b) Notwithstanding anything herein to the contrary, each Seller Related Party and each of the other Parties (i) agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in Law or in equity, whether in contract or in tort or otherwise, against the Financing Sources in any way relating to this Agreement, the Closing or any of the transactions contemplated by this Agreement, including any dispute arising out of or relating in any way to the Debt Financing or the performance thereof or the transactions contemplated thereby, in any forum other than exclusively in the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York (and appellate courts thereof), (ii) submits for itself and its property with respect to any such action to the exclusive jurisdiction of such courts, (iii) agrees that service of process, summons, notice or document by registered mail addressed to it at its address provided in Section 10.3 shall be effective service of process against it for any such action brought in any such court, (iv) waives and hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or

hereafter have to the laying of venue of, and the defense of an inconvenient forum to the maintenance of, any such action in any such court and (v) agrees that a final judgment in any such action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

Section 10.12 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the Parties shall be entitled to seek specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to any other remedy to which it is entitled at law or in equity. Each of the Parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to post security as a prerequisite to obtaining equitable relief. To the extent any Party brings an action, suit or proceeding to enforce specifically the performance of the terms and provisions of this Agreement (other than an action to enforce specifically any provision that expressly survives termination of this Agreement), the Termination Date shall automatically be extended to (i) the 20th Business Day following the resolution of such action, suit or proceeding or (ii) such other time period established by the court presiding over such action, suit or proceeding.

Section 10.13 No Special Damages; Sole and Exclusive Remedy.

(a) In no event shall either Party be liable for (i) special, punitive, exemplary, incidental, consequential or indirect damages, (ii) lost profits or lost business, loss of enterprise value, diminution in value, damage to reputation or loss of goodwill or (iii) damages calculated based on a multiple of profits, revenue or any other financial metric hereunder, in each case, except to the extent payable by the Indemnified Party to a third Person.

(a) Furthermore, Buyer and Seller acknowledge and agree that:

(i) the Parties have voluntarily agreed to define their rights, liabilities and obligations respecting the transactions contemplated hereby exclusively in contract pursuant to the express terms and provisions of this Agreement and hereby waive any statutory and common law remedies, with respect to matters relating to the transactions contemplated by this Agreement;

(ii) subject to Section 9.1(c), the sole and exclusive remedies for any breach of the terms and provisions of this Agreement or any action otherwise arising out of or related to the transactions contemplated by this Agreement shall be those remedies available at law or in equity for breach of contract only (as such contractual remedies have been further limited or excluded pursuant to the express terms of this Agreement);

(iii) the provisions of and the limited remedies provided in this Section 10.13 were specifically bargained for between the Parties and were taken into account by the Parties in arriving at the Purchase Price;

(iv) after the Closing, no Party or its Affiliates may seek the rescission of the transactions contemplated by this Agreement; and

(v) the Parties each hereby acknowledge that this Agreement embodies the justifiable expectations of sophisticated parties derived from arm's-length negotiations, and the Parties specifically acknowledge that no Party has any special relationship with another Party that would justify any expectation beyond that of an ordinary buyer and an ordinary seller in an arm's-length transaction.

Section 10.14 Disclosure Generally. Notwithstanding anything to the contrary contained in the Seller Disclosure Schedules or in this Agreement, the information and disclosures contained in any Seller Disclosure Schedule shall be deemed to be disclosed and incorporated by reference with respect to any other representation or warranty of Seller for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Seller Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement, and anything that is not required to be included in the Disclosure Schedules is solely for the convenience of Buyer. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement. The Disclosure Schedules and the information and statements contained therein are not intended to broaden or constitute, and shall not be construed as broadening or constituting, representations, warranties or covenants of Seller except as and to the extent provided in this Agreement.

Section 10.15 Transaction Privilege.

(a) Seller and certain of its Affiliates have engaged Baker Botts L.L.P. ("Baker Botts") as their legal counsel in connection with the transactions contemplated by this Agreement. By entering into this Agreement, Buyer and its Affiliates (i) consent to the continued representation of Seller and certain of its Affiliates by Baker Botts in connection with the transactions contemplated by this Agreement and (ii) waive any actual or alleged conflict of Baker Botts that may arise from Baker Botts' representation of Seller and certain of its Affiliates in connection with the transactions contemplated by this Agreement. This consent and waiver extends to Baker Botts representing the Seller and certain of its Affiliates against Buyer and its Affiliates in litigation, arbitration or mediation in connection with this Agreement or the transactions contemplated by this Agreement. Nothing contained herein shall be deemed to constitute a waiver of any privilege or consent to the disclosure of any confidential information.

(b) Buyer hereby agrees that it will cause any Person that is, or after the Closing will be, a Buyer Affiliate to execute any document or instrument

reasonably requested from time to time by Seller in order to evidence or effectuate the intentions of the Parties reflected in this Section 10.15.

**[Signature Page Follows]**



IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

**CENTERPOINT ENERGY RESOURCES CORP.**

By: /s/ Jason P. Wells  
Name: Jason P. Wells  
Title: Chief Financial Officer

**SOUTHERN COL MIDCO, LLC,**

By: /s/ Kurt Adams  
Name: Kurt Adams  
Title: CEO

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

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SUPPLEMENTAL INDENTURE NO. 19

Dated as of March 2, 2021

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\$1,000,000,000 Floating Rate Senior Notes due 2023

CENTERPOINT ENERGY RESOURCES CORP.  
SUPPLEMENTAL INDENTURE NO. 19

Floating Rate Senior Notes due 2023

SUPPLEMENTAL INDENTURE No. 19, dated as of March 2, 2021, 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 a new series of Securities to be designated as the “Floating Rate Senior Notes due 2023” (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. 19.

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. 19 constitutes an integral part of the Original Indenture.

Section 102 *Additional Definitions.* For all purposes of this Supplemental Indenture No. 19:

Capitalized terms used but not defined in this Supplement Indenture No. 19 have the meaning given such terms in the Original Indenture. Capitalized terms defined in both this Supplemental Indenture No. 19 and in the Original Indenture have the meaning given such terms in this Supplemental Indenture No. 19.

“Benchmark” means, initially, the Three-Month LIBOR Rate; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Three-Month LIBOR Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

“Benchmark Replacement” means the Interpolated Benchmark with respect to the then-current Benchmark, plus the Benchmark Replacement Adjustment for such Benchmark; provided that if the Company (or the Designee) cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Company (or the Designee) as of the Benchmark Replacement Date:

- (1) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (4) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (5) the sum of: (a) the alternate rate of interest that has been selected by the Company (or the Designee) as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Company (or the Designee) as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Company (or the Designee) giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

The Benchmark Replacement Adjustment shall not include the Margin and such Margin shall be applied to the Benchmark Replacement to determine the interest payable on the Notes.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “interest period,” timing and frequency of determining rates and making payments of interest, rounding of amounts or tenor, and other administrative matters) that the Company (or the Designee) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Company (or the Designee) decides that adoption of any portion of such market practice is not administratively feasible or if the Company (or the Designee) determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Company (or the Designee) determines is reasonably necessary).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“Business Day” means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in The City of New York are generally authorized or required by law or executive order to remain closed. 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.

“Calculation Agent” means a banking institution or trust company appointed by the Company to act as calculation agent, initially The Bank of New York Mellon Trust Company, N.A.

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate being established by the Company (or the Designee) in accordance with:

(1) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining Compounded SOFR; provided that:

(2) if, and to the extent that, the Company (or the Designee) determine that Compounded SOFR cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Company (or the Designee) giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

For the avoidance of doubt, the calculation of Compounded SOFR shall exclude the Benchmark Replacement Adjustment and the Margin.

“Corresponding Tenor” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

“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.

“control” (including the terms “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract, or otherwise.

“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.

“Designee” means an independent financial advisor or such other designee of the Company. For the avoidance of doubt, in no event shall the Calculation Agent or the Trustee be the Designee.

“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.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Finance Lease” means a lease that, in accordance with accounting principles generally accepted in the United States of America, would be recorded as a finance lease on the balance sheet of the lessee, but excluding, for the avoidance of doubt, net operating leases or any other non-finance leases.

“indebtedness” means, 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 Finance 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.

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

“Interpolated Benchmark” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.



“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

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

“LIBOR Business Day” means any day on which dealings in deposits in U.S. Dollars are transacted in the London Inter-Bank Market.

“LIBOR Interest Determination Date” means (i) the second LIBOR Business Day preceding each LIBOR Rate Reset Date or (ii) March 1, 2021 in the case of the initial interest period.

“LIBOR Rate Reset Date” has the meaning set forth in Section 204(b) 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 Finance Lease).

“Margin” has the meaning set forth in Section 204(a) hereof.

“Maturity Date” has the meaning set forth in Section 203 hereof.

“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 Time” with respect to any determination of the Benchmark means (1) if the Benchmark is the Three-Month LIBOR Rate, 11:00 a.m., London time, on the LIBOR Interest Determination Date, and (2) if the Benchmark is not the Three-Month LIBOR Rate, the time determined by the Company (or the Designee) in accordance with the Benchmark Replacement Conforming Changes.

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

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator), on the Federal Reserve Bank of New York’s Website.

“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.

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Three-Month LIBOR Rate” has the meaning set forth in Section 205(a) hereof.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 19; and

The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture No. 19.

## ARTICLE TWO

### The Series of Securities

Section 201 *Title of the Securities.* The Notes shall be designated as the “Floating Rate Senior Notes due 2023.”

Section 202 *Limitation on Aggregate Principal Amount.* The Trustee shall authenticate and deliver the Notes for original issue on the Issue Date in the aggregate principal amount of \$1,000,000,000 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 Notes that may initially be outstanding shall not exceed \$1,000,000,000; provided, however, that the authorized aggregate principal amount 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 Notes shall be March 2, 2023 (the “Maturity Date”).

Section 204 *Interest and Interest Rates*.

(a) The Notes shall bear interest at the Three-Month LIBOR Rate plus 50 basis points (0.50%) per year (the “Margin”), reset quarterly, from and including March 2, 2021 (the “Issue Date”) to, but excluding, the Maturity Date. The per annum interest rate for the period from the Issue Date to the first LIBOR Rate Reset Date shall be equal to the Three-Month LIBOR Rate as determined on March 1, 2021 plus the Margin. Starting on the first Interest Payment Date, interest on each Note will accrue from and including the last Interest Payment Date to which the Company has paid, or duly provided for the payment of, interest on that Note to but excluding the next succeeding Interest Payment Date. No interest will accrue on the Notes for the day which the Notes mature.

(b) Interest on the Notes shall be payable on March 2, June 2, September 2 and December 2 of each year (each an “Interest Payment Date” and also a “LIBOR Rate Rest Date”), beginning June 2, 2021 to the persons in whose names the Notes (or one or more Predecessor Securities) are registered on (1) the Business Day immediately preceding such Interest Payment Date so long as all of the Notes are Global Securities, or (2) the 15th calendar day immediately preceding such Interest Payment Date (whether or not a Business Day) if any of the Notes are not Global Securities (such date in clause (1) and clause (2), a “Regular Record Date”).

(c) 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 the 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 the 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.

(d) The Notes will bear interest for each interest period at a rate determined by the Calculation Agent. Promptly upon determination, the Calculation Agent will inform the Trustee and the Company, or, in certain circumstances, the Company or the Designee will inform the Trustee, of the interest rate for the next interest period. The interest rate in effect on any LIBOR Rate Reset Date will be the applicable interest rate as reset on that date and the interest rate applicable to any other day will be the interest rate as reset on the immediately preceding LIBOR Rate Reset Date (or, in the case of any day preceding the first LIBOR Rate Reset Date, the interest rate determined on March 1, 2021). The amount of interest payable for any interest

period on the Notes will be determined by the Company and will be computed by multiplying the floating rate for that interest period by a fraction, the numerator of which will be the actual number of days elapsed during that interest period (determined by including the first day of the interest period and excluding the last day), and the denominator of which will be 360, and by multiplying the result by the aggregate principal amount of the floating rate notes. The interest rate for any interest period will at no time be higher than the Maximum Interest Rate. Additionally, the interest rate will in no event be lower than zero.

(e) If an Interest Payment Date, other than a Redemption Date or the Maturity Date of the Notes, falls on a day that is not a Business Day, the Interest Payment Date will be postponed to the next day that is a Business Day, except that if that Business Day is in the next succeeding calendar month, the Interest Payment Date will be the immediately preceding Business Day. Also, if a Redemption Date or the Maturity Date of the Notes falls on a day that is not a Business Day, then payment of the interest or principal payable on that date will be made on the next succeeding day which is a Business Day, and no interest will be paid or other payment made in respect of such delay. If any LIBOR Rate Reset Date falls on a day that is not a Business Day, the LIBOR Rate Reset Date will be postponed to the next day that is a Business Day, except that if that Business Day is in the next succeeding calendar month, the LIBOR Rate Reset Date will be the immediately preceding Business Day.

#### *Section 205 Calculations of Three-Month LIBOR Rate*

(a) The “Three-Month LIBOR Rate” for each interest period beginning on a LIBOR Rate Reset Date, or March 2, 2021 in the case of the initial interest period, means the rate determined in accordance with the following provisions:

(1) On the related LIBOR Interest Determination Date, the Calculation Agent will determine the Three-Month LIBOR Rate, which will be the rate for deposits in U.S. Dollars having an index maturity of three months which appears on the Bloomberg L.P. page “BBAM” (or on such other page as may replace the Bloomberg L.P. page “BBAM” on that service), or, if on such interest determination date, the three-month LIBOR does not appear or is not available on the designated Bloomberg L.P. page “BBAM” (or on such other page as may replace the Bloomberg L.P. page “BBAM” on that service), the Reuters Page LIBOR01 (or such other page as may replace the Reuters Page LIBOR01 on that service), as of 11:00 a.m., London time, on the LIBOR Interest Determination Date.

(2) If the Three-Month LIBOR Rate cannot be determined as described above on the LIBOR Interest Determination Date, the Calculation Agent will request the principal London offices of four major reference banks in the London Inter-Bank Market selected by the Company to provide it with their offered quotations for deposits in U.S. Dollars for the period of three months, beginning on the applicable LIBOR Rate Reset Date, to prime banks in the London Inter-Bank Market at approximately 11:00 a.m., London time, on that LIBOR Interest Determination Date and in a principal amount of not less than \$1,000,000. If at least two quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of those quotations. If fewer than two

quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of the rates quoted at approximately 11:00 a.m., New York City time, on the LIBOR Interest Determination Date by three major banks in New York City selected by the Company for loans in U.S. Dollars to leading European banks, having a three-month maturity and in a principal amount of not less than \$1,000,000. If the banks selected by the Company are not providing quotations in the manner described by this paragraph, the rate for the interest period following the LIBOR Interest Determination Date will be the rate already in effect on that LIBOR Interest Determination Date.

Notwithstanding clause (1) and clause (2) in this Section 205(a), if the Company (or the Designee) determines on or prior to the relevant LIBOR Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Three-Month LIBOR (or the then-current Benchmark, as applicable), then the amount of interest that will be payable for each interest period will be an annual rate equal to the sum of the Benchmark Replacement and the Margin as set forth in Section 206. However, if the Company (or the Designee) determine that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, but for any reason the Benchmark Replacement has not been determined as of the relevant LIBOR Interest Determination Date, the interest rate for the applicable interest period will be equal to the interest rate for the immediately preceding interest period, as determined by the Company (or the Designee).

(b) All percentages resulting from any calculation of any interest rate for the Notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 3.456789% (or .03456789) being rounded to 3.45679% (or .0345679)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards). Any percentage resulting from any calculation of any interest rate for the Notes less than 0.00% will be deemed to be 0.00% (or .0000).

(c) Absent willful misconduct, bad faith or manifest error, the calculation of the applicable interest rate for each interest period by the Calculation Agent, or in certain circumstances, by the Company or the Designee will be final and binding on us, the Trustee, and the Holders of the Notes. The Holders of the Notes may obtain the interest rate for the current and preceding interest periods by writing the Trustee at The Bank of New York Mellon Trust Company, N.A., 601 Travis Street, Houston, Texas 77002, Attn: Corporate Trust Admin-CERC.

#### *Section 206 Effect of Benchmark Transition Event*

(a) If the Company (or the Designee) determine that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.

(b) In connection with the implementation of a Benchmark Replacement, the Company (or the Designee) will have the right to make Benchmark Replacement Conforming Changes from time to time.

(c) Any determination, decision or election that may be made by the Company (or the Designee) pursuant to this Section 206, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the Company's (or the Designee's) sole discretion, and, notwithstanding anything to the contrary, shall become effective without consent from the Holders of the Notes or any other party.

(d) In no event shall the Calculation Agent be responsible for determining any substitute for Three-Month LIBOR, or for making any adjustments to any alternative benchmark or spread thereon, the Business Day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. The Calculation Agent will be entitled to conclusively rely on any determinations made by the Company or the Designee and will have no liability for such actions taken at the Company's direction. Any determination, decision or election that may be made by the Company or the Designee in connection with a Benchmark Transition Event or a Benchmark Replacement, including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Company's or the Designee's sole discretion, and, notwithstanding anything to the contrary, will become effective without consent from any other party. Neither the Trustee nor the Calculation Agent will have any liability for any determination made by or on behalf of the Company or the Designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

*Section 207 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 208 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 209 *Percentage of Principal Amount.* The Notes shall be initially issued at 100% of their principal amount, plus accrued interest, if any, from the Issue Date.

Section 210 *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 Depositary with respect to the Notes. Such Global Securities shall bear the legends set forth in the form of Security attached as Exhibit A hereto.

Section 211 *Form of Securities.* The Notes shall be substantially in the form attached as Exhibit A hereto.

Section 212 *Securities Registrar.* The Trustee shall initially serve as the Security Registrar for the Notes.

Section 213 *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 the Notes.

(b) Solely with respect to the 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. 19 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, on or after September 2, 2021 (the "Par Call Date"), at a price equal to 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 *[Reserved]*.

Section 403 *Partial Redemption.* If fewer than all of the Notes 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 called for redemption will be selected from the outstanding Notes 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 \$2,000 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 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.*

(a) 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.

(b) Notice of any redemption of Notes may, at the Company's discretion, be given subject to one or more conditions precedent, including, but not limited to, completion of a corporate transaction that is pending (such as an equity or equity-linked offering, an incurrence of indebtedness or an acquisition or other strategic transaction involving a change of control in the Company or another Person). If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or otherwise waived on or prior to the Business Day immediately preceding the relevant redemption date. The Company shall notify holders of Notes of any such rescission as soon as practicable after it determines that such conditions precedent will not be able to be satisfied or the Company is not able or willing to waive such conditions precedent.

## ARTICLE FIVE

### Remedies

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

(a) Solely with respect to the Notes 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 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 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 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 Outstanding may declare the principal amount of all the Notes 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 at the time Outstanding occurs and is continuing, the principal amount of all the Notes 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 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. 19, is in all respects hereby adopted, ratified and confirmed.

Section 602 This Supplemental Indenture No. 19 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. The words “execution,” “executed,” “signed,” “signature,” and words of like import in this Supplemental Indenture No. 19 shall include images of manually executed signatures transmitted by facsimile, email or other electronic format (including, without limitation, “pdf,” “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other

applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code. Without limitation to the foregoing, and anything in this Supplemental Indenture No. 19 to the contrary notwithstanding, (a) any Officers' Certificate, Company Order, Opinion of Counsel, Security, certificate of authentication appearing on or attached to any Security or other certificate, Opinion of Counsel, instrument, agreement or other document delivered pursuant to this Supplemental Indenture No. 19 may be executed, attested and transmitted by any of the foregoing electronic means and formats, (b) all references in Section 303 or elsewhere in the Indenture to the execution, attestation or authentication of any Security or any certificate of authentication appearing on or attached to any Security by means of a manual or facsimile signature shall be deemed to include signatures that are made or transmitted by any of the foregoing electronic means or formats, and (c) any requirement in Section 303 or elsewhere in the Indenture that any signature be made under a corporate seal (or facsimile thereof) shall not be applicable to the Securities of such series.

Section 603 THIS SUPPLEMENTAL INDENTURE NO. 19 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.

Section 604 If any provision in this Supplemental Indenture No. 19 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. 19 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. 19 to be duly executed, as of the day and year first written above.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Jason P. Wells  
Jason P. Wells  
Executive Vice President and Chief Financial Officer

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/ Linda Wirfel  
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 DEPOSITORY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND.] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY 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.**

Floating Rate Senior Notes due 2023

Original Interest Accrual Date: March 2, 2021

Redeemable: Yes [] No []

Stated Maturity: March 2, 2023

Redemption Date: On or after September 2, 2021 (the “Par Call”

Interest Rate: Three-Month LIBOR Rate plus 0.50% (the “Date”).

“Margin”), reset quarterly

Redemption Price: 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.

Interest Payment Dates: March 2, June 2, September 2 and December 2

Initial Interest Payment Date: June 2, 2021

Regular Record Dates: [Business Day immediately preceding such Interest Payment Date]/[15th calendar day immediately preceding such Interest Payment Date (whether or not a Business Day)]<sup>1</sup>

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<sup>1</sup> NTD: Insert first bracketed language if Global Security otherwise insert second bracketed language.

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

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Principal Amount  
\$ \_\_\_\_\_<sup>2</sup>

Registered No. T-[ ]  
CUSIP 15189W AN0

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.\*\*\*

, 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, quarterly in arrears on the Interest Payment Dates specified above in each year, commencing on June 2, 2021, and at Stated Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or made available for payment. The amount of interest payable on any Interest Payment Date shall be computed on the basis of the actual number of days for which interest is payable in the relevant interest period, divided by 360.

The Interest Rate for the period from the issue date to the first LIBOR Rate Reset Date shall be equal to the Three-Month LIBOR Rate as determined by the Calculation Agent on March 1, 2021 plus the Margin. Following the initial interest period the Interest Rate for each subsequent interest period shall be equal to the Three Month LIBOR Rate as determined by the Calculation Agent on the related LIBOR Rate Reset Date, plus the Margin. Such Interest Rate will be reset on the 2nd day of the months of March, June, September and December of each year beginning on June 2, 2021 (each, a "LIBOR Rate Reset Date"). An interest period is the period commencing on an Interest Payment Date (or, in the case of the initial interest period, commencing on March 2, 2021) and ending on the day preceding the next Interest Payment Date. Promptly upon such determination, the Calculation Agent will notify the Trustee, if the person serving as the Trustee is not then serving as the Calculation Agent, of the Interest Rate for the new interest period. The Interest Rate determined by the Calculation Agent, absent manifest

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<sup>2</sup>Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

error, shall be binding and conclusive upon the beneficial owners and registered holders of this Security, the Company and the Trustee.

Notwithstanding the above, if the Company (or the Designee) determines on or prior to the relevant LIBOR Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then current Benchmark, then, the Interest Rate that will be payable for each interest period will be an annual rate equal to the sum of the Benchmark Replacement and the Margin in the manner set forth in the Indenture. However, if the Company (or the Designee) determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then current Benchmark, but for any reason the Benchmark Replacement has not been determined as of the relevant LIBOR Interest Determination Date, the Interest Rate for the applicable interest period will be equal to the Interest Rate for the immediately preceding interest period, as determined by the Company (or the Designee).

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date, as provided in the Indenture, shall be paid to the Person in whose name this Security (or one or more Predecessor Securities) shall have been registered on the Regular Record Date; provided further that interest payable on the Maturity Date or on the Redemption Date shall be paid to the Person to whom principal is paid. 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 be paid as provided in said Indenture.

If any LIBOR Rate Reset Date falls on a day that is not a Business Day, the LIBOR Rate Reset Date will be postponed to the next day that is a Business Day, except that if that Business Day is in the next succeeding calendar month, the LIBOR Rate Reset Date will be the next preceding Business Day. The Interest Rate in effect on any LIBOR Rate Reset Date will be the applicable rate as reset on that date. The Interest Rate applicable to any other day will either be the initial Interest Rate or the Interest Rate as reset on the immediately preceding LIBOR Rate Reset Date.

If any Interest Payment Date (other than at the Maturity Date) is not a Business Day, then such Interest Payment Date shall be the next succeeding Business Day, except that if such Business Day is in the next calendar month, such Interest Payment Date shall be the immediately preceding Business Day. If the Maturity Date of this Security falls on a day that is not a Business Day, the payment of principal and interest will be made on the next succeeding Business Day, and no interest shall accrue on such amounts for the period from and after such Maturity Date.

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: March 2, 2021    CENTERPOINT ENERGY RESOURCES CORP.

By: \_\_\_\_\_  
Name: Jason P. Wells  
Title: Executive Vice President and Chief Financial Officer

(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: March 2, 2021

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.

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

CENTERPOINT ENERGY RESOURCES CORP.

FLOATING RATE SENIOR 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, as previously supplemented and amended including by the Supplemental Indenture No. 19, dated as of March 2, 2021 (collectively 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 \$1,000,000,000; *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 or after September 2, 2021 (the “Par Call Date”) at a price equal to 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.

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 (as supplemented by the Supplemental 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 minimum denominations of \$2,000 principal amount and integral multiples of \$1,000 principal amount 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 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.

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

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SUPPLEMENTAL INDENTURE NO. 20

Dated as of March 2, 2021

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\$700,000,000 0.70% Senior Notes due 2023

CENTERPOINT ENERGY RESOURCES CORP.  
SUPPLEMENTAL INDENTURE NO. 20

0.70% Senior Notes due 2023

SUPPLEMENTAL INDENTURE No. 20, dated as of March 2, 2021, 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 a new series of Securities to be designated as the “0.70% Senior Notes due 2023” (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. 20.

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. 20 constitutes an integral part of the Original Indenture.

Section 102 *Additional Definitions.* For all purposes of this Supplemental Indenture No. 20:

Capitalized terms used but not defined in this Supplement Indenture No. 20 have the meaning given such terms in the Original Indenture. Capitalized terms defined in both this Supplemental Indenture No. 20 and in the Original Indenture have the meaning given such terms in this Supplemental Indenture No. 20.

“Business Day” means, with respect to any Note, any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in The City of New York are generally authorized or required by law or executive order to remain closed. 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.

“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.

“control” (including the terms “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract, or otherwise.

“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.

“Finance Lease” means a lease that, in accordance with accounting principles generally accepted in the United States of America, would be recorded as a finance lease on the balance sheet of the lessee, but excluding, for the avoidance of doubt, any operating leases or any other non-finance leases.

“indebtedness” means, 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 Finance 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.

“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 Finance Lease).

“Maturity Date” has the meaning set forth in Section 203 hereof.

“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.

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

All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 20; and

The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Supplemental Indenture No. 20.

## ARTICLE TWO

### The Series of Securities

Section 201 *Title of the Securities.* The Notes shall be designated as the “0.70% Senior Notes due 2023.”

Section 202 *Limitation on Aggregate Principal Amount.* The Trustee shall authenticate and deliver the Notes for original issue on the Issue Date in the aggregate principal amount of \$700,000,000 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 Notes that may initially be outstanding shall not exceed \$700,000,000; provided, however, that the authorized aggregate principal amount 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 Notes shall be March 2, 2023 (the “Maturity Date”).

Section 204 *Interest and Interest Rates.*

(a) The Notes shall bear interest at a rate of 0.70% per year, from and including March 2, 2021 (the “Issue Date”) to, but excluding, the Maturity Date. Such interest shall be payable semi-annually in arrears on March 2 and September 2 of each year (each an “Interest Payment Date”), beginning September 2, 2021 to the persons in whose names the Notes (or one or more Predecessor Securities) are registered at the close of business on

February 16 and August 16 (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 the 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 the 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 0.70% per annum (to the extent permitted by 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.

**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 Notes shall be initially issued at 99.903% of their principal amount, 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 form of Security attached as Exhibit A hereto.

Section 209 *Form of Securities*. The Notes shall be substantially in the form attached as Exhibit A 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 the Notes.

(b) Solely with respect to the 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. 20 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, on or after September 2, 2021 (the "Par Call Date"), at a price equal to 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 *[Reserved].*

Section 403 *Partial Redemption.* If fewer than all of the Notes 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 called for redemption will be selected from the outstanding Notes 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 \$2,000 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 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.*

(a) 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.

(b) Notice of any redemption of Notes may, at the Company's discretion, be given subject to one or more conditions precedent, including, but not limited to, completion of a corporate transaction that is pending (such as an equity or equity-linked offering, an incurrence of indebtedness or an acquisition or other strategic transaction involving a change of control in the Company or another Person). If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or otherwise waived on or prior to the Business Day immediately preceding the relevant redemption date. The Company shall notify holders of Notes of any such rescission as soon as practicable after it determines that such conditions precedent will not be able to be satisfied or the Company is not able or willing to waive such conditions precedent.

## ARTICLE FIVE

### Remedies

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

(a) Solely with respect to the Notes 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 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 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 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 Outstanding may declare the principal amount of all the Notes 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 at the time Outstanding occurs and is continuing, the principal amount of all the Notes 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 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. 20, is in all respects hereby adopted, ratified and confirmed.

Section 602 This Supplemental Indenture No. 20 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. The words “execution,” “executed,” “signed,” “signature,” and words of like import in this Supplemental Indenture No. 20 shall include images of manually executed signatures transmitted by facsimile, email or other electronic format (including, without limitation, “pdf,” “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code. Without limitation to the foregoing, and

anything in this Supplemental Indenture No. 20 to the contrary notwithstanding, (a) any Officers' Certificate, Company Order, Opinion of Counsel, Security, certificate of authentication appearing on or attached to any Security or other certificate, Opinion of Counsel, instrument, agreement or other document delivered pursuant to this Supplemental Indenture No. 20 may be executed, attested and transmitted by any of the foregoing electronic means and formats, (b) all references in Section 303 or elsewhere in the Indenture to the execution, attestation or authentication of any Security or any certificate of authentication appearing on or attached to any Security by means of a manual or facsimile signature shall be deemed to include signatures that are made or transmitted by any of the foregoing electronic means or formats, and (c) any requirement in Section 303 or elsewhere in the Indenture that any signature be made under a corporate seal (or facsimile thereof) shall not be applicable to the Securities of such series.

Section 603 THIS SUPPLEMENTAL INDENTURE NO. 20 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.

Section 604 If any provision in this Supplemental Indenture No. 20 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. 20 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. 20 to be duly executed, as of the day and year first written above.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Jason P. Wells  
Jason P. Wells  
Executive Vice President and Chief Financial Officer

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/ Linda Wirfel  
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 DEPOSITORY TRUST COMPANY IT SHALL BEAR THE FOLLOWING LEGEND.] UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY 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.**

0.70% Senior Notes due 2023

Original Interest Accrual Date: March 2, 2021

Redeemable: Yes  No

Stated Maturity: March 2, 2023

Redemption Date: On or after September 2, 2021 (the “Par Call Date”).

Interest Rate: 0.70%

Interest Payment Dates: March 2 and September 2

Redemption Price: 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.

Initial Interest Payment Date: September 2, 2021

Regular Record Dates: February 16 and August 16 immediately preceding the applicable Interest Payment Date

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

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Principal Amount  
\$ \_\_\_\_\_<sup>1</sup>

Registered No. T-[ ]  
CUSIP 15189W AM2

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.\*\*\*

, 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 September 2, 2021, and at Stated 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 0.70% 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 February 16 or August 16 (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

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

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: March 2, 2021    CENTERPOINT ENERGY RESOURCES CORP.

By: \_\_\_\_\_

Name: Jason P. Wells

Title: Executive Vice President and Chief Financial Officer

(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: March 2, 2021

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.

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

CENTERPOINT ENERGY RESOURCES CORP.

0.70% SENIOR 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, as previously supplemented and amended including by the Supplemental Indenture No. 20, dated as of March 2, 2021 (collectively 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 \$700,000,000; *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 or after September 2, 2021 (the “Par Call Date”) at a price equal to 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.

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 minimum denominations of \$2,000 principal amount and integral multiples of \$1,000 principal amount 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 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.

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC****OFFICER'S CERTIFICATE**

March 11, 2021

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, 2021, and Sections 105, 201, 301, 401(1), 401(5) 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 thirty-first series to be issued under the Indenture shall be designated as the "2.35% General Mortgage Bonds, Series AE, due 2031" (the "Series AE Mortgage Bonds"), as set forth in the Thirtieth Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee. The Securities of the thirty-second series to be issued under the Indenture shall be designated as the "3.35% General Mortgage Bonds, Series AF, due 2051" (the "Series AF Mortgage Bonds" and, together with the Series AE Mortgage Bonds, the "Bonds"), as set forth in the Thirtieth Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee.

(2) The Trustee shall authenticate and deliver the Series AE Mortgage Bonds and Series AF Mortgage Bonds for original issue on March 11, 2021 (the "Issue Date") in the aggregate principal amount of \$400,000,000 and \$700,000,000, respectively, upon a Company Order for the authentication and delivery thereof and satisfaction of Section 401 of the Indenture; provided, however, that, as contemplated in the second paragraph of Section 301 of the Indenture and the definition of "Tranche" in Section 101 of the Indenture, additional Securities of a series or Tranche may be subsequently issued from time to time, without any consent of Holders of the Securities of such series, pursuant to Section 1401(4) 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 Series AE Mortgage Bonds shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on April 1, 2031. The Series AF Mortgage Bonds shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on April 1, 2051.

(5) The Series AE Mortgage Bonds shall bear interest at the rate of 2.35% per annum. The Series AF Mortgage Bonds shall bear interest at the rate of 3.35% 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 April 1 and October 1 in each year commencing October 1, 2021, and the Regular Record Dates with respect to the Interest Payment Dates for the Bonds shall be the March 15 and September 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) Each series of 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 January 1, 2031, in the case of the Series AE Mortgage Bonds, or October 1, 2050, in the case of the Series AF Mortgage Bonds, at a redemption price equal to the greater of (i) 100% of the principal amount of the Bonds of such series then outstanding to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds of such series to be redeemed that would be due if such Bonds matured on January 1, 2031, in the case of the Series AE Mortgage Bonds, or October 1, 2050, in the case of the Series AF Mortgage Bonds, 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, in the case of the Series AE Mortgage Bonds, or 20 basis points, in the case of the Series AF Mortgage Bonds; plus, in each case, accrued and unpaid interest on the principal

amount being redeemed to, but excluding, the Redemption Date. On or after January 1, 2031, in the case of the Series AE Mortgage Bonds, or October 1, 2050, in the case of the Series AF Mortgage Bonds, the Company may redeem the Series AE Mortgage Bonds or the Series AF Mortgage Bonds, as applicable, 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, but excluding, 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 Bonds (assuming the Bonds matured on January 1, 2031, in the case of the Series AE Mortgage Bonds or October 1, 2050, in the case of the Series AF Mortgage Bonds) – 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 January 1, 2031, in the case of the Series AE Mortgage Bonds or October 1, 2050, in the case of the Series AF Mortgage Bonds, 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 Series AE Mortgage Bonds matured on January 1, 2031 or the Series AF Mortgage Bonds matured on October 1, 2050, as applicable) 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 five 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 five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means each of (1) BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC and each of their respective affiliates or 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 of a series are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Bonds of that series or portions thereof called for redemption will be selected from the outstanding Bonds of that series 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 \$2,000 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) The Bonds will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

(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 Depository 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 forms thereof attached hereto as Exhibit A and shall be issued in substantially such forms.

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 Thirtieth 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 Thirtieth 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 402(2)(B) of the Indenture, Property Additions of \$6,201,112,858.18 are the basis for authentication and delivery of \$400,000,000 aggregate principal amount of the Series AE Mortgage Bonds, and Property Additions of \$6,201,112,858.18 are the basis for authentication and delivery of \$700,000,000 aggregate principal amount of the Series AF Mortgage 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, 2021, Stacey L. Peterson, Senior Vice President, Financial Planning & 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/ Stacey L. Peterson

Stacey L. Peterson

Senior Vice President, Financial Planning & Treasurer

Acknowledged and Received as  
of the date first written above

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

/s/ Linda Wirfel

Linda Wirfel

Vice President

**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**  
2.35% General Mortgage Bonds, Series AE, due 2031

Original Interest Accrual Date: March 11, 2021  
Stated Maturity: April 1, 2031  
Interest Rate: 2.35%  
Interest Payment Dates: April 1 and October 1  
Regular Record Dates: March 15 and September 15 immediately preceding the respective Interest Payment Date

Redeemable: Yes [X] No [ ]  
Redemption Date: At any time.  
Redemption Price: on any date prior to January 1, 2031 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 January 1, 2031 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 January 1, 2031, 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 AV0

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 October 1, 2021, 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 January 1, 2031 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 January 1, 2031 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, but excluding, the Redemption Date. On or after January 1, 2031, 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, but excluding, 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 January 1, 2031) – 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 January 1, 2031 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 January 1, 2031) 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 five 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 five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means each of (1) BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC and each of their respective affiliates or 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 \$2,000 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 minimum denominations of \$2,000 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 or electronic 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: \_\_\_\_\_

By: \_\_\_\_

Vincent A. Mercaldi  
Secretary

**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: \_\_\_\_\_, 2021

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

By: \_\_\_\_



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**

3.35% General Mortgage Bonds, Series AF, due 2051

Original Interest Accrual Date: March 11, 2021

Stated Maturity: April 1, 2051

Interest Rate: 3.35%

Interest Payment Dates: April 1 and October 1

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

Redeemable: Yes [X] No [ ]

Redemption Date: At any time.

Redemption Price: on any date prior to October 1, 2050 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 October 1, 2050 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 to the Redemption Date on the principal amount being redeemed; or on or after October 1, 2050, 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  
\$500,000,000\* CUSIP 15189X AW8

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 FIVE 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 October 1, 2021, 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 October 1, 2050 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 October 1, 2050 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 to, but excluding, the Redemption Date. On or after October 1, 2050, 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, but excluding, 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 October 1, 2050) – 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 October 1, 2050 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 October 1, 2050) 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 five 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 five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means each of (1) BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC and each of their respective affiliates or 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 \$2,000 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 minimum denominations of \$2,000 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 or electronic 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: \_\_\_\_\_

By: \_\_\_\_

Vincent A. Mercaldi  
Secretary

**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: \_\_\_\_\_, 2021

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

By: \_\_\_\_

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**

3.35% General Mortgage Bonds, Series AF, due 2051

Original Interest Accrual Date: March 11, 2021

Stated Maturity: April 1, 2051

Interest Rate: 3.35%

Interest Payment Dates: April 1 and October 1

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

Redeemable: Yes [X] No [ ]

Redemption Date: At any time.

Redemption Price: on any date prior to October 1, 2050 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 October 1, 2050 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 to the Redemption Date on the principal amount being redeemed; or on or after October 1, 2050, 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-2  
\$200,000,000\* CUSIP 15189X AW8

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 TWO 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 October 1, 2021, 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 October 1, 2050 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 October 1, 2050 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 to, but excluding, the Redemption Date. On or after October 1, 2050, 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, but excluding, 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 October 1, 2050) – 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 October 1, 2050 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 October 1, 2050) 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 five 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 five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means each of (1) BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC and each of their respective affiliates or 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 \$2,000 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 minimum denominations of \$2,000 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 or electronic 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: \_\_\_\_\_

By: \_\_\_\_

Vincent A. Mercaldi  
Secretary

**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: \_\_\_\_\_, 2021

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

By: \_\_\_\_

**CERTIFICATIONS**

I, David J. Lesar, 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 6, 2021

/s/ David J. Lesar

David J. Lesar

President and Chief Executive Officer

**CERTIFICATIONS**

I, Kenneth M. Mercado, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Houston Electric, LLC;
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 6, 2021

/s/ Kenneth M. Mercado

Kenneth M. Mercado

Manager, President and Chief Executive Officer

**CERTIFICATIONS**

I, Scott E. Doyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Resources Corp.;
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 6, 2021

/s/ Scott E. Doyle

Scott E. Doyle

President and Chief Executive Officer

**CERTIFICATIONS**

I, Jason P. Wells, 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 6, 2021

/s/ Jason P. Wells

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Jason P. Wells

Executive Vice President and Chief Financial Officer



**CERTIFICATIONS**

I, Jason P. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Houston Electric, LLC;
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 6, 2021

/s/ Jason P. Wells

Jason P. Wells

Executive Vice President and Chief Financial Officer

**CERTIFICATIONS**

I, Jason P. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenterPoint Energy Resources Corp.;
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 6, 2021

/s/ Jason P. Wells

Jason P. Wells

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, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, David J. Lesar, 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/ David J. Lesar

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David J. Lesar

President and Chief Executive Officer

May 6, 2021

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 Houston Electric, LLC (the "Company") on Form 10-Q for the three months ended March 31, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Kenneth M. Mercado, 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/ Kenneth M. Mercado

Kenneth M. Mercado

Manager, President and Chief Executive Officer

May 6, 2021

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 Resources Corp. (the "Company") on Form 10-Q for the three months ended March 31, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott E. Doyle, 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 E. Doyle

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Scott E. Doyle  
President and Chief Executive Officer  
May 6, 2021

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, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, 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/ Jason P. Wells

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Jason P. Wells  
Executive Vice President and Chief Financial Officer  
May 6, 2021

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 Houston Electric, LLC (the "Company") on Form 10-Q for the three months ended March 31, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, 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/ Jason P. Wells

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Jason P. Wells

Executive Vice President and Chief Financial Officer

May 6, 2021

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 Resources Corp. (the “Company”) on Form 10-Q for the three months ended March 31, 2021 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Jason P. Wells, 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/ Jason P. Wells

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Jason P. Wells

Executive Vice President and Chief Financial Officer

May 6, 2021