

CENTERPOINT ENERGY INC

Form DEF 14A

March 12, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

CenterPoint Energy, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount previously paid:

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(4) Date Filed:

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CenterPoint Energy, Inc.

**Notice of Annual Meeting of Shareholders
to be held on April 22, 2010
and Proxy Statement**

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Notice of Annual Meeting of Shareholders

Dear Shareholder:

You are cordially invited to attend the 2010 annual meeting of shareholders of CenterPoint Energy, Inc. This is your notice for the meeting.

TIME AND DATE 9:00 a.m. Central Time on Thursday, April 22, 2010

PLACE The auditorium at 1111 Louisiana, Houston, Texas

ITEMS OF BUSINESS elect the nine nominees named in the Proxy Statement as directors to hold office until the 2011 annual meeting;

ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2010; and

conduct other business if properly raised.

RECORD DATE Shareholders of record at the close of business on February 22, 2010 are entitled to vote.

PROXY VOTING Each share entitles the holder to one vote. You may vote either by attending the meeting or by proxy. For specific voting information, please see **Voting Information** beginning on page 1 of the Proxy Statement that follows. **Even if you plan to attend the meeting, please sign, date and return the enclosed proxy card or submit your proxy using the Internet or telephone procedures described on the proxy card.**

Sincerely,

Scott E. Rozzell
Executive Vice President,
General Counsel and
Corporate Secretary

Dated and first mailed
to shareholders
on March 12, 2010

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting to be Held April 22, 2010

**The proxy statement and annual report to shareholders are available at:
<http://materials.proxyvote.com/15189T>**

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CENTERPOINT ENERGY, INC.

**1111 Louisiana
Houston, Texas 77002
(713) 207-1111**

For deliveries by U.S. Postal Service:

**P.O. Box 4567
Houston, Texas 77210-4567**

Proxy Statement

Voting Information

Who may vote?

Shareholders recorded in our stock register on February 22, 2010 may vote at the meeting. As of that date, there were 393,082,659 shares of our common stock outstanding.

How many votes do I have?

You have one vote for each share of our common stock you owned as of the record date for the meeting.

How do I vote?

Your vote is important. You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You may always change your vote at the meeting if you are a holder of record or have a proxy from the record holder. Giving us your proxy means that you authorize us to vote your shares at the meeting in the manner you indicated on your proxy card. You may also provide your proxy using the Internet or telephone procedures described on the proxy card. You may vote for or against each director and each of the other proposals or abstain from voting. If you give us your proxy but do not specify how to vote, we will vote your shares in accordance with the Board's recommendations.

What are the Board's recommendations?

The Board's recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board and, with respect to the ratification of the independent auditors, the Audit Committee, recommends a vote as follows:

FOR election of the nine nominees named in the Proxy Statement as directors to hold office until the 2011 annual meeting of shareholders;

FOR ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2010.

If any other matters properly come before the annual meeting, we will vote the shares in accordance with our best judgment and discretion, unless you mark the proxy card to withhold that authority.

What if I change my mind after I have voted?

You may revoke your proxy before it is voted by submitting a new proxy card with a later date, by voting in person at the meeting, or by giving

written notice to Mr. Scott E. Rozzell, Corporate Secretary, at CenterPoint Energy's address shown above.

Do I need a ticket to attend the meeting? Proof of identification and proof of ownership of our common stock are needed for you to be admitted to the meeting. If you plan to attend the meeting and your shares are held by banks, brokers, stock plans or other holders of record (in street name), you will need to provide

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proof of ownership. Examples of proof of ownership include a recent brokerage statement or letter from your broker or bank.

What constitutes a quorum?

In order to carry on the business of the meeting, we must have a quorum. This means at least a majority of the shares of common stock outstanding as of the record date must be represented at the meeting, either by proxy or in person. Shares of common stock owned by CenterPoint Energy are not voted and do not count for this purpose.

Abstentions and proxies submitted by brokers that do not indicate a vote because they do not have discretionary authority and have not received instructions as to how to vote on a proposal (so-called broker non-votes) will be considered as present for quorum purposes, but not as shares counted for determining the outcome of the vote on that proposal.

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. However, the New York Stock Exchange precludes brokers from exercising voting discretion on certain proposals without specific instructions from the beneficial owner. Importantly, a recent amendment to an NYSE rule now expressly prohibits brokers holding shares in street name for their beneficial holder clients from voting in uncontested director elections on behalf of the clients without receiving specific voting instructions from those clients. Under NYSE rules, brokers will have discretion to vote only on Item 2 (ratification of the appointment of independent auditors). Brokers cannot vote on Item 1 (the election of directors) without instructions from the beneficial owners. If you do not instruct your broker how to vote on the election of directors, your broker will not vote for you.

What vote is required to approve each of the proposals?

Under our bylaws, directors are elected by a majority of the votes cast at the meeting. This means that the number of shares voted for a director must exceed the number of votes cast against that director. Abstentions and broker non-votes will be ignored. For additional information on the election of directors, see Election of Directors Information About Directors Majority Voting in Director Elections.

Ratification of the appointment of independent auditors requires the favorable vote of a majority of the shares of common stock voted for or against the matter.

Abstentions and broker non-votes do not affect the outcome of the ratification of the appointment of independent auditors.

ELECTION OF DIRECTORS (ITEM 1)

Information About Directors

In 2008, our Articles of Incorporation were amended to phase out the classified structure of our Board of Directors. Pursuant to that amendment,

at each annual meeting of shareholders beginning in 2009, new directors and directors whose terms are expiring are elected to serve for one year terms. Directors who were elected to longer terms prior to the 2009 annual meeting will serve until the end of those terms. The term of office of the directors in Class I expired at the 2009 meeting.

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The term of office of the Class II directors expires at this year's annual meeting, and the term of Class III directors will expire in 2011.

The directors to be elected at this meeting will be elected to a one-year term expiring at the annual meeting in 2011.

If any nominee becomes unavailable for election, your Board of Directors can name a substitute nominee, and proxies will be voted for the substitute nominee pursuant to discretionary authority, unless withheld.

Unless otherwise indicated or the context otherwise requires, when we refer to periods prior to September 1, 2002, CenterPoint Energy should be understood to mean or include the public companies that were its predecessors.

Under our bylaws, a director must step down from the Board at the annual meeting occurring in the year in which he or she reaches age 73, unless the Board determines that the member has special skill, experience or distinction having value to CenterPoint Energy and not readily available or transferable. In February 2009, the Board made such a determination as to current directors Thomas F. Madison, Chairman of our Compensation Committee, which will allow him to complete his current term ending in 2011, and Michael E. Shannon, who is retiring at this year's annual meeting.

Listed below are the biographies of each director nominee followed by the biographies of continuing directors. The biographies include information regarding each individual's service as a director of the Company, business experience, director positions at public companies held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Governance Committee and the Board to determine that the person should serve as a director for the Company.

Nominees for Directors Term Expiring 2011

At the meeting, nine directors are to be elected to each serve a one-year term expiring on the date of the annual meeting of shareholders to be held in 2011. The nominees for election in 2010 are listed below.

Donald R. Campbell, age 69, has been a director since 2005. Prior to his retirement in September 2000, he was the Chief Financial Officer of Sanders Morris Harris Group, Inc., a NASDAQ-listed regional investment banking firm. He served as a director of Sanders Morris Harris from 1999 until May 2004. Mr. Campbell previously served as a director of Texas Genco Holdings, Inc., an NYSE-listed former subsidiary of the Company, and as the chairman of its audit committee, from March 2003 until December 2004. He also previously served as Vice Chairman of the board of directors and Chief Financial Officer of Pinnacle Global Group, a Houston based financial services firm from 1998 to 1999. From 1990 until 1999, he was employed by TEI, Inc., holding a variety of positions including, Chief Executive Officer, Chief Financial Officer and director.

The Board determined that Mr. Campbell should be nominated for election as a director due to his experience as a senior corporate executive, his financial and accounting expertise, and his experience as director of several

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corporations, including service on the Board and Audit Committee Chairman of both Texas Genco Holdings, Inc. and the Company.

Milton Carroll, age 59, has been a director since 1992 and Chairman since September 2002. Mr. Carroll is Chairman and founder of Instrument Products, Inc., an oil-tool manufacturing company in Houston, Texas. He has served as a director of Halliburton Company since 2006 and Western Gas Holdings, LLC, general partner of Western Gas Partners, LP, since 2008. He has served as a director of Healthcare Service Corporation since 1998 and as its chairman since 2002. Mr. Carroll previously served as a director of EGL, Inc. from 2003 to 2007, DCP Midstream GP, LLC, general partner of DCP Midstream Partners, LP from 2005 to 2006, Devon Energy Corporation from 2003 to 2005 and Texas Eastern Products Pipeline Company, LLC, general partner of TEPPCO Partners, L.P. from 1997 to 2005. The Board determined that Mr. Carroll should be nominated for election as a director due to his extensive knowledge of the Company and its operations gained in over 17 years of service as a director of the Company, its predecessors and affiliates. The Board values Mr. Carroll's knowledge of the oil and natural gas industries, board leadership skills and corporate governance expertise.

Derrill Cody, age 71, has been a director since 2003. Mr. Cody has been of counsel to the law firm of Tomlinson & O'Connell in Oklahoma City, Oklahoma since December 2005. Prior to that, he was of counsel to the law firm of McKinney & Stringer, P.C. in Oklahoma City, Oklahoma from 1990. From 2005 to 2007, Mr. Cody served as a director of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, LP. He also previously served from 1989 to 2005 as a director of Texas Eastern Products Pipeline Company, LLC, general partner of TEPPCO Partners, L.P. and from 1987 to 1990 as Executive Vice President of Texas Eastern Corporation and as Chief Executive Officer of Texas Eastern Gas Pipeline Company. The Board determined that Mr. Cody should be nominated for election as a director due to his substantial experience in the oil and gas industry as a lawyer, senior corporate executive and director in a variety of major energy-related corporations. The Board benefits from Mr. Cody's expertise gained through service as a senior executive officer leading interstate natural gas pipeline companies.

Michael P. Johnson, age 62, has been a director since July 2008. Mr. Johnson is President and Chief Executive Officer of J&A Group, LLC, a management and business consulting company. He served from 2002 until his retirement in March 2008 as Senior Vice President and Chief Administrative Officer of The Williams Companies, Inc., a publicly held natural gas producer, processor and transporter. Prior to joining the Williams Companies, he served in various executive capacities with Amoco Corporation, including vice president of human resources. He has served as a director of Patriot Coal Corporation since 2008, Buffalo Wild Wings, Inc. since 2006, and QuikTrip Corporation, a private company, since 2001. He also serves on the Oklahoma Advisory Board of Health

Care Service Corporation and on the boards of several charitable organizations and foundations, including the Tiger Woods Foundation. The Board determined that

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Mr. Johnson should be nominated for election as a director due to his extensive management and leadership experience as a senior executive officer of major international companies. The Board values Mr. Johnson's knowledge of the oil and gas industry and expertise in corporate governance and human resources matters.

David M. McClanahan, age 60, has served as a director and as President and Chief Executive Officer of CenterPoint Energy since 2002. He served as Vice Chairman of our predecessor company from October 2000 to September 2002 and as President and Chief Operating Officer of its Delivery Group from 1999 to September 2002. Previously, he served as President and Chief Operating Officer of our predecessor company's Houston Lighting & Power Company division from 1997 to 1999. He has served in various executive officer capacities with us since 1986. He currently serves on the boards of the Edison Electric Institute and the American Gas Association. The Board determined that Mr. McClanahan should be nominated for election as a director due to his extensive knowledge of the industry and the Company, its operations and people, gained in 38 years of service with the Company and its predecessors in positions of increasing responsibility. The Board benefits from Mr. McClanahan's financial and accounting expertise and industry leadership.

Robert T. O'Connell, age 71, has been a director since 2004. From 1997 to 2003, he served as a director of RWD Technologies, Inc. and as its Chief Financial Officer from August 2000 to July 2001, and Senior Vice President Strategic Business Planning from August 1997 to July 2001. Mr. O'Connell served as Senior Vice President and Chief Staff Officer of EMC Corporation from 1995 to 1997. Between 1965 and 1994, Mr. O'Connell held various positions in General Motors Corporation, including Chief Financial Officer of General Motors Corporation from 1988 to 1992 and Chairman and Chief Executive Officer of General Motors Acceptance Corporation from 1992 to 1994. He has served as a director of Gulfmark Offshore, Inc. since 2006 and as a Governor-appointed member of the Boston Finance Commission since 2003. The Board determined that Mr. O'Connell should be nominated for election as a director due to his financial expertise, experience as a senior executive and director of complex corporate organizations, and strategic business management expertise.

Susan O. Rheney, age 50, has been a director since July 2008. Ms. Rheney is a private investor. From 2002 until March 2010, she served as a director of Genesis Energy, Inc., the general partner of Genesis Energy, LP, a publicly traded limited partnership. From 2003 to 2005, she was a director of Cenveo, Inc. and served as chairman of the board from January to August 2005. She also served until 2001 as a principal with The Sterling Group, a private financial and investment organization. The Board determined that Ms. Rheney should be nominated for election as a director due to her financial management and accounting expertise and

experience as a director of a mid-stream oil and gas company. The Board benefits from her experience implementing strategic and operational initiatives at a variety of firms.

R. A. Walker, age 53, has not previously served as a director of CenterPoint Energy. Mr. Walker is currently President and Chief

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Operating Officer of Anadarko Petroleum Corporation, having joined the company in 2005 as Senior Vice President and Chief Financial Officer. He is a director of Temple-Inland, Inc. and Western Gas Holdings, LLC, a subsidiary of Anadarko and general partner to Western Gas Partners, LP., having previously served as the Chairman of the Board of that company until 2009. Prior to joining Anadarko, Mr. Walker was a Managing Director for the Global Energy Group of UBS Investment Bank from 2003 to 2005. He previously served as President, Chief Financial Officer and a director of 3TEC Energy Corporation from 2000 to 2003. The board determined that Mr. Walker should be nominated for election as a director due to his extensive knowledge of the energy industry, experience as a director of public companies, merchant banking experience and his financial and executive management expertise, including experience as a president, chief operating officer, and chief financial officer.

Peter S. Wareing, age 58, has been a director since 2005. Mr. Wareing is a co-founder and partner of the private equity firm Wareing, Athon & Company and is involved in a variety of businesses. He is the Chairman of the Board of Gulf Coast Pre-Stress, Ltd. in Pass Christian, Mississippi, the Vice Chairman of the Board of Nordic Cold Storage, LLC, in Atlanta, Georgia and an officer and director of several other privately owned family entities. He also currently serves as a trustee of Texas Children's Hospital in Houston. The Board determined that Mr. Wareing should be nominated for election as a director due to his expertise in financial, business and corporate strategy development matters. The Board also values his civic leadership and involvement in the Houston business community.

Your Board of Directors recommends a vote FOR each of the nominees.

Information about each of the continuing directors is set forth below.

*Continuing Class III Directors Term
Expiring 2011*

O. Holcombe Crosswell, age 69, has been a director since 1997 and was a director of NorAm Energy Corp. and the predecessor of a division of that company from 1986 until we acquired that company in 1997. Mr. Crosswell is President of Griggs Corporation, a real estate and investment company in Houston, Texas. He previously served as a director and as chairman of the Metropolitan Transit Authority of Harris County. The Board determined that Mr. Crosswell should serve as a director due to his real estate and investment expertise and his knowledge and experience of the natural gas and electric industry gained in over 23 years of service as a director of the Company and predecessor entities. The Board also benefits from his involvement in the Houston business community, and service on civic boards and charitable organizations.

Janiece M. Longoria, age 57, has been a director since 2005. Ms. Longoria is a partner in the law firm of Ogden, Gibson, Broocks & Longoria, L.L.P. in Houston, Texas and has a concentration of experience

in commercial and securities-related litigation and regulatory matters. She has served as a commissioner of the Port of Houston Authority since 2002 and as a member of The University of Texas

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System Board of Regents since February 2008. She previously served as the treasurer and a director of the Houston Convention Center Hotel Corporation from 1999 to 2004. The Board determined that Ms. Longoria should serve as a director due to her extensive legal and regulatory expertise, experience serving as a commissioner or in a similar oversight position on major governmental and civic organizations. The Board values her service on boards of charitable organizations and extensive community involvement.

Thomas F. Madison, age 74, has been a director since 2003. He has served as President and Chief Executive Officer of MLM Partners, a small business consulting and investments company in Minneapolis, since 1993. He previously served as President of US West Communications-Markets until December 1992. He later served as Vice Chairman of Minnesota Mutual Life Insurance Company until September 1994, Chairman of Communication Holdings, Inc. until March 1999, and as an advisory director of one of our natural gas distribution units. He has served as a director of Valmont Industries, Inc. since 1987, Delaware Group of Funds since 1993, Digital River, Inc. since 1996, and Rimage Corporation since 2001. In February 2009, the Board waived for Mr. Madison the mandatory retirement age under our bylaws to allow him to complete his current term. The Board determined that Mr. Madison should serve as a director due to his extensive executive experience, including his prior service as an executive officer of major corporations, including as a chief executive officer, his public company board leadership and his corporate governance expertise.

Sherman M. Wolff, age 69, has been a director since 2007. Prior to his retirement in 2006, he served as executive vice president and chief operating officer of Health Care Service Corporation, which provides health and life insurance products and related services as Blue Cross Blue Shield of Texas, Illinois, New Mexico and Oklahoma. He held various positions with that company from 1991 until his retirement, including service as Chief Financial Officer. He currently serves as a director of Fort Dearborn Life Insurance Company, a subsidiary of Health Care Service Corporation. He previously served as a director of EGL, Inc. from 2006 to 2007. The Board determined that Mr. Wolff should serve as a director due to his financial and executive management expertise, including experience as a chief financial officer and chief operating officer of a major corporation.

Director Nomination Process

In assessing the qualifications of candidates for nomination as director, the Governance Committee and the Board consider, in addition to qualifications set forth in our bylaws, each potential nominee's

personal and professional integrity, experience, reputation and skills;

ability and willingness to devote the time and effort necessary to be an effective board member; and

commitment to act in the best interests of CenterPoint Energy and its shareholders.

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Consideration is also given to the requirements under the listing standards of the New York Stock Exchange for a majority of independent directors, as well as qualifications applicable to membership on Board committees under the listing standards and various regulations.

In addition, the Governance Committee and the Board take into account the desire that the directors possess a broad range of business experience, diversity, professional skills, geographic representation and other qualities they consider important in light of our business plan. The Governance Committee periodically reviews the overall composition of the Board, the skills represented by incumbent directors and the need for new directors to replace retiring directors or to expand the Board. In seeking new director candidates, the Governance Committee and the Board consider the skills, expertise and qualities that will be required to effectively oversee management of the business and affairs of the Company. The Governance Committee and the Board also considers the diversity of the Board in terms of the geographic, gender, age, and ethnic makeup of its members. The Board evaluates the makeup of its membership in the context of the Board as a whole, with the objective of recommending a group that can effectively work together using its diversity of experience to see that the Company is well-managed and represents the interests of the Company and its shareholders.

Mr. Walker's nomination was initially recommended by individual members of the Governance Committee. Mr. Walker was then interviewed by an executive search firm retained by the Governance Committee for the purpose of identifying director candidates. The members of the Governance Committee discussed Mr. Walker's background and qualifications and unanimously recommended to the Board that Mr. Walker be nominated for election at the annual meeting.

Suggestions for potential nominees for director can come to the Governance Committee from a number of sources, including incumbent directors, officers, executive search firms and others. If an executive search firm is engaged for this purpose, the Governance Committee has sole authority with respect to the engagement. The Governance Committee will consider director candidates recommended by shareholders. The extent to which the Governance Committee dedicates time and resources to the consideration and evaluation of any potential nominee brought to its attention depends on the information available to the Committee about the qualifications and suitability of the individual, viewed in light of the needs of the Board, and is at the Committee's discretion. The Governance Committee and the Board evaluate the desirability for incumbent directors to continue on the Board following the expiration of their respective terms, taking into account their contributions as Board members and the benefit that results from increasing insight and experience developed over a period of time.

Shareholders may submit the names and other information regarding individuals they wish to be considered for nomination as directors by writing to the Corporate Secretary at the address indicated on the first

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page of this proxy statement. In order to be considered for nomination by the Board of Directors, submissions of potential nominees should be made no later than November 15 in the year prior to the meeting at which the election is to occur.

Director Independence

The Board of Directors determined that Messrs. Campbell, Carroll, Cody, Crosswell, Johnson, Madison, O'Connell, Shannon, Wareing and Wolff and Meses. Longoria and Rheney are independent, within the meaning of the listing standards for general independence of the New York Stock Exchange. It is anticipated that the Board will also determine that Mr. Walker is independent within the meaning of these standards upon his election. Under the listing standards, a majority of our directors must be independent, and the Audit, Compensation and Governance Committees are each required to be composed solely of independent directors. The standards for audit committee membership include additional requirements under rules of the Securities and Exchange Commission. The Board has determined that all of the members of these three committees meet the applicable independence requirements. The listing standards relating to general independence consist of both a requirement for a board determination that the director has no material relationship with the listed company and a listing of several specific relationships that preclude independence.

As contemplated by New York Stock Exchange Rules then in effect, the Board adopted categorical standards in 2004 to assist in making determinations of independence. Under the rules then in effect, relationships falling within the categorical standards were not required to be disclosed or separately discussed in the proxy statement in connection with the Board's independence determinations.

The categorical standards cover two types of relationships. The first type involves relationships of the kind addressed in either

the rules of the Securities and Exchange Commission requiring proxy statement disclosure of relationships and transactions or

the New York Stock Exchange listing standards specifying relationships that preclude a determination of independence.

For those relationships, the categorical standards are met if the relationship neither requires disclosure nor precludes a determination of independence under either set of rules.

The second type of relationship is one involving charitable contributions by CenterPoint Energy to an organization in which a director is an executive officer. In that situation, the categorical standards are met if the contributions do not exceed the greater of \$1 million or 2% of CenterPoint Energy's gross revenue in any of the last three years.

In making its subjective determination that Messrs. Campbell, Carroll, Cody, Crosswell, Johnson, Madison, O'Connell, Shannon, Wareing and Wolff and Meses. Longoria and Rheney are independent, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each of the directors business and personal activities as they related to the Company and Company management. The Board considered the transactions in the context of the New York Stock Exchange's objective listing standards, the

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categorical standards noted above and the additional standards established for members of audit, compensation and governance committees.

In connection with its determination as to the independence of Mr. Carroll, the Board has considered that Mr. Carroll receives additional director compensation for serving as non-executive Chairman of the Board. This position involves a substantial commitment of time over and above regular service as a Board member and member of committees of the Board. The Board also considered a relationship in which a company on whose board Mr. Carroll serves as a non-employee director and non-executive chairman provides services to CenterPoint Energy. Mr. Carroll had no role in initiating the relationship with this service provider. Because the business relationship is of a nature and magnitude not requiring proxy statement disclosure under Securities and Exchange Commission rules, it falls within the categorical standards described above. The Board has concluded that these circumstances and relationships do not adversely affect Mr. Carroll's ability and willingness to act in the best interests of CenterPoint Energy and its shareholders or otherwise compromise his independence.

Although the Board will not make its determination as to Mr. Walker's independence until his election, the Board considered ordinary course transactions between the Company and Anadarko Petroleum Corporation, for which Mr. Walker serves as President and Chief Operating Officer. During 2009 subsidiaries of CenterPoint Energy purchased natural gas from and provided natural gas related transportation services to subsidiaries of Anadarko totaling approximately \$45 million. These payments represent approximately one-half of one percent of the consolidated gross revenues for 2009 for each of the Company and Anadarko. Additionally, the Board considered that Company subsidiaries may purchase natural gas from and provide transportation services to Anadarko in the future. The Board believes that these transactions and relationships would not adversely affect Mr. Walker's ability or willingness to act in the best interests of the Company and its shareholders or otherwise compromise his independence, nor are similar transactions in the future expected to adversely affect Mr. Walker's independence. These transactions were on standard terms and conditions, and Mr. Walker did not have any involvement in negotiating the terms of the purchases nor interest in the transactions.

Code of Ethics and Ethics and Compliance Code

We have a Code of Ethics for our Chief Executive Officer and Senior Financial Officers, consisting of our Chief Financial Officer, Chief Accounting Officer, Treasurer and Controller. We will post information regarding any amendments to, or waivers of, the provisions of this code applicable to these officers at the website location referred to below under [Website Availability of Documents](#).

We also have an Ethics and Compliance Code applicable to directors, officers and employees. This code addresses, among other things, the

requirements for a code of business conduct and ethics required under New York Stock Exchange listing standards. Any waivers of this code

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for executive officers or directors may be made only by the Board of Directors or a committee of the Board and must be promptly disclosed to shareholders. In 2009, no waivers of our Code of Ethics or our Ethics and Compliance Code were granted.

Conflicts of Interest and Related Party Transactions

The Governance Committee will address and resolve any issues with respect to related-party transactions and conflicts of interest involving our executive officers, directors or other related persons under the applicable disclosure rules of the Securities and Exchange Commission.

Our Ethics and Compliance Code provides that all directors, executive officers and other employees should avoid actual conflicts of interest as well as the appearance of a conflict of interest, and our Code of Ethics for Chief Executive Officer and Senior Financial Officers similarly obligates the employees covered by that Code of Ethics (our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer and Assistant Controller) to handle actual or apparent conflicts of interest between personal and professional relationships in an ethical manner. Under our Ethics and Compliance Code, prior approval is required for any significant financial interest with suppliers, partners, subcontractors, or competitors. Any questionable situation is required to be disclosed to the Law Department or an employee's direct manager. Pursuant to our Corporate Governance Guidelines and the Governance Committee Charter, the Board has delegated to the Governance Committee the responsibility for reviewing and resolving any issues with respect to related party transactions and conflicts of interests involving executive officers or directors of the Company or other related persons under the applicable rules of the Securities and Exchange Commission. The Company's Corporate Governance Guidelines require that (i) each director shall promptly disclose to the Chairman any potential conflicts of interest he or she may have with respect to any matter involving the Company and, if appropriate, recuse himself or herself from any discussions or decisions on any of these matters, and (ii) the Chairman shall promptly advise the Governance Committee of any potential conflicts of interest he or she may have with respect to any matter involving the Company and, if appropriate, recuse himself or herself from any discussions or decisions on any of these matters.

The Office of the Corporate Secretary periodically gathers information from Directors and executive officers regarding matters involving potential conflicts of interest or related party transactions and provides that information to the Governance Committee for review. Directors and executive officers are also required to inform the Company immediately of any changes in the information provided concerning related party transactions that such director or executive officer or other related person was, or is proposed to be, a participant. In each case, the standard applied in approving the transaction is the best interests of CenterPoint Energy and its shareholders.

There were no related-party transactions in 2009 that were required to be reported pursuant to the applicable disclosure rules of the Securities and Exchange Commission.

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Majority Voting in Director Elections

Our amended and restated bylaws include a majority voting standard in uncontested director elections. This standard applies to the election of directors at this meeting. To be elected, a nominee must receive more votes cast for that nominee's election than votes cast against that nominee's election. In contested elections, the voting standard will be a plurality of votes cast. Under our bylaws, contested elections occur where, as of a date that is 14 days in advance of the date we file our definitive proxy statement with the Securities and Exchange Commission (regardless of whether or not thereafter revised or supplemented), the number of nominees exceeds the number of directors to be elected.

Our Corporate Governance Guidelines include director resignation procedures. In brief, these procedures provide that:

Incumbent director nominees must submit irrevocable resignations that become effective upon and only in the event that (1) the nominee fails to receive the required vote for election to the Board at the next meeting of shareholders at which such nominee faces re-election and (2) the Board accepts such resignation;

Each director candidate who is not an incumbent director must agree to submit such an irrevocable resignation upon election or appointment as a director;

Upon the failure of any nominee to receive the required vote, the Governance Committee makes a recommendation to the Board on whether to accept or reject the resignation;

The Board takes action with respect to the resignation and publicly discloses its decision and the reasons therefor within 90 days from the date of the certification of the election results; and

The resignation, if accepted, will be effective at the time specified by the Board when it determines to accept the resignation, which effective time may be deferred until a replacement director is identified and appointed to the Board.

Our amended and restated bylaws and our Corporate Governance Guidelines can be found on our website at www.centerpointenergy.com.

Board Leadership

The offices of Chairman of the Board and Chief Executive Officer are currently separate and have been separate since the formation of the Company as a new holding company in 2002. The Board believes that the separation of the two roles provides, at present, the best balance of these important responsibilities with the Chairman directing board operations and leading the board in its oversight of management, and the Chief Executive Officer focusing on developing and implementing the Company's board-approved strategic vision and managing its day-to-day

business. The Board believes that the independent board chairman helps provide an opportunity for the Board members to provide more direct input to management in shaping the organization and strategy of the Company and strengthening the Board's independent oversight of management.

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The Board's Role in Risk Oversight

The Board has ultimate oversight responsibility for the Company's system of enterprise risk management as provided in the Corporate Governance Guidelines. The Board also approves overall corporate risk limits. Management is responsible for developing and implementing the Company's program of enterprise risk management. Each board committee has responsibility for monitoring enterprise risks assigned to it by the Board under the Company's enterprise risk management program. In addition, the Audit Committee reviews the risk management process developed and implemented by Company management. The Company's Chief Risk Officer periodically reports to the Audit Committee concerning the Company's risk management process and annually to the full Board concerning the major risks facing the Company and steps taken to mitigate those risks. A risk oversight committee, which is comprised of senior executives from across the Company, monitors and oversees compliance with the Company's risk control policy. The Company's Chief Risk Officer, who reports to the Chief Financial Officer, facilitates risk oversight committee meetings, and provides daily risk assessment and control oversight for commercial activities.

The Board believes that the administration of its risk oversight function has not affected its leadership structure. In reviewing the Company's compensation program, the Compensation Committee has made an assessment of whether compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company and has concluded that they do not create such risks as presently constituted.

Table of Contents**Board Organization and Committees;
Other Governance Provisions**

Your Board of Directors oversees the management of the business and affairs of our Company. The Board appoints committees to help carry out its duties. Last year, the Board met seven times and the committees met a total of 22 times. Each director attended more than 90% of the meetings of the Board of Directors and the committees on which he or she served. Mr. McClanahan does not serve on any committees. The following table sets forth the committees of the Board and their members as of the date of this proxy statement, as well as the number of meetings each committee held during 2009:

Director	Audit Committee	Compensation Committee	Finance Committee	Governance Committee	Strategic Planning Committee
Donald R. Campbell	+				
Milton Carroll				+	
Derrill Cody					+
O. Holcombe Crosswell					
Michael P. Johnson					
Janiece M. Longoria					
Thomas F. Madison		+			
Robert T. O'Connell				+	
Susan O. Rheney					
Michael E. Shannon					
Peter S. Wareing					
Sherman M. Wolff					