CENTERPOINT ENERGY INC
Form DEF 14A
March 14, 2014
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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

Filed by the Registrant þ

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))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Exchange Act Rule 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):

þ No fee required.

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

2) Aggregate number of securities to which transaction applies:

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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 24, 2014

and Proxy Statement

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Notice of Annual Meeting of Shareholders

Dear Shareholder:

You are cordially invited to attend the 2014 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 April 24, 2014
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 2015 annual meeting; ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2014; conduct an advisory vote on executive compensation; and conduct other business if properly raised.
RECORD DATE	Shareholders of record at the close of business on February 24, 2014 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 or about March 14, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting to be Held April 24, 2014

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 at the close of business on February 24, 2014 may vote at the meeting. As of that date, there were 428,882,496 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 nominee and the proposals under Item 2 (ratification of appointment of independent auditors), and Item 3 (advisory vote on executive compensation), or you may abstain from voting on these items. 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 the election of the nine nominees named in this proxy statement as directors;

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2014; and

FOR the approval, on an advisory basis, of the compensation paid to our named executive officers as disclosed in this proxy statement.

If any other matters properly come before the annual meeting, we will vote the shares in accordance with our best judgment and discretion.

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.

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Do I need a ticket to attend the meeting?

Proof of ownership of our common stock and proof of identification 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 proof of ownership. Examples of proof of ownership include a recent brokerage statement or letter from your broker or bank. All shareholders will be required to present valid picture identification, such as a drivers license, before being admitted to the meeting.

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.

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, NYSE rules expressly prohibit brokers holding shares in street name for their beneficial holder clients from voting on behalf of the clients in uncontested director elections or on matters that relate to executive compensation without receiving specific voting instructions from those clients. Under NYSE rules, brokers will have discretion to vote only on Item 2 (ratification of appointment of independent auditors). Brokers cannot vote on Item 1 (election of directors), and Item 3 (advisory vote on executive compensation), without instructions from the beneficial owners. If you do not instruct your broker how to vote with respect to Item 1 or Item 3, your broker will not vote for you with respect to those items.

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 not affect the outcome of the vote. For additional information on the election of directors, see Election of Directors (Item 1) Information About Directors Majority Voting in Director Elections.

Each of the ratification of the appointment of independent auditors (Item 2) and approval of the resolution included in Item 3 (advisory vote on executive compensation) requires the affirmative vote of a majority of the shares of common stock entitled to vote and voted for or against this item. Abstentions and broker non-votes will not affect the outcome of the vote on these items.

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ELECTION OF DIRECTORS (ITEM 1)

Information About Directors

Each of our directors will be elected at this year s meeting to a one-year term expiring at the annual meeting in 2015.

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

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.

Listed below are the biographies of each director nominee. 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

The nine nominees for election in 2014 are listed below.

Milton Carroll, age 63, has been a director since 1992. He has served as Executive Chairman since June 2013 and as Chairman from September 2002 until May 2013. Mr. Carroll has served as a director of Halliburton Company since 2006, Western Gas Holdings, LLC, the general partner of Western Gas Partners, LP, since 2008, and LyondellBasell Industries N.V. since July 2010. He has served as a director of Healthcare Service Corporation since 1998 and as its chairman since 2002. He previously served as a director of LRE GP, LLC, general partner of LRR Energy, L.P., from November 2011 to January 2014. 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 20 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.

Michael P. Johnson, age 66, 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 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. He previously served as a director of Patriot Coal Corporation from 2008 to December 2013. The Board determined that Mr. Johnson should be

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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.

Janiece M. Longoria, age 61, has been a director since 2005. Ms. Longoria is a partner in the law firm of Ogden, Gibson, Broocks, Longoria & Hall, 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 commissioner of the Port of Houston Authority since 2002 and as its chairman since January 2013 and as a director of the Texas Medical Center from 2011 to present. She previously served as a director of Patriot Coal Corporation from January 2011 to December 2013 and as member of The University of Texas System Board of Regents and the University of Texas Investment Management Company from February 2008 to February 2011. The Board determined that Ms. Longoria should be nominated for election as a director due to her extensive legal and regulatory expertise and her experience serving as a commissioner or in a similar oversight position on boards of major governmental and civic organizations. The Board also values her service on boards of charitable organizations and extensive community involvement.

Scott J. McLean, age 57, has been a director since December 2013. Mr. McLean is Chairman of Amegy Bank of Texas and President of Zions Bancorporation. Prior to joining Amegy in 2002, he was with Texas Commerce Bank/JPMorgan Chase for 23 years where he served in a number of roles, including president in Dallas, chairman in El Paso and president in Houston. He currently serves on the Southern Methodist University Board of Trustees and the boards of the United Way of Greater Houston and the Memorial Hermann Healthcare System. The Board determined that Mr. McLean should be nominated for election as a director due to his extensive financial, banking and executive management experience. The Board also benefits from his experience in leadership roles with numerous business, civic and charitable organizations.

Scott M. Prochazka, age 48, has served as a director and President and Chief Executive Officer of CenterPoint Energy since January 1, 2014. He served as Executive Vice President and Chief Operating Officer of the Company from August 1, 2012 to December 31, 2013. He previously served as Senior Vice President and Division President, Electric Operations of the Company from May 2011 through July 2012; as Division Senior Vice President, Electric Operations of the Company s wholly owned subsidiary, CenterPoint Energy Houston Electric, LLC, from February 2009 to May 2011; as Division Senior Vice President Regional Operations of the Company s wholly owned subsidiary, CenterPoint Energy Resources Corp., from February 2008 to February 2009; and as Division Vice President, Customer Service Operations, from October 2006 to February 2008. The Board determined that Mr. Prochazka should be nominated for election as a director due to his extensive knowledge of the industry and the

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Company, its operations and people, gained in his years of service with the Company in positions of increasing responsibility.

Susan O. Rheney, age 54, has been a director since July 2008. Ms. Rheney is a private investor. She has served as a director of QEP Midstream Partners GP, LLC, the general partner of QEP Midstream Partners, LP, a publicly traded limited partnership, since June 2013. 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. The Board determined that Ms. Rheney should be nominated for election as a director due to her extensive financial management and accounting expertise and experience as a director of mid-stream oil and gas companies. The Board benefits from her experience implementing strategic and operational initiatives at a variety of firms.

Phillip R. Smith, age 62, has been a director since March 2014. He is President and Chief Executive Officer of Torch Energy Advisors, Inc. Mr. Smith joined Torch as interim President and Chief Executive Officer in October 2012 and was named President and Chief Executive Officer effective January 2013. Prior to joining Torch, Mr. Smith was a partner with KPMG LLP from 2002 to September 2012. The Board determined that Mr. Smith should be nominated for election as a director due to his 38 years of business experience, including a 25-year partner career with international accounting firms managing engagements of large and complex companies with extensive audit committee and board interaction.

R. A. Walker, age 57, has been a director since April 2010. Mr. Walker is Chairman, President and Chief Executive Officer of Anadarko Petroleum Corporation. He was named Chairman of the Board of Anadarko in May 2013, in addition to the role of Chief Executive Officer and director, both of which he assumed in May 2012, and the role of President, which he assumed in February 2010. He previously served as Chief Operating Officer of Anadarko from March 2009 until his appointment as Chief Executive Officer. He served as Senior Vice President, Finance and Chief Financial Officer from September 2005 until March 2009. Mr. Walker serves on the Boards and Executive Committees of the American Petroleum Institute and America s Natural Gas Alliance, in addition to being a member of the Business Roundtable and the Business Council. He currently serves as a director of BOK Financial Corporation and on the board of trustees for the Houston Museum of Natural Science. In the past five years, he also served as a director of Western Gas Holdings, LLC and Western Gas Equity Holdings, LLC, both of which are subsidiaries of Anadarko, and Temple-Inland, Inc., and on the Board of Trustees for the United Way of Greater Houston. Mr. Walker served as Chairman of the Board of Western Gas Holdings, LLC from August 2007 until September 2009. The Board determined that Mr. Walker should be nominated for election as a director due to his more than thirty years of experience in the energy industry, including finance, institutional investing, and mergers and acquisitions. He has served on the boards of directors of more than

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ten public companies which has provided him with a broad perspective on various governance matters. He also has significant involvement in various civic and charitable organizations.

Peter S. Wareing, age 62, 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. 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 extensive expertise in financial, business and corporate strategy development matters. The Board also values his civic leadership and involvement in the Houston business community.

The Board of Directors recommends a vote FOR the election of each of the nominees as directors.

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.

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 Board s 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 consider 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.

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 also 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 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. Johnson, McLean, Smith, Walker and Wareing and Mses. Longoria and Rheney are independent within the meaning of the listing standards for general independence of the New York Stock Exchange. 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 and compensation 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 the organization s gross revenue in any of the last three years.

In making its subjective determination regarding the independence of Messrs. Johnson, McLean, Smith, Walker and Wareing and Mses. Longoria and Rheney, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each of the director s 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 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. Walker, the Board considered ordinary course transactions between the Company and Anadarko Petroleum Corporation, for which Mr. Walker serves as Chairman, President and Chief Executive Officer. During 2013, subsidiaries of CenterPoint Energy purchased or sold natural gas in transactions with subsidiaries of Anadarko totaling approximately $47 million. These payments represent less than one percent of the consolidated gross revenues for 2013 for both the Company and Anadarko. 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. Additionally, the Board considered that Company subsidiaries may purchase natural gas from and provide natural gas related transportation services to Anadarko in the future. The Board believes that these transactions and relationships do 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.

Code of Ethics and Ethics and Compliance Code

We have a Code of Ethics for our Chief Executive Officer and Senior Financial Officers, which group consists of our Chief Financial Officer, Chief Accounting Officer, Treasurer and Assistant 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 all directors, officers and employees. This code addresses, among other things, issues required to be addressed by a code of business conduct

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and ethics under New York Stock Exchange listing standards. Any waivers of this code 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 2013, 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 our 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 2013 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 continues to provide, at present, the best balance of these important responsibilities with the Chairman directing board operations and leading oversight of the Chief Executive Officer and 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 separating the offices of Chairman of the Board and Chief Executive Officer, coupled with regular executive sessions with only independent directors present, helps strengthen the Board s independent oversight of management and provides an opportunity

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for the Board members to have more direct input to management in shaping the organization and strategy of the Company.

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. The Company s Chief Risk Officer periodically reports to the Board and Audit Committee concerning the Company s risk management process, the major risks facing the Company and steps taken to mitigate those risks. The Audit Committee reviews, and reports to the Board regarding, the risk management process developed and implemented by management. Each board committee has responsibility for monitoring any enterprise risks assigned to it by the Board. A risk oversight committee, which is composed 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.

Board Organization and Committees; Other Governance Provisions

The Board oversees the management of the Company s business and affairs. The Board appoints committees to help carry out its duties. Last year, the Board met ten times and the current standing committees met a total of 18 times. Each director attended more than 75% of the meetings of the Board of Directors and each of the committees on which he or she served. Messrs. Carroll and Prochazka do not serve on any standing committees. The following table sets forth the standing 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 2013:

Director	Audit Committee	Compensation Committee	Finance Committee	Governance Committee
Michael P. Johnson				+
Janiece M. Longoria		+		
Scott J. McLean				
Susan O. Rheney	+			
R. A. Walker				
Peter S. Wareing			+	
Number of Meetings Held in 2013	5	4	5	4

(+) Denotes Chair.

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Mr. Smith, who was appointed to the Board on March 3, 2014, is expected to be appointed to the Audit Committee.

Audit Committee	The primary responsibilities of the Audit Committee are to assist the Board in fulfilling its oversight responsibility for the integrity of our financial statements, the qualifications, independence and performance of our independent auditors, the performance of our internal audit function, compliance with legal and regulatory requirements and our systems of disclosure controls and internal controls, and our system of enterprise risk management. The Audit Committee has sole responsibility to appoint and, where appropriate, replace our independent auditors and to approve all audit engagement fees and terms. The Audit Committee s report is on page 65. The Board of Directors has determined that Ms. Rheney is an audit committee financial expert within the meaning of the regulations of the Securities and Exchange Commission.
Compensation Committee	The primary responsibilities of the Compensation Committee are to oversee compensation for our senior officers, including salary and short term and long term incentive awards, administer incentive compensation plans, evaluate Chief Executive Officer performance and review management succession planning and development. For information concerning policies and procedures relating to the consideration and determination of executive compensation, including the role of the Compensation Committee, see Compensation Discussion and Analysis beginning on page 20 and for the report of the Compensation Committee concerning the Compensation Discussion and Analysis, see Report of the Compensation Committee on page 64.
Finance Committee	The primary responsibilities of the Finance Committee are to assist the Board in fulfilling its oversight responsibility with respect to the financial affairs of CenterPoint Energy and its subsidiaries. The Finance Committee reviews our financial objectives and policies, financing strategy and requirements, capital structure, and liquidity and related financial risk. The Finance Committee also reviews and makes recommendations to the Board regarding our dividend policy, approves specific debt and equity offerings and other capital transactions within limits set by the Board, and reviews the capital structure, financing plans and credit exposures of our major subsidiaries.
Governance Committee	The primary responsibilities of the Governance Committee are to identify, evaluate and recommend, for the approval of the entire Board of Directors, potential nominees for election to the Board; recommend membership on standing committees of the Board; address and resolve any issues with respect to related-party transactions and conflicts of interest involving our executive officers, directors or other related persons ; oversee annual evaluations of the Board and management; review and recommend fee levels and other elements of compensation for non-employee directors; evaluate whether to accept a conditional resignation of an incumbent director who does not receive a majority vote in favor of election in an

uncontested election; and establish, periodically review and recommend to the Board any changes to our Corporate Governance Guidelines. For information concerning policies and procedures relating to the consideration and determination of compensation of our directors, including the role of the Governance Committee, see Compensation of Directors beginning on page 13.

Executive Sessions of the Board

Our Corporate Governance Guidelines provide that the members of the Board of Directors who are not officers of CenterPoint Energy will hold regular executive sessions without management participation. If at any time the non-management directors include one or more directors who do not meet the listing standards of the New York Stock Exchange for general independence, the Board must hold an executive session at least once each year including only the non-management directors who are also independent. An executive session of independent directors is currently scheduled in conjunction with each regular meeting of the Board of Directors. Currently, the Governance Committee Chairman (Mr. Johnson) presides at these sessions.

Shareholder Communications with Directors

Interested parties who wish to make concerns known to the non-management directors may communicate directly with the non-management directors by making a submission in writing to Board of Directors (independent members) in care of our Corporate Secretary at the address indicated on the first page of this proxy statement. Aside from this procedure for communications with the non-management directors, the entire Board of Directors will receive communications in writing from shareholders. Any such communications should be addressed to the Board of Directors in care of the Corporate Secretary at the same address.

Attendance at Meetings of Shareholders

Directors are expected to attend annual meetings of shareholders. All directors attended the 2013 annual meeting.

Website Availability of Documents

CenterPoint Energy s Annual Report on Form 10-K, Corporate Governance Guidelines, the charters of the Audit Committee, Finance Committee, Compensation Committee and Governance Committee, the Code of Ethics, and the Ethics and Compliance Code can be found on our website at *www.centerpointenergy.com*. Unless specifically stated herein, documents and information on our website are not incorporated by reference in this proxy statement.

Compensation of Directors

The Governance Committee of the Board oversees fee levels and other elements of compensation for CenterPoint Energy s non-employee directors.

Directors receive a cash retainer and fees for attending meetings of the Board of Directors and each of its standing committees and are eligible to receive annual grants of our common stock under our Stock Plan for Outside Directors. Participation in a plan providing split-dollar life insurance coverage has been discontinued for directors commencing service after 2000.

Stock ownership guidelines for non-employee directors were adopted in February 2011. Under these guidelines, each non-employee

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director is required to own shares of CenterPoint Energy common stock with a value equal to at least three times the director s regular annual cash retainer. Current directors have four years from the date of adoption of the ownership guidelines to acquire the specified amount of common stock. New directors are required to attain the specified level of ownership within four years of joining the Board. Our Executive Chairman is also subject to these guidelines.

Retainer and Meeting Fees

In 2013, each non-employee director received an annual retainer of $50,000. The current level of the cash retainer paid to directors was set in June 2004. Fees for attending meetings of the Board and each of its standing committees are set at $2,000 per meeting. The Chairmen of the Audit and Compensation Committees each receive a supplemental annual retainer of $15,000 for service as committee chairmen. The Chairmen of the Finance and Governance committees each receive a supplemental annual retainer of $10,000 for service as committee chairmen. Ms. Longoria and Messrs. Carroll and Wareing are members of a special CEO Succession Planning Committee. Ms. Longoria, Mr. Wareing, and, until his appointment as Executive Chairman as discussed below, Mr. Carroll, receive an annual retainer of $20,000 for service on that committee. Mr. Carroll serves as chairman of the special committee and received no additional compensation for serving as the committee s chairman. Following his appointment as Executive Chairman, Mr. Carroll no longer receives the annual retainer for service on that committee. Fees earned or paid in 2013 are set forth in the Fees Earned or Paid in Cash column of the Director Compensation Table on page 16. Mr. Carroll s compensation is discussed under Compensation Discussion and Analysis Executive Chairman Compensation Arrangements beginning on page 35.

Stock Plan for Outside Directors

Under the Stock Plan for Outside Directors, each non-employee director may be granted an annual stock award of up to 5,000 shares of CenterPoint Energy common stock. The number of shares of common stock granted to non-employee directors is set by the Board annually. Each non-employee director serving as of May 1, 2013 received an award of 5,000 shares of common stock. Grants made under this plan on or after April 22, 2010 vest on the first anniversary of the grant date. Grants fully vest in the event of the director s death or upon a change in control (defined in substantially the same manner as in the change in control agreements for certain officers described in Potential Payments upon Change in Control or Termination beginning on page 57). Upon vesting of the shares, each director receives, in addition to the shares, a cash payment equal to the amount of dividend equivalents earned since the date of grant. If a director s service on the Board is terminated for any reason other than death or a change in control, the director forfeits all rights to the unvested portion of the outstanding grants as of the termination date. If the director is 70 years of age or older when he or she ceases to serve on the Board of Directors, the director s termination date is deemed to be December 31st of the year in which he or she leaves the Board. In addition to the annual grant, a non-employee director may receive a one-time grant of up to 5,000 shares of common stock upon commencing service as a director, subject to the same vesting schedule described above. No awards have been made under the provision allowing one-time initial grants. The aggregate number of outstanding unvested stock awards is set forth in footnote (2) to the Director Compensation Table.

Deferred Compensation Plan

We maintain a deferred compensation plan that permits directors to elect each year to defer all or part of their annual retainer, supplemental annual retainer for committee chairmanship and meeting fees. The supplemental monthly retainer for service as non-executive Chairman of the Board was not eligible for deferral under this plan. Interest accrues on deferrals at a rate adjusted annually equal to the average yield during the year of the Moody s Long-Term Corporate Bond Index plus two percent. Directors participating in this plan may elect at the time of deferral to receive distributions of their deferred compensation and interest in three ways:

- an early distribution of either 50% or 100% of their account balance in any year that is at least four years from the year of deferral or, if earlier, the year in which they attain age 70;

- a lump sum distribution payable in the year after they reach age 70 or upon leaving the Board of Directors, whichever is later; or

- 15 annual installments beginning on the first of the month coincident with or next following age 70 or upon leaving the Board of Directors, whichever is later.

The deferred compensation plan is a nonqualified, unfunded plan, and the directors are general, unsecured creditors of CenterPoint Energy. No fund or other assets of CenterPoint Energy have been set aside or segregated to pay benefits under the plan. Refer to Rabbi Trust under Executive Compensation Tables Potential Payments upon Change in Control or Termination on page 57 for funding of the deferred compensation plan upon a change in control.

The amounts deferred by directors in 2013 are described in footnote (1) to the Director Compensation Table. The above market earnings are reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Director Compensation Table.

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Director Compensation Table

The table below and the narrative in the footnotes provide compensation amounts for our non-employee directors for 2013 as well as additional material information in connection with such amounts. For summary information on the provision of the plans and programs, refer to the Compensation of Directors discussion immediately preceding this table.

Name	Fees Earned or Paid in Cash(1) ($)	Stock Awards(2) ($)	Option Awards(3) ($)	Non-Equity Incentive Plan Compensation(3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) ($)	All Other Compensation(5) ($)	Total ($)
Donald R. Campbell(6)	39,000						39,000
O. Holcombe Crosswell(6)	39,000				69,124	19,690	127,814
Michael P. Johnson	106,000	122,500					228,500
Janiece M. Longoria	121,000	122,500			10,579		254,079
Scott J. McLean	6,167						6,167
Susan O. Rheney	113,000	122,500					235,500
R. A. Walker	86,000	122,500					208,500
Peter S. Wareing	130,000	122,500			33,468		285,968
Sherman M. Wolff(6)	51,000				26,291		77,291

(1) Includes annual retainer, supplemental retainer, Board meeting fees and Committee meeting fees for each director as more fully explained under Compensation of Directors Retainer and Meeting Fees.

Mses. Rheney and Longoria and Messrs. Wareing and Johnson each received a supplemental annual retainer for serving as Chairman of the Audit, Compensation, Finance and Governance Committees, respectively, in 2013. These supplemental annual retainers are described under Compensation of Directors Retainer and Meeting Fees above. Messrs. Wareing and Wolff each elected to defer their respective meeting fees, annual retainer and committee chairman fee, and Mr. Crosswell elected to defer his annual retainer during 2013.

(2) Reported amounts in the table represent the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718 as of the grant date. For purposes of the table above, the effects of estimated forfeitures are excluded.

Upon the recommendation of the Governance Committee, the Board granted 5,000 shares of common stock to each non-employee director then in office as of May 1, 2013 under our Stock Plan for Outside Directors. The grant date fair value of the awards, based on the average of the high and low market price of our common stock on the New York Stock Exchange Composite Tape on that date, was $24.50 per share. At December 31, 2013, each of our current non-employee directors had 5,000 unvested stock awards.

(3) The Board does not grant stock options or non-equity incentive plan compensation to non-employee directors.

(4) In 2013, Messrs. Crosswell, Wareing and Wolff and Ms. Longoria accrued above-market earnings on their deferred compensation account balances of $69,124, $33,468, $26,291 and $10,579, respectively.

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(5) The following table sets forth the premium paid by CenterPoint Energy and the tax gross-up payments made to our directors who participated in the executive life insurance plan in 2013:

Director Compensation All Other Compensation

Name	Split-Dollar Life Insurance Premium ($)	Paid Tax Gross-Up ($)	Total ($)
Crosswell	18,309	1,381	19,690

(6) Messrs. Campbell, Crosswell and Wolff retired from the Board on April 25, 2013. The scheduled compensation is attributable to the period from January 1, 2013 to April 25, 2013.

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Stock Ownership

The following table shows stock ownership of known beneficial owners of more than 5% of CenterPoint Energy s common stock, each director or nominee for director, the Chief Executive Officer, the Chief Financial Officer, the other executive officers for whom we are providing detailed compensation information under Executive Compensation Tables and our executive officers and directors as a group. Information for the executive officers and directors is given as of March 1, 2014 except as otherwise indicated. The directors and officers, individually and as a group, beneficially own less than 1% of CenterPoint Energy s outstanding common stock. Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act) and, except as otherwise indicated, the respective holders have sole voting and investment powers over such shares.

Name	Number of Shares of CenterPoint Energy Common Stock
Barrow, Hanley, Mewhinney & Strauss, LLC 2200 Ross Avenue, 31st Floor Dallas, Texas 75201	34,922,743(1)
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	30,439,795(2)
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	28,939,150(3)
Vanguard Windsor Funds Vanguard Windsor II Fund 100 Vanguard Blvd. Malvern, Pennsylvania 19355	25,745,343(4)
Northern Trust Corporation 50 South LaSalle Street Chicago, Illinois 60603	23,935,122(5)
Milton Carroll	61,901(6)
Michael P. Johnson	25,200(7)
Janiece M. Longoria	41,754(7)
David M. McClanahan	1,141,601(8)
Scott J. McLean	
Scott M. Prochazka	33,836
Susan O. Rheney	24,000(7)
Scott E. Rozzell	368,204(8)(9)
Phillip R. Smith	(10)
Thomas R. Standish	306,406(8)(11)
R. A. Walker	18,000(7)
Peter S. Wareing	116,000(7)(12)
Gary L. Whitlock	411,614(8)
All executive officers and directors as a group (15 persons)	2,644,701

(1) This information is as of December 31, 2013 and is based on a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2014 by Barrow, Hanley, Mewhinney & Strauss, LLC. This represents 8.14% of the outstanding common stock of CenterPoint Energy. The Schedule 13G reports sole voting power for 5,079,172 shares of common stock, shared voting power for 29,843,571 shares of common stock and sole dispositive power for 34,922,743 shares of common stock.

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(2) This information is as of December 31, 2013 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 12, 2014 by The Vanguard Group, Inc. This represents 7.1% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power of 862,078 shares of common stock, sole dispositive power for 29,800,938 shares of common stock and shared dispositive power of 638,857 shares of common stock.

(3) This information is as of December 31, 2013 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 28, 2014 by BlackRock, Inc. This represents 6.75% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 25,168,197 shares of common stock, no shared voting power for shares of common stock and sole dispositive power for 28,939,150 shares of common stock.

(4) This information is as of December 31, 2013 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 4, 2014 by Vanguard Windsor Funds Vanguard Windsor II Fund. This represents 6.0% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 25,745,343 shares of common stock.

(5) This information is as of December 31, 2013 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2014 by Northern Trust Corporation and certain of its subsidiaries. This represents 5.58% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 685,430 shares of common stock, shared voting power for 23,208,911 shares of common stock, sole dispositive power for 2,964,296 shares of common stock and shared dispositive power for 2,478,913 shares of common stock. CenterPoint Energy understands that the shares reported include 18,029,972 shares of common stock held as trustee of CenterPoint Energy s savings plan which provides for pass-through voting by plan participants.

(6) Includes 31,568 shares pledged to secure loans.

(7) Includes shares scheduled to vest under the Stock Plan for Outside Directors as follows: 5,000 shares on May 1, 2014 for each of Messrs. Johnson, Walker and Wareing and Mses. Longoria and Rheney.

(8) Includes shares of CenterPoint Energy common stock held under CenterPoint Energy s savings plan, for which the participant has sole voting power (subject to such power being exercised by the plan s trustee in the same proportion as directed shares in the savings plan are voted in the event the participant does not exercise voting power).

(9) Includes 159,722 shares pledged to secure loans.

(10) Appointed as a director effective March 3, 2014.

(11) Includes shares held by spouse.

(12) Includes shares held in trust for benefit of spouse, as to which Mr. Wareing disclaims beneficial interest.

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Compensation Discussion and Analysis

The following compensation discussion and analysis as well as the information provided under the Executive Compensation Tables section contains information regarding measures applicable to performance-based compensation and targets and other achievement levels associated with these measures. CenterPoint Energy cautions investors not to regard this information, to the extent it may relate to future periods or dates, as forecasts, projections or other guidance. The reasons for this caution include the following: The information regarding performance objectives and associated achievement levels was formulated as of earlier dates and does not take into account subsequent developments. The objectives may include adjustments from, or otherwise may not be comparable to, financial and operating measures that are publicly disclosed and may be considered of significance to investors. Some achievement levels, such as those relating to incentives for exceptional performance, may be based on assumptions that differ from actual results.

Executive Summary

Overview. In this section, we describe and discuss our executive compensation program, including the objectives and elements of compensation, as well as determinations made by the Compensation Committee of the Board of Directors regarding the compensation of David M. McClanahan, our former President and Chief Executive Officer, Gary L. Whitlock, our Executive Vice President and Chief Financial Officer, Scott E. Rozzell, our Executive Vice President, General Counsel and Corporate Secretary, and our Executive Vice President, Thomas R. Standish, whom we collectively refer to as our senior executive officers in this proxy statement. We also describe and discuss the compensation of our Executive Chairman, Milton Carroll. We refer to our Executive Chairman and our senior executive officers collectively as our named executive officers in this proxy statement.

The objective of CenterPoint Energy s executive compensation program is to enable us to recruit and retain highly qualified executive talent by providing market-based levels of compensation. We believe compensation programs can drive our employees behavior, and accordingly we try to design our executive compensation program to align compensation with current and desired corporate performance and shareholder interests. We have structured our compensation program in order to motivate our executives to achieve individual and business performance objectives by varying their compensation in accordance with the success of our businesses. Accordingly, while compensation targets will to a large extent reflect the market, actual compensation will reflect CenterPoint Energy s attainment of (or failure to attain) specified financial and operational performance objectives.

Highlights of our executive compensation program include the following:

- The compensation arrangements for our Executive Chairman, which have been approved by the independent members of the Board of Directors, consists of a base salary and equity awards intended to appropriately compensate him for his service as Executive Chairman and to align his interests with those of our shareholders.

- The compensation of our senior executive officers is reviewed and established annually by the Compensation Committee of our Board of Directors, consisting entirely of independent directors.

- To assist in carrying out its responsibilities, the Compensation Committee retains a consultant to provide independent advice on senior executive compensation matters.

- We target the market median (50th percentile) for each major element of compensation because we believe the market median is a generally accepted benchmark of external competitiveness.

Actual compensation in a given year will vary based on CenterPoint Energy s performance, and to a lesser extent, on qualitative appraisals of individual performance.

We believe that a substantial portion of the compensation for our senior executive officers should be at risk, meaning that the senior executive officers will receive a certain percentage of their total compensation only to the extent CenterPoint Energy and the executive accomplish goals established by the Compensation Committee.

We expect our senior executive officers to have a higher percentage of their total compensation at risk than our other executives.

We do not maintain executive employment agreements with any of our named executive officers, and our named executive officers are not entitled to guaranteed severance payments upon a termination of employment except under change in control agreements we have entered into with our senior executive officers that contain a double trigger term, or pursuant to the terms of grants made under our short term and long term incentive plans for senior executive officers who satisfy the retirement provisions under the plans.

We do not negotiate the terms of our change in control agreements with our executive officers. Instead, the terms of the agreements are approved by the Board of Directors based on the recommendation of the Compensation Committee with input from the Committee s consultant, and then offered to the executives to accept or decline. We have not entered into a change in control agreement with our Executive Chairman.

The Board of Directors has determined that it will no longer include an excise tax gross-up payment in new and materially amended change in control agreements with our officers.

We have established executive stock ownership guidelines applicable to all of our officers, other than our Executive Chairman, who is subject to our stock ownership guidelines for non-employee directors, in order to appropriately align the interests of our officers with our shareholders interests for CenterPoint Energy common stock.

As part of our insider trading policy, we have a policy prohibiting all of our officers and directors from hedging the risk of stock ownership by purchasing, selling or writing options on CenterPoint Energy securities or engaging in transactions in other third-party derivative securities with respect to CenterPoint Energy stock.

The Board of Directors has implemented a policy for the recoupment of short term and/or long term incentive payments in the event an officer is found to have engaged in any fraud, intentional misconduct or gross negligence that leads to a restatement of all, or a portion of, our financial results. This policy permits us to pursue recovery of incentive payments if the payment would have been lower based on the restated financial results.

CenterPoint Energy has prepared and reviewed with the members of the Compensation Committee tally sheets for each of our senior executive officers as of December 31 and pro forma as of April 1st in order to show how various compensation and benefit amounts are interrelated and to help the Compensation Committee better understand the impact of its compensation decisions before they are finalized.

None of our named executive officers received perquisites valued in excess of $10,000 during 2013, and we do not consider perquisites to be a significant element of our executive compensation program.

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Our 2013 Executive Compensation Program. The overall objectives and structure of our executive compensation program for our senior executive officers remained largely unchanged in 2013 as compared to 2012. In 2013:

- The Compensation Committee reviewed the base salary and short term and long term incentive targets (expressed as a percentage of base salary earned during the year) for Mr. McClanahan and determined not to change his base salary or short term and long term incentive targets from the levels established for 2012 compensation.

- The Compensation Committee reviewed and approved increases to the base salaries of Messrs. Whitlock, Rozzell and Standish ranging from 1.9% to 2.7%.

- The Compensation Committee reviewed, but did not change, the short term and long term incentive targets for each of Messrs. Whitlock, Rozzell and Standish from the target levels established for 2012 and 2011 incentive compensation.

- The Compensation Committee asked Frederic W. Cook & Co., Inc. (Cook & Co.), the Compensation Committee s independent executive compensation consultant, to review the 2012 peer group of publicly traded utility companies used in connection with determining the compensation of our senior executive officers. Cook & Co. compared the 2012 peer group to CenterPoint Energy based on key financial and other metrics, including revenue, net income, percent of income from regulated operations, total assets, market capitalization, enterprise value and number of employees, and recommended changes for 2013 designed to generate a peer group with median revenues and market capitalization comparable to CenterPoint Energy and where CenterPoint Energy s 3-year average percentage of income from regulated operations is within one standard deviation of the mean 3-year average percentage of income from regulated operations among the peer group companies. As a result of the review, four companies were removed from the 2013 peer group (Northeast Utilities, Pinnacle West Capital Corporation, Southern Company and TECO Energy, Inc.) and four were added (AGL Resources Inc., Ameren Corporation, Entergy Corporation and Sempra Energy). See Role of Compensation Committee Decisions Made by the Compensation Committee for additional information about the peer group.

- The Compensation Committee determined that 2013 long term incentive compensation awards would again be allocated between performance shares and stock awards on a 70% and 30% basis, respectively. Consistent with 2012, the Committee determined that 2013 performance share awards would be made in two separate, equal grants, with the payout opportunity for the first grant based on total shareholder return over the three-year performance cycle as compared to that of a subset of the S&P Utility Index and the payout opportunity for the second grant based on achieving specified earnings per share goals over the three-year performance cycle.

Impact of Our Performance on 2013 Short Term Incentive Compensation and Vesting of 2011 Performance Share Grants and Stock Awards. CenterPoint Energy reported net income of $311 million, or $0.72 per diluted share, for 2013, as compared to net income of $417 million, or $0.97 per diluted share for 2012. Our 2013 results included two unusual items related to the formation of Enable Midstream Partners, LP: (i) a $225 million non-cash deferred tax charge, and (ii) $13 million of pre-tax partnership formation expenses. Excluding the effects of these unusual items, net income for 2013 would have been $544 million, or $1.26 per diluted share, for the year ended December 31, 2013. The results for 2012 included two unusual items: (i) a $252 million non-cash goodwill impairment charge associated with our energy services business, which had no tax effect, and (ii) a $136 million gain ($88 million after-tax) associated with the acquisition of an additional 50 percent interest in a gathering and processing joint venture. Excluding the effects of these unusual items, net income would have been $581 million, or $1.35 per diluted share, for the year ended December 31, 2012. Operationally during 2013, we again benefited from our diversified utility portfolio. Our natural gas distribution business had its strongest annual performance, which more than offset the impact of a return to more normal weather at our electric utility.

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CenterPoint Energy s core operating income, which is a primary performance objective used under our executive compensation program for determining payouts under short term incentive compensation awards and long-term incentive compensation awards made in years prior to 2012, increased to $1,165 million in 2013 from $1,127 million in 2012, but fell short of the 2013 target amount under our 2013 short term incentive plan by $4 million. CenterPoint Energy s core operating income is determined by adjusting reported operating income to remove the effect of specified items, either positive or negative, in order to reflect what we consider to be our core operational business performance in the period being measured. For more information regarding the determination of core operating income, please refer to Executive Compensation Tables Non-Equity Incentive Plan Awards.

Our short term incentive plan provides an annual cash award based on the achievement of annual performance objectives specified for each of our senior executive officers, including specific objectives relating to core operating income, controllable expenses and business unit performance. Based on our level of achievement of the 2013 performance objectives and an assessment of each individual s performance by the Compensation Committee, the Committee authorized awards to each of our senior executive officers equal to their respective funded amounts. Accordingly, the 2013 short term incentive awards for our senior executive officers, expressed as a percentage of their individual target awards, were 107% for Mr. McClanahan and 117% for Messrs. Whitlock, Rozzell and Standish. Mr. Carroll was not eligible to participate in, and did not receive a payment under, our 2013 short term incentive plan. Please refer to Executive Compensation Tables Non-Equity Incentive Plan Awards for information regarding the specified performance objectives and our actual achievement levels during 2013.

In February 2011, we granted performance share awards to Messrs. McClanahan, Whitlock, Rozzell and Standish under our long term incentive plan. The awards were made in three separate, equal grants, with the payout opportunity for each grant based on a different performance objective to be measured over the three-year performance cycle of January 2011 through December 2013. The first performance objective was based on total shareholder return as compared to that of other publicly traded companies in a peer group subset of the S&P Utility Index, the second was based on achieving a modified cash flow goal and the third was based on achieving a core operating income goal. Based on our performance over the three-year cycle, the 2011 performance share awards vested based on an achievement level of 150%, 150%, and 120%, respectively. Please refer to Executive Compensation Tables Option Exercises and Stock Vested for Fiscal Year 2013 for information regarding the number of gross shares distributed and the total value realized on vesting.

In February 2011, we granted a stock award to our senior executive officers under our long term incentive plan. The awards were subject to a performance goal which was the declaration of a minimum of $2.37 in cash dividends per share over the three-year vesting period. These stock awards vested in February 2014 as the total dividends declared during the measurement period were $2.47 per share. The number of gross shares distributed and the total value realized on vesting of these awards will be included in our compensation disclosures for 2014.

Appointment of New Chief Executive Officer. In October 2013, as part of the Company s executive management succession plans, we announced that (i) David M. McClanahan would step down as President and Chief Executive Officer of the Company and as a member of the Company s Board of Directors, effective December 31, 2013, and (ii) Scott M. Prochazka had been selected by the Board to succeed Mr. McClanahan as President and Chief Executive Officer of the Company and to become a member of the Board, effective January 1, 2014. In February 2013, the Compensation Committee had reviewed the base salary and short term and long term incentive targets for Mr. Prochazka and determined to (i) increase his base salary by 10%, (ii) increase his long term incentive target effective as of January 1, 2013 to 140% of base salary, and (iii) leave his short term incentive target level unchanged at 75% of base salary, the level set effective as of August 1, 2012 following Mr. Prochazka s appointment as Executive Vice President and Chief Operating Officer of the Company. Please refer to Actions Taken Regarding 2014 Executive Compensation Program for a description of the changes to Mr. Prochazka s compensation arrangements following the announcement of his selection to succeed Mr. McClanahan.

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Since December 31, 2013, Mr. McClanahan has continued to serve as an officer of the Company and special advisor to the Company s Chief Executive Officer. Mr. McClanahan is expected to continue in such capacity during a transition period and until his retirement, which is expected to occur in the second half of 2014. No modifications were made to Mr. McClanahan s existing compensation arrangements in connection with the announcement of the succession plan.

Actions Taken Regarding 2014 Executive Compensation Program. In December 2013, after receiving input from its independent consultant, the Compensation Committee approved the following modifications to the compensation terms for Mr. Scott M. Prochazka effective as of January 1, 2014, the effective date of Mr. Prochazka s appointment as President and Chief Executive Officer of the Company:

- Mr. Prochazka s annual base salary was increased to $900,000;
- Mr. Prochazka s incentive target under the Company s short term incentive plan for 2014 was increased to 100% of base salary; and
- Mr. Prochazka s incentive target under the Company s long term incentive plan for 2014 was increased to 300% of base salary.

In December 2013, Mr. Prochazka also entered into a change in control agreement with the Company effective as of January 1, 2014 which provides, in the case of a change in control of the Company and termination of his employment, for severance benefits of three times Mr. Prochazka s annual base salary plus bonus, and other benefits. The Agreement is for a one-year term with automatic renewal unless action is taken by the Company s Board of Directors prior to the renewal. The Agreement does not provide for a tax gross-up payment to Mr. Prochazka if he is determined to owe any excise tax under Section 4999 of the Internal Revenue Code on excess parachute payments. Please see Executive Compensation Tables Potential Payments upon Change in Control or Termination starting on page 57.

In February 2014, the Compensation Committee reviewed the base salary and short term and long term incentive targets for each of our senior executive officers and determined (i) not to change any of their short term or long term incentive targets from the target levels that were established for both 2012 and 2013 compensation, (ii) to increase Mr. Whitlock s base salary by 5.1%, and (iii) to maintain the base salaries of Messrs. McClanahan, Rozzell and Standish at the levels established for 2013 compensation. In February 2014, the Compensation Committee also reviewed and discussed the long term incentive compensation awards to be made to our executives in 2014, including potential allocations between performance shares and stock awards, and the potential performance goals that would determine the payout opportunities under the planned awards. The Compensation Committee expects to meet again to review and approve the 2014 long term incentive awards to our executives in March 2014.

The Compensation Committee has also approved increasing the maximum payout opportunity for performance share awards from 150% to 200% to remain competitive with competitor long term incentive plans.

Prior to conducting its 2014 analysis, the Committee asked Cook & Co. to review the 2013 peer group**.** Cook & Co. compared the 2013 peer group to CenterPoint Energy based on key financial and other metrics and recommended no changes to the existing peer group. We believe that the use of this group as a reference for evaluating our compensation policies helps align us with our peers and competitors. We also believe this group of companies provides a sufficiently large data set that is generally not subject to wide changes in compensation data.

Shareholder Advisory Say-on-Pay Vote. At our 2014 annual meeting, we are providing our shareholders with the opportunity to cast an advisory vote on the compensation of our named executive officers, commonly known as a say-on-pay vote. This vote provides our shareholders the opportunity to express their views regarding the compensation program for our named executive officers as disclosed in this proxy statement. As an advisory vote, the say-on-pay vote at our 2014 annual meeting will not be binding upon CenterPoint Energy or the Board of Directors. However, the Board of Directors values the opinions expressed by our shareholders, and the Compensation Committee (and, with respect to Mr. Carroll, the independent members of the Board of Directors) will consider the outcome of the vote when making future compensation decisions for our named executive officers. For additional information, please refer to Advisory Vote on Executive Compensation (Item 3) beginning on page 68.

The advisory vote at our 2014 annual meeting will be our fourth say-on-pay vote. We conducted our third say-on-pay vote at our 2013 annual meeting at which an advisory resolution approving the compensation of our named executive officers, as disclosed in the proxy statement for our 2013 annual meeting, was approved by approximately 97% of the shares that were voted either for or against the resolution (excluding abstentions and broker non-votes). We have considered the favorable results of this vote, and the Compensation Committee has not made any changes to our overall executive compensation program as a result of the vote.

At our 2011 annual meeting, we also conducted an advisory vote on the frequency of future shareholder advisory votes on executive compensation, at which the Board of Directors recommended that our shareholders vote in favor of holding annual say-on-pay votes instead of the other options presented. At our 2011 annual meeting, approximately 87% of the shares that were voted in favor of one of the three available frequency recommendations (excluding abstentions and broker non-votes) voted in favor of an annual frequency, approximately four percent voted in favor of holding future votes once every two years, and approximately nine percent voted in favor of holding future votes once every three years. In April 2011, we disclosed that, consistent with the results of the advisory vote, we intend to hold future say-on-pay votes annually until we next hold an advisory vote on the frequency of say-on-pay votes as required under SEC rules.

Objective and Design of Executive Compensation Program

We strive to provide compensation that is competitive, both in total level and in individual components, with the companies we believe are our peers and other likely competitors for executive talent. By competitive, we mean that total compensation and each element of compensation corresponds to a market-determined range. We target the market median (50th percentile) for each major element of compensation because we believe the market median is a generally accepted benchmark of external competitiveness. We believe competitive compensation is normally sufficient to attract executive talent to the Company and also makes it less likely that executive talent will be lured away by higher compensation to perform a similar role with a similarly sized competitor.

To help ensure market-based levels of compensation, we measure the major elements of compensation annually for a position against available data for similar positions in other companies. We believe annual measurement is generally appropriate, because the market is subject to variations over time as a result of changes within peer companies and the supply and demand for experienced executives. Once the market value for a position is determined, we compare the compensation levels of individual incumbents to these market values. The salary level and short term and long term incentive target percentages for our senior executive officers are based on market data for the officer s position. Compensation levels can vary compared to the market due to a variety of factors such as experience, scope of responsibilities, tenure and individual performance.

In light of our focus on determining market value for each position, we do not employ analyses that compare compensation levels of our senior executive officers with each other or with other employees within the Company. We recognize, however, that the compensation of our former Chief Executive Officer, Mr. McClanahan, was substantially greater than the compensation of the other senior executive officers. The differential in total compensation was due to Mr. McClanahan s long tenure with CenterPoint and its predecessors and his participation in legacy benefit plans that are no longer available to newly-hired executives. For example, during most of his 42 years of service with the Company, Mr. McClanahan has participated in our

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pension plan final average pay formula in which his benefit grows based on years of service and final average pay. After 2008, the benefit under the final average pay formula was frozen and the benefit that an employee had under that formula was converted to a lump sum.

We also motivate our executives to achieve individual and business performance objectives by varying their compensation in accordance with the success of our businesses. Actual compensation in a given year will vary based on CenterPoint Energy s performance, and to a lesser extent, on qualitative appraisals of individual performance. We expect our senior executive officers to have a higher percentage of their total compensation at risk and therefore, we try to align each of our senior executive officers with the short and long term performance objectives of CenterPoint Energy and with the interests of our shareholders. The size of at-risk compensation is expressed as a percentage of base salary.

We maintain benefit programs for our employees, including our senior executive officers but excluding our Executive Chairman, with the objective of retaining their services. Our benefits reflect competitive practices at the time the benefit programs were implemented and, in some cases, reflect our desire to maintain similar benefits treatment for all employees in similar positions. To the extent possible, we structure these programs to deliver benefits in a manner that is tax efficient to both the recipient and CenterPoint Energy.

Role of Compensation Committee

The Compensation Committee of the Board of Directors oversees compensation for our senior executive officers and other senior executives, including base salary and short term and long term incentive awards. The Committee also administers incentive compensation plans, evaluates our Chief Executive Officer s performance and reviews management succession planning and development. The Board has determined that the members of the Committee meet the applicable requirements for independence under the standards of the Securities and Exchange Commission and the New York Stock Exchange discussed under Director Independence on page 7.

Role of Consultant. To assist in carrying out its responsibilities, the Compensation Committee retains a consultant to provide independent advice on executive compensation and to perform specific tasks as requested by the Committee. The consultant reports directly to the Committee, which pre-approves the scope of work and the fees charged. Since October 2006, Cook & Co. has served as consultant to the Committee. The Committee reviews and assesses the independence and performance of its consultant in accordance with applicable Securities and Exchange Commission and NYSE rules on an annual basis in order to confirm that the consultant is independent and meets all applicable regulatory requirements. No other services were provided to us by Cook & Co. in 2013. From time to time, the Governance Committee of the Board of Directors also has retained Cook & Co. to provide independent advice on director compensation. Either committee may also direct the consultant to perform additional analyses or research related to compensation issues.

Decisions Made by the Compensation Committee. The Compensation Committee reviews each element of compensation annually to improve alignment with stated compensation objectives. As a result of its review, the Committee may recommend that the Board approve adjustments to base salary for our senior executive officers. In addition, the Committee may adjust short term and long term incentive target compensation levels for the senior executive officers to better align compensation with our market-based pay philosophy. In its review, the Committee also takes into consideration whether any incentive compensation target or performance objective could lead to a decision by an executive to take an inappropriate level of risk for the Company. In establishing individual incentive targets and awards, the Committee considers the data provided by its consultant, the level and nature of the executive s responsibility, the executive s experience and the Committee s own qualitative assessment of the executive s performance. In making these determinations, the Committee also takes into account our Chief Executive Officer s performance evaluations of and recommendations regarding such executive officers.

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Annually, the Committee directs its consultant to review the base salary and short term and long term incentive levels of our senior executive officers. In order to ensure that our compensation programs are market-based, the Committee s consultant analyzes and matches the position and responsibilities of each senior executive officer to proxy statement data from a peer group of utility companies and to published compensation surveys covering both the utility industry and general industry. We do not consider geographical differences to be a relevant factor since we recruit on a national basis.

For 2013, the peer group for proxy statement data consisted of the following 16 publicly traded utility companies:

AGL Resources Inc.	Integrys Energy Group, Inc.
Ameren Corporation	NiSource Inc.
American Electric Power Company, Inc.	Pepco Holdings, Inc.
CMS Energy Corporation	PG&E Corporation
Consolidated Edison, Inc.	SCANA Corporation
DTE Energy Company	Sempra Energy
Duke Energy Corporation	Wisconsin Energy Corporation
Entergy Corporation	Xcel Energy Inc.

This peer group has median revenues and market capitalization comparable to CenterPoint Energy and CenterPoint Energy s 3-year average percentage of income from regulated operations is within one standard deviation of the mean 3-year average percentage of income from regulated operations among the peer group companies. This group of companies is identical to the group of companies used for measuring our relative total shareholder return for purposes of determining payouts under some of our long term incentive compensation awards.

Prior to conducting its 2014 analysis, the Committee asked Cook & Co. to review the 2013 peer group**.** Cook & Co. compared the 2013 peer group to CenterPoint Energy based on key financial and other metrics and recommended no changes to the existing peer group. We believe that the use of this group as a reference for evaluating our compensation policies helps align us with our peers and competitors. We also believe this group of companies provides a sufficiently large data set that is generally not subject to wide changes in compensation data.

Role of Executive Officers

Of our senior executive officers, only our Chief Executive Officer has a role in determining executive compensation policies and programs. Our Chief Executive Officer works with business unit and functional leaders along with our internal compensation staff to provide information to the Compensation Committee to help ensure that all elements of compensation support our business strategy and goals. Our Chief Executive Officer reviews internally developed materials before they are furnished to the Committee.

Our Chief Executive Officer also periodically reviews and recommends specific Company performance metrics to be used in short and long term incentive plans. Our Chief Executive Officer works with the various business units and functional departments to develop these metrics, which are then presented to the Committee for its consideration and approval.

Our Chief Executive Officer reviews and recommends changes to the peer companies used for compensation purposes using internal analyses of revenue and the percentage of income from regulated operations. These recommendations are reviewed by the Committee s independent consultant and then presented to the Committee for its consideration and approval.

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Within the parameters of the compensation policies established by the Committee, our Chief Executive Officer also makes preliminary recommendations for base salary adjustments and short term and long term incentive levels for the other senior executive officers. Our Chief Executive Officer also recommends payment amounts for the non-formulaic portion of the other executive officers short term incentive plan awards. Our Chief Executive Officer bases his recommendations on a variety of factors such as his appraisal of the executive s job performance and contribution to CenterPoint Energy, improvement in organizational and employee development, and accomplishment of strategic priorities. Our Chief Executive Officer does not make any recommendations regarding his own compensation.

Elements of Compensation

Base Salary. Base salary is the foundation of total compensation. Base salary recognizes the job being performed and the value of that job in the competitive market. Base salary must be sufficient to attract and retain the executive talent necessary for our continued success and provides an element of compensation that is not at risk in order to avoid fluctuations in compensation that could distract our executives from the performance of their responsibilities. Our intent is that base salary for our most senior executives will be positioned near the 50th percentile of base salaries in the peer group and published compensation surveys.

Annual adjustments to base salary primarily reflect either changes or responses to changes in market data or increased experience and individual contribution of the employee. The typical date for making these adjustments is April 1; however, adjustments may occur at other times during the year to recognize new responsibilities or new data regarding the market value of the job being performed. Changes in base salary impact short and long term incentive payouts, as well as some benefits. A newly named executive or an executive whose responsibilities have significantly increased may be moved to the market median (50th percentile) over several years.

Short Term Incentives. Our short term incentive plan provides an annual cash award that is designed to link each employee s annual compensation to the achievement of annual performance objectives for CenterPoint Energy and the individual s business unit, as well as to recognize the employee s performance during the year. The target for each employee is expressed as a percentage of base salary earned during the year.

The Compensation Committee determines each senior executive officer s short term incentive target by taking into account the market analysis performed annually by its consultant as described above and recommendations from the Chief Executive Officer for officers other than himself.

The achievement of the performance objectives approved by the Committee determines the funding of the short term incentive plan for the year. The Committee establishes and approves the specific performance objectives based on possible objectives included in the short term incentive plan, which were last approved by our shareholders at our 2011 annual meeting as required under Section 162(m) of the Internal Revenue Code. Performance objectives are based on company and business unit financial and operational factors determined to be critical to achieving our desired business plans. Performance objectives are designed to reflect goals and objectives to be accomplished over a 12-month measurement period; therefore, incentive opportunities under the plan are not impacted by compensation amounts earned in prior years. After the end of the year, the Committee compares the actual results to the pre-established performance objectives and certifies the extent to which the objectives are achieved for funding the incentive plan. The Committee has discretion to decrease the amount payable pursuant to any performance award, but may not increase the amount payable pursuant to a performance award in a manner inconsistent with the requirements for qualified performance-based compensation under Section 162(m) of the Internal Revenue Code. In determining whether to exercise this discretion, the Committee may assess an individual executive s contribution to the achievement of the performance objectives and any special circumstances, and will be guided by our policy providing that absent performance issues, individual performance awards under the plan will not be less than 50% of the funding of the individual award (as determined based on the level of achievement of the specified performance objectives). The Committee may also

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consider the input of our Chief Executive Officer on the amount to be awarded to each of the other senior executive officers. In addition, the Committee has discretion to pay awards that are not tied to performance objectives. This authority provides the Committee with the flexibility to provide awards for executive performance in connection with extraordinary circumstances or events. Any such amount paid in excess of the funded amount under the short term incentive plan is reported as a bonus instead of non-equity incentive plan compensation.

Because an important component of our business plan is successful financial performance, the primary performance objectives for 2013 were based on core operating income. Core operating income is our reported operating income adjusted to reflect what we consider to be our core operational business performance in the period being measured. The adjustments made to our reported operating income to arrive at our core operating income are detailed under Executive Compensation Tables Non-Equity Incentive Plan Awards beginning on page 41.

For 2013, Mr. McClanahan s performance objectives were related to our core operating income and the performance of our business units. These performance measures were determined to be appropriate given his responsibility with respect to the collective operating performance of all of CenterPoint Energy s businesses as a whole. Performance objectives for our senior executive officers were based on a matrix of performance objectives for the Company as a whole and for the various business units. Business unit performance objectives include (i) achieving specified levels of core operating income or gross margin, as applicable, for the business unit, (ii) achieving specified levels of modified cash flow for the business unit, (iii) controlling expenditures, and (iv) non-financial operational performance objectives such as reliability indices, safety-related incident rates, and other objectives relating to the services provided by CenterPoint Energy.

Additional detail regarding specific performance objectives for our senior executive officers for 2013 and the specified threshold, target, maximum and exceptional achievement levels, and an example of the funding and distribution calculation are provided following the Grants of Plan-Based Awards for Fiscal 2013 table under Executive Compensation Tables Non-Equity Incentive Plan Awards beginning on page 41.

The scaling of the levels necessary to achieve threshold, target, maximum and exceptional performance is based on an assessment of expected business performance during the measurement period. Over a period of years, if we achieve expected business performance, the short term incentive program should pay out at target levels. In order for a program to be motivational, there should be a high likelihood of achieving at least threshold performance in a given year. Also in a given year, we believe there should be a reasonable likelihood of achieving target performance. In order to create additional incentive for exceptional performance, funding for short term incentive goals related to operating income and gross margin can reach 200% of target, but it is not expected that this level of funding would be triggered in most years.

Effective January 1, 2010, the Compensation Committee revised the terms of the short term incentive plan for participants who are or become retirement eligible (age 55 with five years of service) during the year. Retirement-eligible participants who terminate employment after at least 90 days of service during the year will receive a short term incentive payment, if any, under the short term incentive plan pro-rated for the period of employment during the calendar year based on the actual achievement of the applicable performance objectives.

Long Term Incentives. We provide a long term incentive plan in which each of our senior executive officers and certain other management-level employees participate. Our long term incentive plan is designed to reward participants for sustained improvements in CenterPoint Energy s financial performance and increases in the value of our common stock and dividends over an extended period.

The Committee authorizes grants annually at a regularly scheduled meeting during the first quarter of the year. Grants can be made from a variety of award types authorized under our long term incentive plan. In recent years, we have emphasized performance-based shares.

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We have also granted restricted stock unit awards, which we sometimes refer to as stock awards in this proxy statement, which vest based on continued service over a three-year period and the achievement of a performance goal based on the level of dividends declared over the vesting period. Over a period of years, if we achieve expected business performance, we expect that the long term incentive plan should pay out at target levels.

A three-year performance period is used for grants under the long term incentive plan because:

- a three-to-five year period is a typical performance measurement period for this type of compensation element;
- we have traditionally used a three-year period;
- three years is of sufficient duration so that high or low performance in one year should neither guarantee nor preclude a payout; and
- three years duration also helps assure participants that their performance will influence a payout during the measurement period.

As a result of the three-year performance period, in any given year, our senior executive officers generally have outstanding grants covering three concurrent periods.

On February 21, 2013, the Committee authorized awards as shown in the columns captioned Estimated Future Payouts Under Equity Incentive Plan Awards in the Grants of Plan-Based Awards for Fiscal Year 2013 table on page 40. The Committee set a target percentage of each senior executive officer s base salary that was consistent with our objective of targeting the market median compensation level as described above. Vesting and payout of the performance shares will be determined based on the level of achievement of each performance objective over the three-year cycle of January 2013 through December 2015. For additional detail regarding the grants, see the discussion following the Grants of Plan-Based Awards for Fiscal Year 2013 table under Executive Compensation Tables Equity Incentive Plan Awards Long Term Incentive Plan Awards Granted in February 2013 beginning on page 48.

Long term incentive compensation has been allocated between performance shares and stock awards on a 70% and 30% basis, respectively. This allocation provides what the Committee considers to be an appropriate blend of grants. The Compensation Committee reviews the allocation between performance shares and stock awards annually with its compensation consultant, Cook & Co. In 2013, Cook & Co. confirmed that the allocation between performance shares and stock awards on a 70% and 30% basis, respectively, was market-based among both utility peers and the general industry. Cook & Co. also informed the Compensation Committee that it believes that the blend is sufficient to provide both an incentive and retention effect for our senior executive officers. Our 2013 performance share awards were made in two separate, equal grants, with the payout opportunity for each grant based on a different performance objective. The first is based on total shareholder return over the three-year performance cycle as compared to that of a subset of the S&P Utility Index comprised of 17 companies, consisting of CenterPoint Energy and the other 16 companies listed above on page 49 (we refer to this group as the peer group subset of the S&P Utility Index). The second is based on achieving specified earnings per share goals over the three-year performance cycle.

Total shareholder return is a widely utilized metric that captures stock price appreciation and dividend yield. By comparing CenterPoint Energy s total shareholder return to the other companies included in the peer group subset of the S&P Utility Index, threshold payout for this metric is achieved by the creation of shareholder value whereby CenterPoint Energy reaches the 35th percentile of panel based on position within this group (12^{th} out of the 18 company peer group that includes CenterPoint Energy). Maximum payout for this metric is achieved by the creation of shareholder value that places CenterPoint Energy in the third position or higher within the group. Linear interpolation is used to reward performance between threshold and maximum. We intend for the total shareholder return measure to provide a reasonable chance of threshold performance, thus enhancing the motivational effects of the plan, while requiring a rank in the top three companies for maximum payout. We believe the peer group subset of the S&P Utility Index is a reasonable proxy for the universe of companies engaged in businesses similar to ours.

The Committee established cumulative earnings per share over the three-year performance cycle as reflected in our five-year plan at the time these awards were made as the other performance objective for long term incentive awards made in 2013. We calculate earnings per share based on generally accepted accounting principles, adjusted for certain factors to reflect what we consider to be our core earnings per share over the performance cycle. We intend that this objective will provide a reasonable chance of achieving threshold performance, thus enhancing the motivational effects of the plan, while requiring significant earnings growth for maximum payout. For a detailed description of the calculation of earnings per share, see page 49.

If actual achievement for the performance objective under an award does not meet at least the threshold level, the Compensation Committee will not approve a distribution under the plan related to that award. If a performance objective meets or exceeds the threshold level, the Committee has historically been able to approve a payout ranging from 50% to 150% of target based on actual achievement level. In December 2013, the Compensation Committee approved increasing the maximum payout opportunity for the performance share awards from 150% to 200% to remain competitive with competitor long term incentive plans.

The February 21, 2013 awards shown in the Grants of Plan-Based Awards for Fiscal Year 2013 table on page 40 also include stock awards. Vesting of these awards requires continuous service through the February 21, 2016 vesting date and a performance objective of declaring a minimum of $2.49 per share in cash dividends on CenterPoint Energy common stock during the three-year vesting period.

Payments of both the performance share awards and the stock awards will be made in the form of shares equal in number to the shares covered by the award multiplied by the achievement percentage, if applicable, subject to withholding to satisfy tax obligations. Please refer to Potential Payments Upon Change in Control or Termination for the impact of a change in control or termination of employment on outstanding grants.

Both the performance shares and the stock awards accrue dividend equivalents over the performance cycle or vesting period, respectively, at the same level as dividends earned by shareholders on shares of common stock outstanding. Dividend equivalents on the shares which are vested are paid in cash when the shares are distributed. Dividend equivalents are not paid with respect to unearned and unvested shares.

In addition, outstanding performance share awards and stock awards provide that retirement eligible participants (age 55 with five years of service) who terminate employment will receive a payment under the award, if any, based on the actual achievement of the applicable performance objective at the end of the performance period or vesting period, respectively, with any such amount pro-rated for the period of their employment during that period. Upon termination for cause, no benefits are payable under the award agreements. In 2013, the Committee approved revised forms of award agreements for future performance share awards and stock awards to provide that a retirement eligible participant will not receive such pro-rated payments if he or she terminates employment within the first six months of the calendar year in which the award was made. In addition, the newly approved form of agreement for restricted stock unit awards with service-based vesting provides that such awards would be subject to earlier full vesting upon a change in control of the Company or pro-rata vesting upon the recipient s earlier separation from service due to death, disability or retirement, provided that the recipient will not receive a payment if he or she retires within the first six months of the calendar year in which the award was made.

2013 Executive Compensation Program

In February 2013, the Compensation Committee reviewed the base salary and short term and long term incentive targets (expressed as a percentage of base salary earned during the year) for Mr. McClanahan and determined not to change his base salary or short term and long term incentive targets from the levels established for 2012 compensation. The Compensation Committee also reviewed and approved increases to base salaries of Messrs. Whitlock, Rozzell and Standish ranging from 1.9% to 2.7%. The Committee also reviewed, but did not change, the short term and long term incentive targets (expressed as a percentage of base salary earned during the year) for Messrs. Whitlock, Rozzell and Standish from the target levels established for 2012 and 2011 incentive

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compensation. For 2013, the base salaries and short term and long term incentive targets for our senior executive officers were as follows:

Name	Base Salary effective 04/01/13	Short Term Incentive Target % as of 01/01/13 (No change)	Long Term Incentive Target % as of 01/01/13 (No change)
David M. McClanahan	$1,130,000 (No change)	100% of base salary	225% of base salary
Gary L. Whitlock	Increase of $15,000 to $571,000	75% of base salary	140% of base salary
Scott E. Rozzell	Increase of $10,000 to $530,000	75% of base salary	140% of base salary
Thomas R. Standish	Increase of $10,000 to $512,000	75% of base salary	140% of base salary

For a description of the compensation arrangements for Mr. Carroll, our Executive Chairman, please see Executive Chairman Compensation Arrangements.

2014 Executive Compensation Program

In December 2013, after receiving input from its independent consultant, the Compensation Committee approved the following modifications to the compensation terms for Mr. Prochazka effective as of January 1, 2014, the effective date of Mr. Prochazka s appointment as President and Chief Executive Officer of the Company:

- Mr. Prochazka s annual base salary was increased to $900,000;
- Mr. Prochazka s incentive target under the Company s short term incentive plan for 2014 was increased to 100% of base salary; and
- Mr. Prochazka s incentive target under the Company s long term incentive plan for 2014 was increased to 300% of base salary.

In December 2013, the Board of Directors, based on the recommendation of the Compensation Committee, approved entrance into a change in control agreement between Mr. Prochazka and the Company effective as of January 1, 2014 which provides, in the case of a change in control of the Company and termination of his employment, for severance benefits of three times Mr. Prochazka s annual base salary plus bonus, and other benefits. The Agreement is for a one-year term with automatic renewal unless action is taken by the Company s Board of Directors prior to the renewal. The Agreement does not provide for a tax gross-up payment to Mr. Prochazka if he is determined to owe any excise tax under Section 4999 of the Internal Revenue Code on excess parachute payments. Please see Executive Compensation Tables Potential Payments upon Change in Control or Termination starting on page 57;

In February 2014, the Compensation Committee reviewed the base salary and short term and long term incentive targets for each of our senior executive officers and determined (i) not to change any of their short term or long term incentive targets from the target levels that were established for both 2012 and 2013 compensation, (ii) to increase Mr. Whitlock s base salary by 5.1%, and (iii) to maintain the base salaries of Messrs. McClanahan, Rozzell and Standish at the levels established for 2013 compensation. In February 2014, the Compensation Committee also reviewed and discussed the long term incentive compensation awards to be made to our executives in 2014, including potential allocations between performance shares and stock awards, and the potential performance goals that would determine the payout opportunities under the planned awards. The Compensation Committee expects to meet again to review and approve the 2014 long term incentive awards to our executives in March 2014.

For 2014, the base salaries and short term and long term incentive targets for our senior executive officers (excluding Mr. McClanahan, who stepped down as President and Chief Executive Officer of the

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Company effective December 31, 2013, but including Mr. Prochazka, who was appointed as President and Chief Executive Officer of the Company effective January 1, 2014) are as follows:

Name	Base Salary effective 04/01/14	Short Term Incentive Target % as of 01/01/14 (No change)	Long Term Incentive Target % as of 01/01/14 (No change)
Scott M. Prochazka	$900,000 (No change)	100% of base salary	300% of base salary
Gary L. Whitlock	Increase of $29,000 to $600,000	75% of base salary	140% of base salary
Scott E. Rozzell	$530,000 (No change)	75% of base salary	140% of base salary
Thomas R. Standish	$512,000 (No change)	75% of base salary	140% of base salary

For a description of the compensation arrangements for Mr. Carroll, our Executive Chairman, please see Executive Chairman Compensation Arrangements.

Equity Award Practices

In accordance with the terms of our long term incentive plan, our practice is to price annual grants of equity awards at the closing market price for our common stock on the New York Stock Exchange on the grant date, which is the date the Compensation Committee approves the grants. In recent years, long term incentive grants made other than at the time of the annual grants have been provided for retention purposes or to new employees only. These types of grants are approved by the Compensation Committee or, with respect to our non-executive officers, a Special Stock Award Committee, which consists of our Chief Executive Officer and the Chairman of the Compensation Committee.

We do not have a practice of timing grants in coordination with the release of material information or timing grants to enhance the value of stock options to optionees. We have not granted stock options since 2004.

Recoupment of Awards

The Board has implemented a policy for the recoupment of short term and/or long term incentive payments in the event an officer is found to have engaged in any fraud, intentional misconduct or gross negligence that leads to a restatement of all, or a portion of, our financial results. This policy permits us to pursue recovery of incentive payments if the payment would have been lower based on the restated financial results.

Executive Stock Ownership Guidelines

Effective January 1, 2012, we revised our executive stock ownership guidelines in order to increase the amount of CenterPoint Energy common stock to be owned by our Chief Executive Officer from four times base salary to five times base salary, and to provide that unvested performance share awards will no longer be counted towards the guidelines for all of our officers. These changes were implemented following evaluation of peer group proxy disclosure data and review by the Compensation Committee and its compensation consultant. As modified, the guidelines indicate that our Chief Executive Officer should own CenterPoint Energy common stock having a market value of five times base salary, and the other senior executive officers should own CenterPoint Energy common stock having a market value of three times their respective base salaries. For purposes of the guidelines, the ownership requirement will be determined annually based on the executive s current base salary (prior to 2012, the ownership requirement was determined based on the executive s base salary at the time he or she became covered by the guidelines or at the time of promotion to a higher level covered by the guidelines). The base salary multiple is converted to a fixed number of shares (rounded to the nearest 100 shares) using the prior 365-day average closing price of our common stock as reported by the New York Stock Exchange.

In addition to shares owned outright, equivalent shares held in our savings plan, unvested stock awards, and shares held in trust are counted towards the guidelines. Until the designated ownership level is reached, the officer is expected to retain at least 50% of the after-tax shares delivered through the long term incentive plan. Certain exclusions apply to the retention expectation, such as estate planning, gifts to charity, education and the purchase of a primary residence. Newly hired or recently promoted officers are given a reasonable period of time to comply with these guidelines. The Committee reviews our officers stock holdings annually to monitor compliance with these guidelines. We have also adopted a policy prohibiting directors and corporate and senior division officers from pledging shares to secure loans, subject to grandfathering of existing arrangements, or otherwise holding shares of our common stock in margin accounts.

Our executive stock ownership guidelines were established in 2005 following consideration of a consultant s survey report of proxy disclosure data relating to stock ownership guidelines at the largest 250 companies in the S&P 500 Index in terms of market capitalization. Guideline levels of four times salary for the Chief Executive Officer (prior to the January 2012 revision) and three times salary for other executive officers were originally established as appropriate at the time to achieve the objective of ensuring that the executives interests are appropriately aligned with shareholders interests for CenterPoint Energy common stock. In setting these guidelines we considered the character of CenterPoint Energy common stock as a relatively low volatility stock primarily driven by dividend yield. Although we do not conduct formal benchmarking studies of ownership guidelines, the ownership guidelines and the administration of the program are reviewed annually by the Compensation Committee with advice from the Committee s consultant.

Review of Tally Sheets

At least annually (with the most recent pro forma April 1 version presented in February 2014), the Compensation Committee reviews tally sheets for each of our then current senior executive officers that reflect all components of compensation, including base salary, short term and long term incentive compensation, retirement benefits, deferred compensation benefits, death benefits, and benefits or payments that would be payable in connection with a change in control or termination of employment. Tally sheets are provided to the Committee to show how various compensation and benefits amounts are interrelated and how changes in one component of compensation impact other components and to enable Committee members to quantify amounts payable upon various termination scenarios.

Change in Control

We have change in control agreements with our senior executive officers that are intended to help ensure the executives continued full attention to our business needs in the event we were to become the subject of the types of change in control transactions described in the agreements. The agreements are for a one-year term but renew automatically each year unless action is taken by the Board to modify or terminate them. In December 2013, the agreements automatically renewed for an additional year. In order to be eligible for benefits, the executive s employment must be terminated following a change in control so that these agreements are subject to a double trigger. The Board has also determined that it will no longer include an excise tax gross-up payment in new and materially amended change in control agreements with our officers. For a more detailed discussion, refer to Potential Payments upon Change in Control or Termination on page 57.

Benefits

We have maintained a defined benefit plan for eligible employees since 1953 to help employees provide for retirement and to attract and retain employees. In addition, we maintain a benefit restoration plan as a nonqualified supplemental retirement plan to generally provide for benefits in excess of those available under the retirement plan due to annual limits imposed by the Internal Revenue Code. Changes in base salary and/or short term incentive compensation affect benefits payable under the retirement plan and the benefit restoration plan. A description of the retirement plan and benefit restoration plan begins under Pension Benefits on page 52. The present value of the accumulated benefits under the plans for each senior executive officer is set forth in the Pension Benefits table on page 53.

We maintain a savings plan designed to encourage all employees to help provide for their own retirement and to attract and retain employees. We also have a nonqualified savings restoration plan that provides for matching contributions not available under the savings plan due to Internal Revenue Code limits. Base salary and short term incentive compensation are included as eligible plan compensation under the provisions of the savings plan and the savings restoration plan. A description of the savings plan and the savings restoration plan begins on page 54. Matching contributions to the plans for the senior executive officers are included in the footnote to the All Other Compensation column of the Summary Compensation Table.

Our senior executive officers may defer salary and short term incentive compensation under our deferred compensation plan. A description of that plan begins on page 54. The above-market portion of the 2013 aggregate earnings is reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table.

We also maintain an executive benefits plan for certain executives who were employed as of July 1, 1996 (Messrs. McClanahan and Standish) that provides death benefits. In 1996, we determined this benefit was no longer competitive in the market and consequently froze entry into this plan at that time. Only two of our senior executive officers participate in this plan. See footnote 6(f) to the Summary Compensation Table for a description of the plan and the estimated aggregate incremental benefit during 2013.

We also have an executive life insurance plan providing endorsement split-dollar life insurance in the form of a death benefit for designated executives who were employed as of December 31, 2001, including all of our senior executive officers. The purpose of this plan is to assist the executive s beneficiaries with the impact of estate taxes on deferred compensation plan distributions. See footnote 6(e) to the Summary Compensation Table for a description of the plan.

Tax Considerations

We periodically evaluate our executive compensation programs in light of Section 162(m) of the Internal Revenue Code. This section generally limits the tax deductibility of compensation in excess of $1 million for certain executive officers, unless the compensation meets rules qualifying it as performance-based compensation. Generally, we intend to structure our compensation programs in a manner that maximizes tax deductibility. The Committee recognizes, however, that there may be situations in which the best interests of shareholders are served by administering some elements of compensation in a way that may not meet the requirements for performance-based compensation under Section 162(m). Currently, payments to a company s chief financial officer are not subject to the limitations of Section 162(m).

Our change in control agreements described above for our senior executive officers provide a gross-up payment to cover any excise tax an executive is determined to owe on an excess parachute payment ; however, the Board has determined that it will no longer include excise tax gross-up payment provisions in new and materially amended change in control agreements with our officers. The total change in control payment is subject to a reduction of up to ten percent if such reduction would avoid triggering excise tax. For additional discussion, refer to Potential Payments upon Change in Control or Termination on page 57.

Our executive plans and agreements that are subject to Section 409A of the Internal Revenue Code are intended to comply with Section 409A of the Internal Revenue Code.

Executive Chairman Compensation Arrangements

In April 2013, the Board of Directors appointed Milton Carroll as Executive Chairman of the Board effective as of June 1, 2013 and authorized us to provide certain compensation arrangements to Mr. Carroll.

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Mr. Carroll previously served as a non-employee director and Chairman of the Board until his appointment as Executive Chairman. Prior to June 1, 2013, under an arrangement approved by the Board of Directors in April 2010, Mr. Carroll received the compensation payable to other non-employee directors and certain supplemental compensation for agreeing to serve as the non-executive Chairman of the Board through May 2013, a position that involved a substantial commitment of time over and above regular service as a Board member and member of committees of the Board. Under this arrangement, Mr. Carroll received a supplemental monthly retainer of $30,000 payable beginning June 30, 2010 and continuing until May 31, 2013.

In connection with his appointment as Executive Chairman in April 2013, the Board of Directors approved compensation arrangements for Mr. Carroll that provided for (i) an annual salary of $450,000 commencing June 1, 2013 and continuing thereafter until the earlier of May 31, 2016 or the termination of Mr. Carroll s service as Executive Chairman of the Board and payable on a monthly or semi-monthly basis, and (ii) an annual award of 30,000 shares of common stock to be made during the period commencing on June 1, 2013 and continuing until the earlier of May 31, 2016 or the termination of Mr. Carroll s service as Executive Chairman of the Board, with each such award payable on June 1, 2013, June 1, 2014 and June 1, 2015, respectively. Under this arrangement, we issued 30,000 shares of CenterPoint Energy common stock to Mr. Carroll on June 1, 2013. The compensation arrangements for Mr. Carroll that were adopted in connection with his appointment as Executive Chairman were approved by the independent members of the Board of Directors, and Messrs. Carroll and McClanahan did not participate in that determination.

In February 2014, the independent members of the Board of Directors approved the following modifications to Mr. Carroll s compensation arrangements: (i) Mr. Carroll s annual base salary was increased to $600,000 effective as of January 1, 2014 and continuing thereafter until the termination of Mr. Carroll s service as Executive Chairman of the Board or as otherwise modified by the Board; (ii) Mr. Carroll was granted an award of 30,000 shares of common stock to be payable on June 1, 2016 contingent on his continued service as Chairman on that date; and (iii) Mr. Carroll will receive a 2014 long term incentive compensation award under the Company s long term incentive plan that will be allocated between performance shares and stock awards on the same basis as 2014 awards to be made to other executive officers, with an incentive compensation target for Mr. Carroll equal to 200% of base salary.

Mr. Carroll participates in an executive life insurance plan as a director who was elected to the Board before 2001 and was not an employee of the Company at the time of his initial election. This plan provides endorsement split-dollar life insurance with a death benefit equal to six times the director s annual retainer, excluding any supplemental retainer, with coverage continuing after the director s retirement from the Board. Due to limits on the increases in the death benefit under this plan, the death benefit for Mr. Carroll remains at $180,000. The annual premiums on the policies are payable solely by CenterPoint Energy, and in accordance with the Internal Revenue Code, Mr. Carroll must recognize imputed income based upon the insurer s one-year term rates. Mr. Carroll is also provided a tax gross-up payment for all taxes due on the imputed income associated with the policy value so that coverage is provided at no cost to him. The applicable amounts are set forth in footnotes 6(b) and 6(e) to the Summary Compensation Table. Upon the death of the insured, the director s beneficiaries will receive the specified death benefit, and we will receive any balance of the insurance proceeds.

In conjunction with his duties as Executive Chairman of the Board, we also provide Mr. Carroll office space and administrative assistant services.

Mr. Carroll remains subject to our stock ownership guidelines for non-employee directors.

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Executive Compensation Tables

The following tables show compensation information for our senior executive officers for the one-year periods ended December 31, 2013, 2012 and 2011 and for our Executive Chairman for the one-year period ended December 31, 2013.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus[(1)] ($)	Stock Awards[(2)] ($)	Option Awards[(3)] ($)	Non-Equity Incentive Plan Compensation[(4)] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[(5)] ($)	All Other Compensation[(6)] ($)	Total ($)
David M. McClanahan	2013	1,130,000		2,542,410		1,209,100	92,132	198,699	5,172,341
President and Chief	2012	1,130,000		2,542,663		1,084,800	2,631,740	513,632	7,902,835
Executive Officer	2011	1,122,500		2,200,453		1,571,500	1,231,402	346,401	6,472,256
Gary L. Whitlock	2013	567,250		778,432		497,762	66,304	102,048	2,011,796
Executive Vice President	2012	552,000		1,226,235		492,660	64,193	101,335	2,436,423
and Chief Financial Officer	2011	536,250		735,908		555,019	72,693	101,739	2,001,609
Scott E. Rozzell	2013	527,500		728,824		462,881	90,357	93,332	1,902,894
Executive Vice President,	2012	516,249		1,177,006		460,753	59,149	123,413	2,336,570
General Counsel and	2011	501,250	500,000	686,095		518,794	69,056	93,686	2,368,881
Corporate Secretary									
Thomas R. Standish	2013	509,500		702,780		447,086	27,675	91,215	1,778,256
Executive Vice President	2012	498,250		1,151,827		444,688	673,554	223,890	2,992,209
	2011	483,251		660,724		514,662	483,833	146,604	2,289,074
Milton Carroll	2013	262,500		2,086,200			33,098	192,649	2,574,447
Executive Chairman									

(1) The 2011 bonus for Mr. Rozzell represents a discretionary payment in addition to the amount earned pursuant to achieved performance goals under our short term incentive plan. This bonus was awarded in recognition of Mr. Rozzell s exceptional leadership and performance in connection with the regulatory proceedings and associated litigation related to CenterPoint Energy Houston Electric, LLC s ultimate recovery of over $4 billion related to the restructuring of the electric industry in Texas.

(2) Reported amounts for each of Messrs. McClanahan, Whitlock, Rozzell and Standish in the table above represent the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718 based on the probable achievement level of the underlying performance conditions as of the grant date. The reported amount for Mr. Carroll in the table above represents the aggregate grant date fair value of stock awards included as part of the compensation arrangements for Mr. Carroll approved in April 2013 in connection with his appointment as Executive Chairman of the Board computed in accordance with FASB ASC Topic 718 as of the grant date. Under this arrangement, Mr. Carroll will be entitled to receive an annual award of 30,000 shares of our common stock to be made during the period commencing on June 1, 2013 and continuing until the earlier of May 31, 2016 or the termination of Mr. Carroll s service as Executive Chairman of the Board, with each such award payable on June 1, 2013, June 1, 2014 and June 1, 2015, respectively. Under this arrangement, we issued 30,000 shares of common stock to Mr. Carroll on June 1, 2013. The reported amount in the table above has been calculated for the maximum aggregate amount of 90,000 shares of common stock payable over the June 1, 2013 to May 31, 2016 period. For additional information, see Compensation Discussion and Analysis Executive Chairman Compensation Arrangements. For purposes of the tables above and below, the effects of estimated forfeitures are excluded. Please also refer to the Grants of Plan-Based Awards for Fiscal Year 2013 table on page 40 and the accompanying footnotes.

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The maximum value at the grant date of stock awards for each of Messrs. McClanahan, Whitlock, Rozzell and Standish assuming the highest level of performance conditions is achieved is as follows:

Name	Year	Maximum Value of Stock Awards ($)
McClanahan	2013	3,432,254
	2012	3,432,557
	2011	2,970,395
Whitlock	2013	1,050,863
	2012	1,490,799
	2011	993,251
Rozzell	2013	983,685
	2012	1,424,470
	2011	926,266
Standish	2013	948,753
	2012	