CENTERPOINT ENERGY INC
Form DEF 14A
March 16, 2012
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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.

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

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

2) Aggregate number of securities to which transaction applies:

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

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1) Amount Previously Paid:

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CenterPoint Energy, Inc.

Notice of Annual Meeting of Shareholders

to be held on April 26, 2012

and Proxy Statement

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Notice of Annual Meeting of Shareholders

Dear Shareholder:

You are cordially invited to attend the 2012 annual meeting of shareholders of CenterPoint Energy, Inc. This is your notice for the meeting.

TIME AND DATE	9:00 a.m. Central Time on Thursday, April 26, 2012
PLACE	The auditorium at 1111 Louisiana, Houston, Texas
ITEMS OF BUSINESS	elect the ten nominees named in the Proxy Statement as directors to hold office until the 2013 annual meeting; ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2012; 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 27, 2012 are entitled to vote.
PROXY VOTING	Each share entitles the holder to one vote. You may vote either by attending the meeting or by proxy. For specific voting information, please see Voting Information beginning on page 1 of the Proxy Statement that follows. **Even if you plan to attend the meeting, please sign, date and return the enclosed proxy card or submit your proxy using the Internet or telephone procedures described on the proxy card.**

Sincerely,

Scott E. Rozzell

Executive Vice President,

General Counsel and

Corporate Secretary

Dated and first mailed

to shareholders

on March 16, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting to be Held April 26, 2012

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 27, 2012 may vote at the meeting. As of that date, there were 426,305,613 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 ten nominees named in this proxy statement as directors;

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2012; 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, unless you mark the proxy card to withhold that authority.

What if I change my mind after I have voted?

You may revoke your proxy before it is voted by submitting a new proxy card with a later date, by voting in person at the meeting, or by giving written notice to Mr. Scott E. Rozzell, Corporate Secretary, at CenterPoint Energy s address shown above.

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Do I need a ticket to attend the meeting?

Proof of identification and proof of ownership of our common stock are needed for you to be admitted to the meeting. If you plan to attend the meeting and your shares are held by banks, brokers, stock plans or other holders of record (in street name), you will need to provide proof of ownership. Examples of proof of ownership include a recent brokerage statement or letter from your broker or bank.

What constitutes a quorum?

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

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

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 Information About Directors Majority Voting in Director Elections.

Ratification of the appointment of independent auditors (Item 2) requires the affirmative vote of a majority of the shares of common stock entitled to vote and voted for or against this item. 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 2013.

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 withheld.

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

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 ten nominees for election in 2012 are listed below.

Donald R. Campbell, age 71, has been a director since 2005. Prior to his retirement in September 2000, he was the Chief Financial Officer of Sanders Morris Harris Group, Inc., a NASDAQ-listed regional investment banking firm. He served as a director of Sanders Morris Harris from 1999 until May 2004. Mr. Campbell previously served as a director of Texas Genco Holdings, Inc., an NYSE-listed former subsidiary of the Company, and as the chairman of its audit committee, from March 2003 until December 2004. He also previously served as Vice Chairman of the board of directors and Chief Financial Officer of Pinnacle Global Group, a Houston based financial services firm from 1998 to 1999. From 1990 until 1999, he was employed by TEI, Inc., holding a variety of positions including Chief Executive Officer, Chief Financial Officer and director. The Board determined that Mr. Campbell should be nominated for election as a director due to his experience as a senior corporate executive, his financial and accounting expertise, and his experience as director of several corporations, including service on the Board and as Audit Committee Chairman of both Texas Genco Holdings, Inc. and the Company.

Milton Carroll, age 61, has been a director since 1992 and Chairman since September 2002. Mr. Carroll is Chairman and founder of Instrument Products, Inc., an oil-tool manufacturing company in Houston, Texas. He has served as a director of Halliburton Company since 2006, Western Gas Holdings, LLC, general partner of Western Gas Partners, LP, since 2008, LyondellBasell Industries N.V. since July 2010, and LRE GP, LLC, general partner of LRR Energy, L.P., since November 2011. He has served as a director of Healthcare Service Corporation since 1998 and as its chairman since 2002. Mr. Carroll previously served as a director of EGL, Inc. from 2003 to 2007. The Board determined that Mr. Carroll should be nominated for election as a director due to his extensive knowledge of the Company

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and its operations gained in over 19 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.

O. Holcombe Crosswell, age 71, has been a director since 1997 and was a director of NorAm Energy Corp. and the predecessor of a division of that company from 1986 until we acquired that company in 1997. Mr. Crosswell is President of Griggs Corporation, a real estate and investment company in Houston, Texas. He previously served as a director and as chairman of the Metropolitan Transit Authority of Harris County. The Board determined that Mr. Crosswell should serve as a director due to his knowledge of, and experience in, the natural gas and electric industry gained in over 25 years of service as a director of the Company and predecessor entities and his real estate and investment expertise. The Board also benefits from his involvement in the Houston business community, and service on civic boards and charitable organizations.

Michael P. Johnson, age 64, has been a director since July 2008. Mr. Johnson is President and Chief Executive Officer of J&A Group, LLC, a management and business consulting company. He served from 2002 until his retirement in March 2008 as Senior Vice President and Chief Administrative Officer of The Williams Companies, Inc., a publicly held natural gas producer, processor and transporter. Prior to joining the Williams Companies, he served in various executive capacities with Amoco Corporation, including vice president of human resources. He has served as a director of Patriot Coal Corporation since 2008, Buffalo Wild Wings, Inc. since 2006, and QuikTrip Corporation, a private company, since 2001. He also serves on the Oklahoma Advisory Board of Health Care Service Corporation and on the boards of several charitable organizations and foundations. The Board determined that Mr. Johnson should be nominated for election as a director due to his extensive management and leadership experience as a senior executive officer of major international companies. The Board values Mr. Johnson s knowledge of the oil and gas industry and expertise in corporate governance and human resources matters.

Janiece M. Longoria, age 59, 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 a director of Patriot Coal Corporation since January 2011 and as commissioner of the Port of Houston Authority since 2002. She previously served as a member of The University of Texas System Board of Regents and the University of Texas Investment Management Company from February 2008 to February 2011. She also previously served as the treasurer and a director of the Houston Convention Center Hotel Corporation from 1999 to 2004. The Board determined that Ms. Longoria should serve as a director due to her extensive legal and regulatory expertise and her experience serving as a commissioner or in a similar oversight

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position on boards of major governmental and civic organizations. The Board also values her service on boards of charitable organizations and extensive community involvement.

David M. McClanahan, age 62, has served as a director and as President and Chief Executive Officer of CenterPoint Energy since 2002. He served as Vice Chairman of our predecessor company from October 2000 to September 2002 and as President and Chief Operating Officer of its Delivery Group from 1999 to September 2002. Previously, he served as President and Chief Operating Officer of our predecessor company s Houston Lighting & Power Company division from 1997 to 1999. He has served in various executive officer capacities with us since 1986. He currently serves on the boards of the Edison Electric Institute and the American Gas Association. The Board determined that Mr. McClanahan should be nominated for election as a director due to his extensive knowledge of the industry and the Company, its operations and people, gained in 40 years of service with the Company and its predecessors in positions of increasing responsibility. The Board benefits from Mr. McClanahan s financial and accounting expertise and industry leadership.

Susan O. Rheney, age 52, has been a director since July 2008. Ms. Rheney is a private investor. From 2002 until March 2010, she served as a director of Genesis Energy, Inc., the general partner of Genesis Energy, LP, a publicly traded limited partnership. From 2003 to 2005, she was a director of Cenveo, Inc. and served as chairman of the board from January to August 2005. She also served until 2001 as a principal with The Sterling Group, a private financial and investment organization. The Board determined that Ms. Rheney should be nominated for election as a director due to her financial management and accounting expertise and experience as a director of a mid-stream oil and gas company. The Board benefits from her experience implementing strategic and operational initiatives at a variety of firms.

R. A. Walker, age 55, has been a director since April 2010. Mr. Walker is President and Chief Operating Officer of Anadarko Petroleum Corporation, having joined the company in 2005 as Senior Vice President and Chief Financial Officer. Anadarko announced on February 21, 2012 that Mr. Walker will become the company s President and Chief Executive Officer effective May 15, 2012. He is a director of Western Gas Holdings, LLC, a subsidiary of Anadarko and general partner to Western Gas Partners, LP., and serves on the Board of Trustees for the Houston Museum of Natural Science. Prior to joining Anadarko, Mr. Walker was a Managing Director for the Global Energy Group of UBS Investment Bank from 2003 to 2005. He previously served as a director of Temple-Inland, Inc. from 2008 until February 2012. The Board determined that Mr. Walker should be nominated for election as a director due to his extensive knowledge of the energy industry, experience as a director of public companies, merchant banking experience and his financial and executive management expertise, including experience as a president, chief operating officer, and chief financial officer.

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Peter S. Wareing, age 60, 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 expertise in financial, business and corporate strategy development matters. The Board also values his civic leadership and involvement in the Houston business community.

Sherman M. Wolff, age 71, has been a director since 2007. Prior to his retirement in 2006, he served as Executive Vice President and Chief Operating Officer of Health Care Service Corporation, which provides health and life insurance products and related services as Blue Cross Blue Shield of Texas, Illinois, New Mexico and Oklahoma. He held various positions with that company from 1991 until his retirement, including service as Chief Financial Officer. He currently serves as a director of Fort Dearborn Life Insurance Company and of Fort Dearborn Life Insurance Company of New York, subsidiaries of Health Care Service Corporation. He previously served as a director of EGL, Inc. from 2006 to 2007. The Board determined that Mr. Wolff should serve as a director due to his financial and executive management expertise, including experience as a chief financial officer and chief operating officer of a major corporation.

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

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incumbent directors and the need for new directors to replace retiring directors or to expand the Board. In seeking new director candidates, the Governance Committee and the Board consider the skills, expertise and qualities that will be required to effectively oversee management of the business and affairs of the Company. The Governance Committee and the Board also considers the diversity of the Board in terms of the geographic, gender, age, and ethnic makeup of its members. The Board evaluates the makeup of its membership in the context of the Board as a whole, with the objective of recommending a group that can effectively work together using its diversity of experience to see that the Company is well-managed and represents the interests of the Company and its shareholders.

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

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 President and Chief Operating Officer. During 2011, subsidiaries of CenterPoint Energy purchased natural gas from subsidiaries of Anadarko totaling approximately $24 million. These payments represent less than one-half of one percent of the consolidated gross revenues for 2011 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 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 2011, 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

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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 2011 that were required to be reported pursuant to the applicable disclosure rules of the Securities and Exchange Commission.

Majority Voting in Director Elections

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

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

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

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

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

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

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

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

Board Leadership

The offices of Chairman of the Board and Chief Executive Officer are currently separate and have been separate since the formation of the Company as a new holding company in 2002. The Board believes that the separation of the two roles provides, at present, the best balance of these important responsibilities with the Chairman directing board operations and leading the board in its oversight of management, and the Chief Executive Officer focusing on developing and implementing the Company s board-approved strategic vision and managing its day-to-day business. The Board believes that the independent board chairman helps provide an opportunity for the Board members to provide more direct input to management in shaping the organization and strategy of the Company and strengthening the Board s independent oversight of management.

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 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 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.

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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 seven times and the current committees met a total of 21 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 McClanahan do not serve on any committees. The following table sets forth the committees of the Board and their members as of the date of this proxy statement, as well as the number of meetings each committee held during 2011:

Director	Audit Committee	Compensation Committee	Finance Committee	Governance Committee
Donald R. Campbell				+
O. Holcombe Crosswell				
Michael P. Johnson				
Janiece M. Longoria				
Susan O. Rheney	+			
R. A. Walker				
Peter S. Wareing			+	
Sherman M. Wolff		+		
Number of Meetings Held in 2011	7	4	5	5

(+) Denotes Chair.

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 69.

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 22 and for the report of the Compensation Committee concerning the Compensation Discussion and Analysis, see Report of the Compensation Committee on page 68.
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 and actions, 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 14.
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 is currently scheduled in conjunction with each regular meeting of the Board of Directors. Currently, the Chairman of the Board (Mr. Carroll) presides at these sessions.

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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 2011 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, including the Company s non-executive Chairman of the Board.

Directors receive a cash retainer and fees for attending meetings of the Board of Directors and each of its 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 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.

Retainer and Meeting Fees

In 2011, 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 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 $5,000 for service as committee chairmen. Fees earned or paid in 2011 are set forth in the Fees Earned or Paid in Cash column of the Director Compensation Table on page 18.

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Chairman s Supplemental Retainer and Special Awards

Under an arrangement approved by the Board of Directors in April 2010, Mr. Carroll receives 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 involves 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 receives a supplemental monthly retainer of $30,000 payable beginning June 30, 2010 and continuing thereafter until the earlier of May 31, 2013 or the termination of Mr. Carroll s service as non-executive Chairman of the Board. In addition, Mr. Carroll was and is entitled to annual cash awards on June 1, 2010, June 1, 2011 and June 1, 2012. The amount of each annual cash award is equal to the product of (i) 25,000 and (ii) the closing sales price per share of our common stock on the consolidated transaction reporting system for the New York Stock Exchange on the respective award date, or if there have been no such sales so reported on that date, on the date immediately preceding the respective award date on which such a sale was so reported. Mr. Carroll has the option to elect on or prior to the award date of a particular annual cash award to receive 25,000 fully vested shares of CenterPoint Energy common stock in lieu of a cash award (subject to applicable holding period and resale restrictions under federal securities laws). Under this arrangement, we issued 25,000 shares of CenterPoint Energy common stock to Mr. Carroll on each of June 1, 2010 and June 1, 2011 in lieu of cash awards on those dates. In conjunction with his duties as non-executive Chairman of the Board, we also provide Mr. Carroll office space and administrative assistant services.

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 2, 2011 received an award of 4,000 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 made under this plan prior to April 22, 2010 vest in one-third increments on the first, second and third anniversaries 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 60). 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

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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 (3) 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 Chairman of the Board is 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 Potential Payments upon Change in Control or Termination on page 66 for funding of the deferred compensation plan upon a change in control.

The amounts deferred by directors in 2011 are described in footnote (2) 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.

Executive Life Insurance Plan

Non-employee directors who were elected to the Board before 2001 (Messrs. Carroll and Crosswell) participate in an executive life insurance plan. 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 the current eligible directors remains at $180,000. The annual premiums on the policies are payable solely by CenterPoint Energy, and in accordance with the Internal Revenue Code, the directors must recognize imputed income based upon the insurer s one-year term rates. The director is also provided a tax gross-up payment for all taxes due on the imputed income associated with the

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policy value so that coverage is provided at no cost to the director. The applicable amounts are set forth in footnote (6) to the All Other Compensation column of the Director 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.

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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 2011 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[2] ($)	Stock Awards[3] ($)	Option Awards[4] ($)	Non-Equity Incentive Plan Compensation[4] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($)	All Other Compensation[6] ($)	Total ($)
Donald R. Campbell	101,000	74,580					175,580
Milton Carroll	909,000	74,580			18,943	5,218	1,007,741
Derrill Cody [1]	37,000						37,000
O. Holcombe Crosswell	80,000	74,580			41,585	13,562	209,727
Michael P. Johnson	96,000	74,580					170,580
Janiece M. Longoria	81,667	74,580			5,947		162,194
Thomas F. Madison[1]	41,000						41,000
Robert T. O Connell[1]	43,000						43,000
Susan O. Rheney	103,000	74,580					177,580
R. A. Walker	86,000	74,580					160,580
Peter S. Wareing	97,000	74,580			13,093		184,673
Sherman M. Wolff	105,000	74,580			15,671		195,251

(1) Messrs. Cody, Madison and O Connell retired from the Board in April 2011.

(2) 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 and Compensation of Directors Chairman s Supplemental Retainer and Special Awards above.

Mr. Carroll s supplemental retainer consists of a supplemental monthly retainer of $30,000 for service as Chairman of the Board. Mr. Carroll elected to defer his annual retainer during 2011. On June 1, 2011, upon his election, we issued 25,000 shares of CenterPoint Energy common stock to Mr. Carroll, in lieu of a cash award, pursuant to the compensation arrangements described under Compensation of Directors Chairman s Supplemental Retainer and Special Awards above. The value of the shares at issuance was based on the closing price of our common stock on the New York Stock Exchange Composite Tape of $19.24 per share on June 1, 2011.

Ms. Rheney received a supplemental annual retainer for serving as Chairman of the Audit Committee in 2011. Messrs. Campbell, Wareing and Wolff each received a supplemental annual retainer for serving as Chairman of the Governance, Finance and Compensation Committees, respectively, in 2011. 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 supplemental annual retainer, and Mr. Crosswell elected to defer his annual retainer during 2011.

(3) 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 4,000 shares of common stock to each non-employee director then in office as of May 2, 2011 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 $18.645 per share. At December 31, 2011, each of our non-employee directors had 5,333 unvested stock awards, except for Mr. Walker who had 4,000 unvested stock awards.

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

(5) In 2011, Messrs. Carroll, Crosswell, Wareing and Wolff and Ms. Longoria accrued above-market earnings on their deferred compensation account balances of $18,943, $41,585, $13,093, $15,671 and $5,947, respectively.

(6) 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 2011:

Director Compensation All Other Compensation

Name	Split-Dollar Life Insurance Premium ($)	Paid Tax Gross-Up ($)	Total ($)
Carroll	4,851	367	5,218
Crosswell	12,665	897	13,562

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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 three other most highly compensated executive officers, and the executive officers and directors as a group. Information for the executive officers and directors is given as of March 1, 2012 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	38,341,233 (1)
Vanguard Windsor Funds Vanguard Windsor II Fund 100 Vanguard Blvd. Malvern, Pennsylvania 19355	25,766,213 (2)
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	24,828,560 (3)
Northern Trust Corporation 50 South LaSalle Street Chicago, Illinois 60603	24,789,537 (4)
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	24,199,326 (5)
State Street Corporation. One Lincoln Street Boston, MA 02111	22,508,112 (6)
Donald R. Campbell	36,000 (7)
Milton Carroll	85,333 (7)(8)
O. Holcombe Crosswell	48,095 (7)(9)
C. Gregory Harper	49,878 (10)
Michael P. Johnson	15,200 (7)
Janiece M. Longoria	32,070 (7)
David M. McClanahan	1,083,389 (10)(11)
Susan O. Rheney	14,000 (7)
Scott E. Rozzell	276,962 (10)(12)
Thomas R. Standish	216,262 (9)(10)(11)
R. A. Walker	8,000 (7)
Peter S. Wareing	96,000 (7)(13)
Gary L. Whitlock	344,260 (10)(11)
Sherman M. Wolff	22,000 (7)(14)
All executive officers and directors as a group (16 persons)	2,360,107

(1) This information is as of December 31, 2011 and is based on a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2012 by Barrow, Hanley, Mewhinney & Strauss, LLC. This represents 9.0% of the outstanding common stock of CenterPoint Energy. The Schedule 13G reports sole voting power for 3,729,220 shares of common stock, shared voting power for 34,612,013 shares of common stock and sole dispositive power for 38,341,233 shares of common stock.

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(2) This information is as of December 31, 2011 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 26, 2012 by Vanguard Windsor Funds Vanguard Windsor II Fund. This represents 6.04% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 25,766,213 shares of common stock.

(3) This information is as of December 31, 2011 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 10, 2012 by The Vanguard Group, Inc. This represents 5.82% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power of 572,265 shares of common stock, sole dispositive power for 24,256,295 shares of common stock and shared dispositive power of 572,265 shares of common stock.

(4) This information is as of December 31, 2011 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2012 by Northern Trust Corporation and certain of its subsidiaries. This represents 5.82% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 1,276,771 shares of common stock, shared voting power for 23,456,488 shares of common stock, sole dispositive power for 3,776,743 shares of common stock and shared dispositive power for 1,049,159 shares of common stock. CenterPoint Energy understands that the shares reported include 19,732,131 shares of common stock held as trustee of CenterPoint Energy s savings plan which provides for pass-through voting by plan participants.

(5) This information is as of December 31, 2011 and is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2012 by BlackRock, Inc. This represents 5.68% of the outstanding common stock of CenterPoint Energy. The Schedule 13G/A reports sole voting power for 24,199,326 shares of common stock, no shared voting power for shares of common stock and sole dispositive power for 24,199,326 shares of common stock.

(6) This information is as of December 31, 2011 and is based on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2012 by State Street Corporation. This represents 5.3% of the outstanding common stock of CenterPoint Energy. The Schedule 13G reports shared voting power for 22,508,112 shares of common stock and shared dispositive power for 22,508,112 shares of common stock.

(7) Includes shares scheduled to vest under the Stock Plan for Outside Directors as follows: 1,333 shares on May 1, 2012 and 4,000 shares on May 2, 2012 for each of Messrs. Campbell, Carroll, Crosswell, Johnson, Wareing and Wolff and Mses. Longoria and Rheney; 4,000 shares on May 2, 2012 for Mr. Walker.

(8) Includes 80,000 shares pledged to secure loans.

(9) Includes shares held by spouse.

(10) 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).

(11) Includes shares covered by CenterPoint Energy stock options held as of March 6, 2012 that are exercisable within 60 days of that date as follows: Mr. McClanahan, 210,000 shares; Mr. Whitlock, 60,200 shares; and the group, 270,200 shares.

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

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

(14) Includes shares held in trust for benefit of spouse of which Mr. Wolff is a trustee.

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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 our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers, whom we collectively refer to as our named executive officers. Detailed information regarding the compensation of our named executive officers is included under Executive Compensation Tables immediately following this section.

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 of our named 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 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 executives should be at risk, meaning that the executives 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 named executive officers to have a higher percentage of their total compensation at risk than our other executives.

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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 that contain a double trigger term, or pursuant to the terms of grants made under our short term and long term incentive plans for named 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.

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 in order to appropriately align the interests of our officers with our shareholders interests for CenterPoint Energy common stock. 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. In addition, the ownership requirement will be determined based on the executive s base salary at the end of the calendar year (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).

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 named executive officer as of December 31st and pro forma as of April 1st each year since 2007, as applicable, 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 2011, and we do not consider perquisites to be a significant element of our executive compensation program.

Our 2011 Executive Compensation Program. The overall objectives and structure of our executive compensation program remained largely unchanged in 2011 as compared to 2010. In 2011:

The Compensation Committee reviewed and approved increases to base salaries ranging from 2.7% to 4.2% for our named executive officers, which were comparable to the average base pay increases for our employees generally.

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The Compensation Committee 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 our named executive officers from the target levels established for both 2010 and 2009 incentive compensation.

Based on the analysis and recommendation of Frederic W. Cook & Co., Inc. (Cook & Co.), the Compensation Committee s independent executive compensation consultant, the peer group of publicly traded utility companies used in connection with determining the compensation of our named executive officers in 2010 was also used in connection with determining the compensation of our named executive officers in 2011. See Role of Compensation Committee Decisions Made by the Compensation Committee for additional information about the peer group.

Impact of Our Performance on 2011 Short Term Incentive Compensation and 2011 Vesting of 2009 Performance Share Grants and Stock Awards. CenterPoint Energy reported net income of $1.36 billion, or $3.17 per diluted share, for 2011, as compared to net income of $442 million, or $1.07 per diluted share for 2010. The year ended December 31, 2011 included net income of $811 million, or $1.89 per diluted share, reflecting the final resolution of the appeals of the 2004 true-up order of the Texas Public Utility Commission issued in connection with the restructuring of the Texas electric industry. Operationally, our regulated electric and natural gas utilities reported solid results in 2011 and our field services unit realized growth from investments made in several developing shale plays. CenterPoint Energy s core operating income, which is a primary performance objective used under our executive compensation program for determining payouts under both short term and long term incentive compensation awards, increased to $1,176 million in 2011 from $1,122.4 million in 2010, and exceeded the 2011 target amount under our 2011 short term incentive plan by $34 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 named executive officers, including specific objectives relating to core operating income, controllable expenses and business unit performance. Based on our level of achievement of the 2011 performance objectives and an assessment of each individual s performance by the Compensation Committee, the Committee authorized awards to each of the named executive officers equal to their respective funded amounts. Accordingly, the 2011 short term incentive awards for our named executive officers, expressed as a percentage of their individual target awards, were 140% for Mr. McClanahan, 138% for Messrs. Whitlock and Rozzell, 142% for Mr. Standish and 136% for Mr. Harper. Please refer to Executive Compensation Tables Non-Equity Incentive Plan Awards for information regarding the specified performance objectives and our actual achievement levels during 2011.

In February 2009, we granted performance share awards to our current named executive officers 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 2009 through December 2011. The first performance objective was based on total shareholder return as compared to that of other publicly traded companies in a regulated 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 2009 performance share awards vested based on an achievement level of 136%, 150%, and 138%, respectively. Please refer to Executive Compensation Tables Option Exercises and Stock Vested for Fiscal Year 2011 for information regarding the number of gross shares distributed and the total value realized on vesting.

In February 2009, we granted a stock award to our current named executive officers under our long term incentive plan. The awards were subject to a performance goal which was the declaration of a minimum of $2.28 in cash dividends per share over the three-year vesting period. These stock awards vested in February 2012 as the

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total dividends declared during the measurement period were $2.3425 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 2012.

2011 Cash Bonus. In February 2012, the Compensation Committee approved a cash bonus in the amount of $500,000 for Mr. Rozzell in recognition of his 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. The bonus represents a discretionary payment in addition to the amount earned pursuant to achieved performance goals under our short term incentive plan and is included in the Bonus column of the Summary Compensation Table included in this proxy statement.

Actions Taken Regarding 2012 Executive Compensation Program. In February 2012, 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 (i) not to change his base salary and short term incentive target from the levels established for 2011 compensation, and (ii) to increase his long term incentive target effective as of January 1, 2012 to 225% from the 200% level established for 2011 compensation. The Committee also reviewed and approved increases to the base salaries of Messrs. Whitlock, Rozzell, Standish and Harper ranging from 3.0% to 5.4%, and reviewed, but did not change, their short term and long term incentive targets from the target levels established for 2011 incentive compensation.

In February 2012, the Committee determined that 2012 long term incentive compensation awards would again be allocated between performance shares and stock awards on a 70% and 30% basis, respectively. However, the Committee determined that 2012 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. In recent years, the Committee had granted performance shares in three separate, equal awards with payout opportunities based on total shareholder return, core operating income and modified cash flow goals. In addition to these awards, the Committee granted 25,000 restricted stock units to each of Messrs. Whitlock, Rozzell and Standish effective as of February 22, 2012 in recognition of their consistently exceptional leadership and performance since the formation of CenterPoint Energy in 2002. In February 2012, the Committee also approved new forms of award agreements under our long term incentive plan for performance share awards, restricted stock unit awards with performance goals and restricted stock unit awards with service-based vesting that provide that an award 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. See 2012 Executive Compensation Program for more information.

Prior to conducting its 2012 analysis, the Committee asked Cook & Co. to revalidate the peer group of publicly traded utility companies used in connection with determining the compensation of our named executive officers in 2011. Cook & Co. revalidated the 2011 peer group by comparing us to 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, to the companies included in the group and recommended that the peer group remain unchanged for 2012.

Shareholder Advisory Say-on-Pay Vote. At our 2012 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 2012 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 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 72.

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The advisory vote at our 2012 annual meeting will be our second say-on-pay vote. We conducted our first say-on-pay vote at our 2011 annual meeting at which an advisory resolution approving the compensation of our named executive officers, as disclosed in the proxy statement for our 2011 annual meeting, was approved by approximately 96% 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 try 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 each named executive officer 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 named executive officers with each other or with other employees within the Company. We recognize, however, that the compensation of our Chief Executive Officer, Mr. McClanahan, is substantially greater than the compensation of the other named executive officers. The differential in total compensation is 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 40 years of service with the Company, Mr. McClanahan has participated in our 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. For long-tenured employees such as Messrs. McClanahan and Standish, this change resulted in an increase in the reported Change in Pension Value for 2009.

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

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vary based on CenterPoint Energy s performance, and to a lesser extent, on qualitative appraisals of individual performance. We expect senior level executives, including the named executive officers, to have a higher percentage of their total compensation at risk and therefore, we try to align each of our named 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 named executive officers, 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 named 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 listing standards of 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 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 2011. 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 named executive officers. In addition, the Committee may adjust short term and long term incentive target compensation levels for the named 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 the other named executive officers.

Annually, the Committee directs its consultant to review the base salary and short term and long term incentive levels of our most senior executives including the named 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 named 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.

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For 2011, the peer group for proxy statement data consisted of the following 17 publicly traded utility companies:

American Electric Power Company, Inc.	PG&E Corporation
CMS Energy Corporation	Pinnacle West Capital Corporation
Consolidated Edison, Inc.	Progress Energy, Inc.
DTE Energy Company	SCANA Corporation
Duke Energy Corporation	Southern Company
Integrys Energy Group, Inc.	TECO Energy, Inc.
NiSource Inc.	Wisconsin Energy Corporation
Northeast Utilities	Xcel Energy Inc.
Pepco Holdings, Inc.	

This peer group of companies generated at least 70% of their income from regulated operations and were included in the S&P Utility Index. This group of 17 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. 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. Prior to conducting its 2012 analysis, the Committee asked Cook & Co. to revalidate the 2011 peer group. Cook & Co. revalidated the 2011 peer group by comparing us to 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 that the peer group remain unchanged for 2012.

Role of Executive Officers

Of our named 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 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 then presented to the Committee for its consideration and approval.

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 named 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.

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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, including the named executive officers, 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 named 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 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 consider the input of our Chief Executive Officer on the amount to be awarded to each of the other named 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 2011 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 42.

For 2011, our Chief Executive Officer s only performance objective was related to our core operating income. This performance measure was 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 each of the other named 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 named executive officers for 2011 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 2011 table under Executive Compensation Tables Non-Equity Incentive Plan Awards beginning on page 42.

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 executive officers, including our named 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.

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 each named executive officer generally has outstanding grants covering three concurrent periods.

On February 24, 2011, 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 2011 table on page 41. The Committee set a target percentage of each named 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 2011 through December 2013. For additional detail regarding the grants, see the discussion following the Grants of Plan-Based Awards for Fiscal Year 2011 table under Equity Incentive Plan Awards Long Term Incentive Plan Awards Granted in February 2011 beginning on page 50.

Long term incentive compensation is 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 2011, 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 named executive officers. Our 2011 performance share awards were made in three 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 18 companies (consisting of CenterPoint Energy and the other 17 companies listed above on page 28) that generate at least 70% of their income from regulated operations (we refer to this group as the regulated utility subset of the S&P Utility Index). The second is based on achieving our modified cash flow goal, and the third is based on achieving our core operating income goal 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 regulated utility subset of the S&P Utility Index, threshold payout for this metric is achieved by the creation of shareholder value that places CenterPoint Energy at or above the top 60th percentile within this group (11^{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 regulated utility 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 achievement of core operating income and modified cash flow, as compared with our targeted performance reflected in our five-year plan at the time these awards were made, as two other performance objectives for long term incentive awards made in 2010 and 2011. As in the case of core operating income for our short term incentive awards, we calculate these measures from our reported financial results, adjusted for certain factors to reflect what we consider to be our core operational performance over the performance cycle. Both of these were adopted as performance objectives because they measure our degree of success in the achievement of our business plan. We intend that the objectives will provide a reasonable chance of achieving threshold performance, thus enhancing the motivational effects of the plan, while requiring significant income growth for maximum payout. For a detailed description of the calculation of core operating income and modified cash flow, see pages 51 and 52.

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 may approve a payout ranging from 50% to 150% of target based on actual achievement level.

The February 24, 2011 awards shown in the Grants of Plan-Based Awards for Fiscal Year 2011 table on page 41 also include stock awards. Vesting of these awards requires continuous service through the February 24, 2014 vesting date and a performance objective of declaring a minimum of $2.37 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 February 2012, 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.

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2011 Executive Compensation Program

In February 2011, the Compensation Committee reviewed and approved increases to base salaries ranging from 2.7% to 4.2% for our named executive officers, which were comparable to the average base pay increases for our employees generally. 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 our named executive officers from the target levels established for 2010 incentive compensation. For 2011, the base salaries and short term and long term incentive targets for our named executive officers were as follows:

Name	Base Salary effective 04/01/11	Short Term Incentive Target % as of 01/01/11 (No change)	Long Term Incentive Target % as of 01/01/11 (No change)
David M. McClanahan	Increase of $30,000 to $1,130,000	100% of base salary	200% of base salary
Gary L. Whitlock	Increase of $15,000 to $540,000	75% of base salary	140% of base salary
Scott E. Rozzell	Increase of $15,000 to $505,000	75% of base salary	140% of base salary
Thomas R. Standish	Increase of $15,000 to $487,000	75% of base salary	140% of base salary
C. Gregory Harper	Increase of $15,000 to $370,000	70% of base salary	90% of base salary

2012 Executive Compensation Program

In February 2012, 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 (i) not to change his base salary and short term incentive target from the levels established for 2011 compensation, and (ii) to increase his long term incentive target effective as of January 1, 2012 to 225% from the 200% level established for 2011 compensation;

- reviewed and approved increases to the base salaries of Messrs. Whitlock, Rozzell, Standish and Harper ranging from 3.0% to 5.4% as shown in the table below;

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

- determined that 2012 long term incentive compensation awards would again be allocated between performance shares and stock awards on a 70% and 30% basis, respectively. However, the Committee determined that 2012 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. In recent years, the Committee had granted performance shares in three separate, equal awards with payout opportunities based on total shareholder return, core operating income and modified cash flow goals;

granted 25,000 restricted stock units to each of Messrs. Whitlock, Rozzell and Standish effective as of February 22, 2012 in recognition of their consistently exceptional leadership

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and performance since the formation of CenterPoint Energy in 2002. Under the terms of the grants, 50% of each award will vest upon each of the first two anniversaries of the grant date, provided that the executive remains continuously employed until such date, and subject to the other vesting and forfeiture terms described in the immediately following bullet for restricted stock unit awards with service-based vesting; and

approved new forms of award agreements under the our long term incentive plan for performance share awards, restricted stock unit awards with performance goals and restricted stock unit awards with service-based vesting. The newly approved forms of agreements for performance share awards and restricted stock unit awards with performance goals provide that a retirement eligible participant (age 55 or greater with at least five years of service) 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. 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.

For 2012, the base salaries and short term and long term incentive targets for our named executive officers are as follows:

Name	**Base Salary effective 04/01/12**	**Short Term Incentive Target % as of 01/01/12 (No change)**	**Long Term Incentive Target % as of 01/01/12**
David M. McClanahan	$1,130,000 (No change)	100% of base salary	225% of base salary
Gary L. Whitlock	Increase of $16,000 to $556,000	75% of base salary	140% of base salary (No change)
Scott E. Rozzell	Increase of $15,000 to $520,000	75% of base salary	140% of base salary (No change)
Thomas R. Standish	Increase of $15,000 to $502,000	75% of base salary	140% of base salary (No change)
C. Gregory Harper	Increase of $20,000 to $390,000	70% of base salary	90% of base salary (No change)

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 named 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 based on the executive s base salary at the end of the calendar year (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 1st version presented in February 2012), the Compensation Committee reviews tally sheets for each of the named 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 named 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 2011, 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 60.

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 55. The present value of the accumulated benefits under the plans for each named executive officer is set forth in the Pension Benefits table on page 55.

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 57. Matching contributions to the plans for the named executive officers are included in the footnote to the All Other Compensation column of the Summary Compensation Table.

The named executive officers may defer salary and short term incentive compensation under our deferred compensation plan. A description of that plan begins on page 57. The above-market portion of the 2011 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 named 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 2011.

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 current named executive officers, except Mr. Harper who was not an employee at the time. 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).

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Our change in control agreements described above for our named 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 60.

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.

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Executive Compensation Tables

The following tables show compensation information for our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers for the one-year periods ended December 31, 2011, 2010 and 2009.

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	2011	1,122,500		2,200,453		1,571,500	1,231,402	346,401	6,472,256
President and Chief	2010	1,090,000		2,120,558		1,166,300	637,718	378,694	5,393,270
Executive Officer	2009	1,060,000		2,119,970		954,000	3,022,798	461,769	7,618,537
Gary L. Whitlock	2011	536,250		735,908		555,019	72,693	101,739	2,001,609
Executive Vice President	2010	520,000		706,663		499,200	64,002	98,532	1,888,397
and Chief Financial Officer	2009	505,000		707,195		435,563	74,806	106,081	1,828,645
Scott E. Rozzell	2011	501,250	500,000	686,095		518,794	69,056	93,686	2,368,881
Executive Vice President,	2010	486,250		664,460		466,801	61,037	90,728	1,769,276
General Counsel and	2009	475,000		665,339		409,688	71,819	98,358	1,720,204
Corporate Secretary									
Thomas R. Standish	2011	483,251		660,724		514,662	483,833	146,604	2,289,074
Executive Vice President	2010	486,249		639,876		460,055	345,966	160,285	2,092,431
and Group President,	2009	457,000		640,375		442,147	721,048	189,216	2,449,786
Corporate and Energy Services									
C. Gregory Harper	2011	366,250		319,610		348,670	42,740	43,126	1,120,396
Senior Vice President	2010	351,250		306,368		361,437	31,431	33,421	1,083,907
and Group President,	2009	340,000		306,153		261,800	14,008	20,921	942,882
Pipelines and Field Services									

(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 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. 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 2011 table on page 41 and the accompanying footnotes.

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The maximum value at the grant date of stock awards assuming the highest level of performance conditions is achieved is as follows:

Name	Year	Maximum Value of Stock Awards ($)
McClanahan	2011	2,970,395
	2010	2,862,533
	2009	2,862,003
Whitlock	2011	993,251
	2010	954,130
	2009	954,601
Rozzell	2011	926,266
	2010	897,219
	2009	898,028
Standish	2011	892,078
	2010	863,897
	2009	864,308
Harper	2011	431,458
	2010	413,369
	2009	413,276

(3) CenterPoint Energy has not granted stock options since 2004.

(4) Non-Equity Incentive Plan Compensation represents short term incentive awards earned with respect to performance in the designated year and paid in the following year. For more information on the 2011 short term incentive awards, refer to the Grants of Plan-Based Awards for Fiscal Year 2011 table on page 41 and the accompanying footnotes.

(5) The two components of the 2011 Change in Pension Value and Nonqualified Deferred Compensation Earnings are as follows:

Name	Change in Pension Value[(a)] ($)	Above Market Earnings on Nonqualified Deferred Compensation[(b)] ($)	Total ($)
McClanahan	1,176,159	55,243	1,231,402
Whitlock	72,555	138	72,693
Rozzell	69,056		69,056
Standish	465,889	17,944	483,833
Harper	39,871	2,869	42,740

(a) The Change in Pension Value is the increase or decrease in the present value of accumulated benefits under our retirement plan and the related benefit restoration plans from December 31, 2010 to December 31, 2011. Benefits are assumed to commence as of the earliest age that an individual could retire without a reduction in benefits. The present value as of December 31, 2010 assumed a discount rate of 5.25% and lump sum conversion interest rates of 4.25%, 5.00% and 5.25% for benefits paid within the first 5 years, 6th through 20th years, and all remaining years, respectively. The present value as of December 31, 2011 assumed a discount rate of 4.90% and lump sum conversion interest rates of 3.90%, 4.65% and 4.90% for benefits paid within the first 5 years, 6th through 20th years, and all remaining years, respectively. Refer to the narrative accompanying the Pension Benefits table on page 55 for a more detailed discussion of the present value calculation.

(b) Above Market Earnings consist of the amounts that exceed 120% of the applicable federal long-term rate at the time the interest rate was set. In 1985, CenterPoint Energy entered into corporate-owned life insurance policies on the lives of Messrs. McClanahan and Standish who contributed to the 1985 deferred compensation plan. These policies were entered into with their consent. Proceeds upon their deaths are payable to CenterPoint Energy and are available to offset the benefit payments from the plan.

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(6) The following table sets forth the elements of All Other Compensation for 2011:

Name [a]	Tax Reimbursements[b] ($)	Contributions to Vested and Unvested Defined Contribution Plans (qualified)[c] ($)	Contributions to Vested and Unvested Defined Contribution Plans (nonqualified)[d] ($)	Insurance Premiums[e] ($)	Annual Value of Executive (Death) Benefit Plan (change in PVAB)[f] ($)	Total All Other Compensation ($)
McClanahan	4,170	14,700	122,628	74,383	130,520	346,401
Whitlock	1,993	14,700	47,427	37,619		101,739
Rozzell	1,863	14,700	43,383	33,740		93,686
Standish	1,615	14,700	41,898	30,396	57,995	146,604
Harper		14,700	27,683	743		43,126

(a) None of the named executive officers received perquisites valued in excess of $10,000 during 2011.

(b) The tax reimbursement amounts shown are gross-up payments equal to the after-tax cost of imputed income that the named executive officers are required to recognize as a result of coverage under the executive life insurance plan described in footnote (e) below. The gross-up payment is provided in accordance with the terms of each officer s agreement. The gross-up payments are calculated assuming the highest individual income tax rate is applicable.

(c) These amounts represent CenterPoint Energy s contributions to the savings plan, which is described under Savings Plan and Savings Restoration Plans on page 57.

(d) These amounts represent benefits accrued under the savings restoration plan, which is described under Savings Plan and Savings Restoration Plans on page 57.

(e) The insurance premium amounts include annual premiums we pay to provide life insurance coverage, long-term disability coverage and coverage under an executive life insurance plan providing split-dollar life insurance. The executive life insurance plan provides endorsement split-dollar life insurance, with coverage continuing after the executive s termination of service at age 65 or later. If the participant leaves after age 55 and prior to age 65, benefits under the plan will cease unless the Compensation Committee elects to continue the coverage. With the exception of Mr. Harper, all named executive officers have single-life coverage equal to two times current salary. Upon the death of the insured, CenterPoint Energy will receive any balance of the insurance proceeds payable in excess of the specified death benefit.

(f) These amounts include the estimated aggregate incremental benefit during 2011 of providing benefits under our executive benefit plan for Messrs. McClanahan and Standish who participate in this plan pursuant to individual contractual agreements originally entered into in 1986 and 1993, respectively. If death occurs during active employment, the plan provides for a benefit of 100% of the executive s current base salary for one year and then 50% of base salary for nine years. The plan also provides that if the executive retires after reaching age 65, CenterPoint Energy will pay an annual benefit equal to 50% of the executive s annual base salary at the time of retirement for six years after his death. If the executive terminates employment prior to reaching age 65, all benefits are forfeited. Benefits have been calculated assuming retirement at age 65 and using base salary in effect at the end of the year for which the calculation was made. No pre-retirement mortality or terminations are assumed. In 1986, CenterPoint Energy entered into a corporate-owned life insurance policy on the life of Mr. McClanahan who participates in the executive benefit plan. This policy was entered into with his consent. Proceeds upon his death are payable to CenterPoint Energy and are available to offset the benefit payments from the plan.

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Grants of Plan-Based Awards for Fiscal Year 2011

The following table presents the non-equity and equity incentive plan-based awards granted during 2011. The grant date fair value of equity awards is based on the probable achievement level of the underlying performance conditions as of the grant date at the closing price on the grant date, which was $15.47 for the February 24, 2011 grants.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold: Number of Shares (#)	Target: Number of Shares (#)	Maximum: Number of Shares (#)	Grant Date Fair Value of Stock Awards ($)
David M. McClanahan	2/24/11	561,250	1,122,500	2,245,000		42,700		660,568
	2/24/11				16,590	33,180	49,770	513,295
	2/24/11				16,590	33,180	49,770	513,295
	2/24/11				16,590	33,180	49,770	513,295
Gary L. Whitlock	2/24/11	201,094	402,188	715,894		14,300		221,220
	2/24/11				5,545	11,090	16,635	171,562
	2/24/11				5,545	11,090	16,635	171,562
	2/24/11				5,545	11,090	16,635	171,562
Scott E. Rozzell	2/24/11	187,969	375,938	669,169		13,300		205,750
	2/24/11				5,175	10,350	15,525	160,115
	2/24/11				5,175	10,350	15,525	160,115
	2/24/11				5,175	10,350	15,525	160,115
Thomas R. Standish	2/24/11	181,219	362,438	630,643		12,800		198,016
	2/24/11				4,985	9,970	14,955	154,236
	2/24/11				4,985	9,970	14,955	154,236
	2/24/11				4,985	9,970	14,955	154,236
C. Gregory Harper	2/24/11	128,188	256,375	461,475		6,200		95,915
	2/24/11				2,410	4,820	7,230	74,565
	2/24/11				2,410	4,820	7,230	74,565
	2/24/11				2,410	4,820	7,230	74,565

There were no other equity awards granted during the year.

(1) The estimated payouts under non-equity incentive plan awards are based on the terms of our February 2011 grants under the short term incentive plan. Based on the goals adopted in 2011, the maximum payout amount (as shown in the Maximum column) is 200% of target for Mr. McClanahan, 178% of target for Messrs. Whitlock and Rozzell, 174% of target for Mr. Standish, and 180% of target for Mr. Harper. The amounts reflected in the Maximum column include the impact of achievement at the exceptional level with regard to core operating income performance objectives. Actual amounts paid in 2012 for 2011 performance are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. In addition, the maximum payout to any named executive officer under the terms of the short term incentive plan is 200% of that individual s target. Any amount awarded by the Compensation Committee to an individual executive officer in excess of the actual performance level of the underlying performance objectives is reflected in the Summary Compensation Table in the Bonus column.

(2) The grants of equity incentive plan awards consist of two types of awards for each named executive officer: a restricted stock unit award covering a number of shares listed in the Target: Number of Shares column in the first line for each officer, and three performance share awards, for which threshold, target and maximum numbers of shares are shown in the columns under Estimated Future Payouts Under Equity Incentive Plan Awards in the second, third and fourth lines for each officer. Both the restricted stock unit awards and the performance share awards accrue dividend equivalents over the vesting period or performance cycle, respectively, at the same level as dividends earned by shareholders on shares of common stock outstanding. Dividend equivalents on the vested shares will be paid in cash. These awards are granted under our long term incentive plan. Refer to Note (2) to the Outstanding Equity Awards at Fiscal Year-End 2011 table for the vesting date of each of these awards.

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Non-Equity Incentive Plan Awards

For our short term incentive plan, the following thresholds had to be met before any payouts for the 2011 plan year occurred:

After-tax income from continuing operations had to exceed the common dividends paid; and

Core operating income had to equal or exceed $950 million.

Short Term Incentive Targets. The base salary earned and short term incentive target for each of our named executive officers for the 2011 plan year were as follows:

	McClanahan	Whitlock	Rozzell	Standish	Harper
Base salary earned in 2011	$ 1,122,500	$ 536,250	$ 501,250	$ 483,251	$ 366,250
Target short term incentive award percentage for 2011	100%	75%	75%	75%	70%

Funding of the Short Term Incentive Plan Awards. The achievement of performance objectives, which the Compensation Committee establishes and approves annually, is used to determine the funding of the short term incentive plan for the year. For each performance objective, a target performance level is established at the beginning of the year. If actual performance is achieved at that target level, the plan is funded at 100% for that performance objective. A threshold level of achievement is also established for the performance objective. Achievement must meet at least the threshold level for any funding to be provided on that performance objective. At the threshold level, funding for that performance objective is 50% of the target amount. Similarly, a maximum level of performance is established for each performance objective, which results in funding for that objective at 150% of the target amount if the maximum level of performance is achieved. An exceptional achievement level is established at 200% of target for performance objectives related to core operating income and certain components of the composite Competitive Natural Gas Sales and Services business unit (CES) performance objective. Linear interpolation is used to determine funding for performance between achievement levels. The maximum funded amount under the plan is limited based on the percentage achievement level of the applicable performance objectives and the base salary earned multiplied by the applicable executive s short term incentive target. The performance objectives for each of our named executive officers used to determine the level of funding for their 2011 short term incentive plan awards were as follows:

Performance Objectives	Performance Objectives Actual Achievement	Weightings of Performance Objectives				
		McClanahan	Whitlock	Rozzell	Standish	Harper
CenterPoint Energy Core Operating Income	140%	100%	40%	40%	25%	25%
Business Services Controllable Expenses	131%		20%	20%		