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CENTERPOINT ENERGY INC
Form 424B3
September 11, 2002

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-68290-99

PROSPECTUS

CENTERPOINT ENERGY, INC.
D/B/A RELIANT ENERGY, INCORPORATED

INVESTOR'S CHOICE PLAN
2,617,676 SHARES OF COMMON STOCK

We are offering our shareholders and other interested investors an opportunity to purchase shares of our common stock directly from us through participation in our Investor's Choice Plan, which we refer to in this prospectus as the "plan." The plan offers a number of convenient options for investing in shares of our common stock. Once enrolled in the plan, participants may:

- purchase their first shares of our common stock by making an initial cash investment of at least \$250 for first-time investors in CenterPoint Energy or \$50 for current holders of our eligible securities,
- purchase additional shares of our common stock by making optional cash payments at any time of at least \$50 each and up to a maximum of \$120,000 per calendar year,
- elect to reinvest any cash dividend and interest payments that we may pay in the future on eligible securities in additional shares of our common stock, and
- sell shares of common stock that they hold in the plan directly through the plan.

Shares of common stock will be purchased under the plan, at our option, from newly issued shares, shares held in our treasury or shares purchased on the open market. Any open market purchases will be made through an independent agent that we will select. In some jurisdictions, we are offering shares of common stock under the plan only through a registered broker/dealer to persons who are not presently record holders of our common stock.

Our common stock is listed on the New York and the Chicago Stock Exchanges under the symbol "REI." Our principal executive offices are located at 1111 Louisiana Street, Houston, Texas 77002, and our telephone number at that address is (713) 207-3000.

This prospectus contains a summary of the material provisions of the plan. You should retain this prospectus for future reference.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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This prospectus is dated September 9, 2002.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we have filed with the SEC using a "shelf" registration process. By using this process, we may offer up to 2,617,676 shares of our common stock under our Investor's Choice Plan. This prospectus provides you with a description of the material provisions of the plan. You should carefully read this prospectus and the information contained in the documents we refer to in the "Where You Can Find More Information" section of this prospectus.

References in this prospectus to the terms "we," "us," "CenterPoint Energy" or other similar terms mean CenterPoint Energy, Inc., unless the context clearly indicates otherwise.

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WHERE YOU CAN FIND MORE INFORMATION

We file reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room located at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the SEC located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and at 233 Broadway, New York, New York 10279. You may obtain further information regarding the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC's website located at <http://www.sec.gov>. In addition, you may inspect our reports at the offices of the New York Stock Exchange, Inc. at 20 Broad Street, New York, New York 10005 and at the offices of the Chicago Stock Exchange at 440 South LaSalle Street, Chicago, Illinois 60605.

The SEC allows us to "incorporate by reference" into this prospectus information we file or Reliant Energy, Incorporated ("Reliant Energy") files with the SEC. This means we can disclose important information to you by referring you to those documents. The information we incorporate by reference is considered to be part of this prospectus, unless we update or supersede that information by the information contained in this prospectus, a prospectus supplement or information that we file subsequently that is incorporated by reference into this prospectus. We are incorporating by reference into this prospectus the following documents that we or Reliant Energy (File No. 1-3187) have filed with the SEC, and CenterPoint Energy's future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the offering of our common stock is completed:

- the Annual Report on Form 10-K of CenterPoint Energy for the fiscal year ended December 31, 2001,
- the Quarterly Reports on Form 10-Q of CenterPoint Energy for the quarterly periods ended March 31, 2002 and June 30, 2002,
- the Annual Report on Form 10-K of Reliant Energy for the fiscal year ended December 31, 2001, as amended by the Annual Report on Form 10-K/A (Amendment No. 1) of Reliant Energy for the fiscal year ended December 31, 2001, as filed on July 5, 2002,
- the Quarterly Reports of Reliant Energy on Form 10-Q for the quarterly periods ended March 31, 2002 and June 30, 2002,

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- the Current Reports of Reliant Energy on Form 8-K filed with the SEC on January 11, 2002, March 6, 2002, April 8, 2002, July 5, 2002 and July 15, 2002,
- Item 5 of the Current Reports of Reliant Energy on Form 8-K filed with the SEC on February 5, 2002, March 15, 2002, April 29, 2002, July 25, 2002 and August 1, 2002,
- the Current Report on Form 8-K of CenterPoint Energy filed with the SEC on September 3, 2002, which includes a description of CenterPoint Energy's common stock and associated rights to purchase its Series A preferred stock,
- the Current Report on Form 8-K12B of CenterPoint Energy filed with the SEC on September 6, 2002, and
- the Current Report on Form 8-K of CenterPoint Energy filed with the SEC on September 9, 2002.

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This prospectus is part of a registration statement we have filed with the SEC relating to our common stock. As permitted by SEC rules, this prospectus does not contain all of the information included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You should read the registration statement and the exhibits and schedules for more information about us and our common stock. The registration statement, exhibits and schedules are also available at the SEC's Public Reference Room or through its website.

You may also obtain a copy of our filings with the SEC at no cost, by writing to or telephoning us at the following address:

CenterPoint Energy, Inc.
Investor Services Department
P.O. Box 4505
Houston, Texas 77210
(800) 231-6406 nationally
(713) 207-3060 in Houston

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CENTERPOINT ENERGY, INC.

We are a utility holding company, created on August 31, 2002 as part of a corporate restructuring of Reliant Energy that implemented certain requirements of the Texas electric restructuring law. Our wholly owned operating subsidiaries own and operate electric generation plants, electric transmission and distribution facilities, natural gas distribution facilities and natural gas pipelines. We are subject to regulation as a "registered" holding company under the Public Utility Holding Company Act of 1935. Our wholly owned subsidiaries include:

- CenterPoint Energy Houston Electric, LLC, which engages in Reliant Energy's former electric transmission and distribution business in 5,000-square mile area of the Texas gulf coast that includes Houston.
- Texas Genco Holdings, Inc., which owns and operates the Texas generating plants formerly belonging to the integrated electric utility that was a part of Reliant Energy.

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- Reliant Energy Resources Corp., or "RERC," which owns gas distribution systems that together form one of the United States' largest natural gas distribution operations in terms of customers served. Through wholly owned subsidiaries, RERC owns two interstate natural gas pipelines and provides various ancillary services.

We also currently own approximately 83% of the outstanding stock of Reliant Resources, Inc., which owns and operates electric generation plants and engages in various unregulated energy service and trading businesses.

On September 5, 2002, CenterPoint Energy announced that its Board of Directors had declared a distribution of all of the shares of Reliant Resources, Inc. common stock owned by CenterPoint Energy to its common shareholders on a pro rata basis. The distribution will be made on September 30, 2002 to shareholders of record of CenterPoint Energy common stock as of the close of business on September 20, 2002, the record date for the distribution.

Our executive offices are located at 1111 Louisiana, Houston, Texas 77002, and our phone number is (713) 207-3000.

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USE OF PROCEEDS

We may satisfy purchases of common stock under the plan by:

- issuing authorized but unissued shares of our common stock,
- issuing shares of common stock held in our treasury, or
- purchasing shares of common stock in the open market.

Accordingly, the number of newly issued or treasury shares, if any, that we will ultimately sell under the plan is not currently known. We anticipate using any net proceeds from newly issued or treasury shares purchased by participants under the plan for general corporate purposes. These purposes may include, but are not limited to:

- working capital,
- capital expenditures,
- acquisitions, and
- the repayment or refinancing of our indebtedness, including inter-company indebtedness.

We will not receive any proceeds when shares of common stock are purchased under the plan in the open market.

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OUR INVESTOR'S CHOICE PLAN

PURPOSE

The purpose of the plan is to provide our existing and potential investors a convenient way to purchase shares of our common stock and to reinvest all or a portion of cash dividends and interest payments on our eligible securities into

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additional shares of our common stock.

KEY FEATURES

- Participation by First-Time Investors in CenterPoint Energy: First-time investors in CenterPoint Energy (i.e., investors who do not currently hold any of our eligible securities) may become participants by making a minimum initial cash investment of \$250 to purchase common stock through the plan.
- Participation by Holders of Eligible Securities: Current holders of our eligible securities may become participants by:
 - electing to have all or a portion of the cash dividend and interest payments on their eligible securities reinvested in common stock,
 - depositing certificates representing common stock into the plan for safekeeping, or
 - making a minimum cash investment of \$50 to purchase common stock through the plan.
- Additional Cash Investments: Participants may purchase common stock at any time, occasionally or at regular intervals, through the plan by making cash investments of at least \$50 for any single investment up to an aggregate of cash investments of \$120,000 per calendar year.
- Investment Through Automatic Deductions: Participants may make cash investments through automatic deductions from predesignated bank or savings accounts on a regular monthly or quarterly basis.
- Reinvestment: Participants may reinvest all or a portion of the cash dividend and interest payments on their eligible securities.
- Purchases in Whole Dollar Amounts: Participants can buy shares in whole dollar amounts, and their accounts are credited with appropriate whole and fractional shares.
- Sales: Participants may sell shares of common stock held in the plan directly through the plan.
- Frequent Purchases and Sales: Purchase and sale orders will be processed at least once every five business days, and as often as every business day, when practicable.
- Automatic Deposit of Dividends: Participants may receive common stock cash dividends not reinvested through the plan either by check or through automatic deposit to their bank account.
- Safekeeping Service: Participants may deposit their common stock certificates into their plan accounts and receive regular statements showing cumulative account activity.
- Transfers of Common Stock: Participants may transfer shares of common stock credited to their plan accounts to the account of another participant or transfer shares to any designated person or

entity, without charge. We will provide holiday and other occasion gift cards without charge to accompany gifts.

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- Account Statements: We will mail quarterly statements to each participant showing all transactions completed during the year to date, the total number of shares of common stock credited to the participant's account and other relevant account information.
- Stock Certificates: A participant may receive a stock certificate representing all or a portion of the shares of common stock in the participant's account at any time upon request.

PLAN SUMMARY

The following is a summary of the material provisions of the plan. This summary is not a complete description of all terms of the plan and is qualified in its entirety by reference to the plan. You should carefully review the summary below and the provisions of the plan that may be important to you before participating in the plan.

ADMINISTRATION

The plan is administered by the individual (who may be an employee of ours), bank, trust company or other entity, including us, whom we appoint from time to time to act as the administrator of the plan. As of the date of this prospectus, we are the administrator. The administrator administers the plan, receives cash from participants, holds participants' shares of common stock acquired under the plan, keeps records, sends statements of account activity to participants and performs other duties related to the plan. The administrator will forward funds that are to be used to purchase shares, and orders to sell shares, in the open market to an independent agent that we select and which is an "agent independent of the issuer," as that term is defined under the Securities Exchange Act of 1934. We reserve the right to continue serving as the administrator or to appoint another qualified person or entity to serve in that capacity.

Participants may contact the administrator by writing, telephoning or sending facsimiles to:

CenterPoint Energy, Inc.
Investor Services Department
P. O. Box 4505
Houston, TX 77210

Telephone toll-free (business days from 8:00 a.m. to 5:00 p.m., Central Time):

(800) 231-6406 nationally
(713) 207-3060 in Houston

Facsimile: (713) 207-3169

ELIGIBILITY

Any person or entity, whether or not a record holder of common stock, is eligible to participate in the plan, provided that:

- the person or entity fulfills the requirements of participation described below under "-- Enrollment Procedures," and

- in the case of citizens or residents of a country other than the United

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States, its territories and possessions, participation would not violate local laws applicable to us, the plan and the participant.

ENROLLMENT PROCEDURES

After being furnished with a copy of this prospectus, eligible applicants may join the plan by returning a completed and signed enrollment form to the administrator and choosing one of the following options:

- making an initial cash investment in the plan to purchase common stock of at least \$250 for applicants who are not registered holders of eligible securities or \$50 for applicants who are registered holders of eligible securities,
- electing to have all or a part of cash dividends or interest payments on eligible securities reinvested into common stock, or
- depositing certificates representing shares of common stock into the plan for safekeeping.

Applicants may obtain enrollment forms from the administrator upon written, facsimile or telephone request. Current registered holders of eligible securities should sign their name(s) on the enrollment form exactly as they appear on the certificates or instruments representing their eligible securities.

A beneficial owner of eligible securities registered in street name (i.e., the name of a bank, broker or trustee) may participate in the plan by:

- directing the financial intermediary to transfer eligible securities into the participant's name, and
- depositing transferred shares of common stock into the plan for safekeeping and/or electing to reinvest cash dividends or interest payments on transferred eligible securities in common stock through the plan.

Alternatively, the beneficial owner may make arrangements with the financial intermediary who is the registered holder to participate in the plan on behalf of the beneficial owner.

To the extent required by applicable law in specified jurisdictions, including Alabama, Arizona, Arkansas, Delaware, Florida, Hawaii, Idaho, Indiana, Iowa, Maine, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, North Dakota, Oklahoma, Puerto Rico, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming, we are offering shares of common stock under the plan to persons who are not presently record holders of our common stock only through a registered broker/dealer in those jurisdictions.

An eligible applicant will become a participant as soon as practicable after the administrator has received and accepted a properly completed enrollment form.

ELIGIBLE SECURITIES

The equity and debt securities of CenterPoint Energy and our subsidiaries listed below are "eligible securities" for participation in the plan:

- our common stock,
- First Mortgage Bonds, 9.15% Series due 2021,

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- First Mortgage Bonds, 8 3/4% Series due 2022,

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- First Mortgage Bonds, 7 3/4% Series due 2023, and

- First Mortgage Bonds, 7 1/2% Series due 2023.

In addition, from time to time we may designate other equity or debt securities issued by us or our subsidiaries as eligible securities.

INITIAL CASH INVESTMENTS AND ADDITIONAL CASH INVESTMENTS

Interested investors, whether or not registered holders of eligible securities, may become participants by making an investment through the plan as described in this prospectus. To become a participant through a cash investment, an applicant who is not a registered holder of eligible securities must include a minimum initial cash investment of \$250 with a completed enrollment form, while an applicant who is a registered holder of eligible securities must include a minimum initial cash investment of \$50 with a completed enrollment form. Additional cash investments, which participants may make at their discretion, must be at least \$50 for any single investment. However, cash investments in the aggregate, including both initial and additional cash investments, may not exceed \$120,000 per account per calendar year. Participants may make cash investments by check or through automatic investing as described below under "-- Cash Investment Procedures."

The administrator will make cash investments in our common stock beginning on the next investment date that is at least one business day after the administrator receives the funds and instructions. Cash investment funds, pending investment, will be credited to a participant's account and held in a trust account that is separated from our other funds. Cash investments not invested for a participant within 30 days of receipt will be promptly returned to the participant. NO INTEREST WILL BE PAID ON AMOUNTS HELD BY THE ADMINISTRATOR PENDING INVESTMENT.

A registered holder of eligible securities may invest cash payable to the registered holder as a result of the redemption, tender or maturity, including accrued interest and premium, if any, of eligible securities in common stock by delivering to the administrator an executed enrollment form designating such funds for investment. These funds will be treated as additional cash investments for purposes of determining whether the maximum annual limit of \$120,000 per year has been reached.

The administrator will return to a participant any cash investment that has not already been invested if it receives the participant's request to stop investment at least two business days prior to the applicable investment date. However, no refund of a check or money order will be made until the administrator has collected funds. Accordingly, refunds may take up to three weeks or more to be remitted.

CASH INVESTMENT PROCEDURES

Cash investments may be made by check or automatic deduction from predesignated bank accounts, as described below. Participants should NEVER SEND CASH for an investment.

Investment by Check. Cash investments may be made by personal check or money order payable in U.S. dollars to Reliant Energy, Incorporated Investor's Choice Plan and mailed to the administrator. Initial cash investments should be

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accompanied by enrollment forms while additional cash investments should be accompanied by the stub attached to each statement of account or transaction advice sent to participants.

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Automatic Investing. Participants may make automatic monthly or quarterly investments of a specified amount, not less than \$50 per purchase nor more than \$120,000 per calendar year, by electronic automatic transfer of funds from a predesignated bank account.

To initiate automatic deductions, a participant must execute an automatic investing form that is available from the administrator and return it to the administrator, along with a voided check or deposit slip on the bank account from which funds are to be drawn. If the monthly investment option is chosen, automatic investing will begin on or about the 10th day of each month approximately 30 days after receipt of the authorization form. If the quarterly investment option is chosen, investments will begin on or about the 10th day of each March, June, September and December. In either case, automatic investing deductions will be made two business days before the investment date. A PARTICIPANT'S BANK MAY CHARGE THE PARTICIPANT A RETURNED CHECK FEE IF THE DESIGNATED BANK OR SAVINGS ACCOUNT DOES NOT HAVE SUFFICIENT FUNDS TO COVER THE AUTHORIZED DEDUCTION.

Participants may change the amount of their automatic investment by notifying the administrator in writing or by facsimile of the new amount, and the change will take place approximately two weeks after the notice is received. Similarly, a participant may cancel automatic investing by instructing the administrator in writing or by facsimile. Cancellation will be effective approximately two weeks after the notice is received. To change a designated bank account, a participant must notify the administrator in writing at least 30 days before the change is to take effect and supply a voided check or deposit slip for the new account.

All cash investments are subject to collection by the administrator for full face value in U.S. funds. The method of delivery of any cash investment is at the election and risk of the investor and will be deemed received when actually received by the administrator. If the delivery is by mail, we recommend that the participant use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the appropriate investment date.

INVESTMENT DATES

The plan's "investment dates" occur at least once every five business days. However, purchases will be made every business day when deemed practicable by the administrator. A participant's cash investment will generally be invested within five business days of receipt. For exceptions under specified circumstances involving open market purchases, see "-- Source and Price of Shares" below.

DIVIDEND AND INTEREST PAYMENT OPTIONS

The plan offers participants the option of reinvesting cash dividends and interest payments paid on their eligible securities in common stock. With respect to cash dividends on common stock for which reinvestment is not elected, the plan offers the option of direct deposit or check payment, as described below.

Reinvestment of Cash Dividends and Interest Payments. Participants may elect to reinvest all or part of the cash dividends and interest payments on

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eligible securities registered in their names by making the election on their initial enrollment forms or by delivering written or facsimile instructions to the administrator. Participants electing partial reinvestment of cash dividends and interest payments must designate the specific security or securities for which partial reinvestment is desired and the number of whole shares or the whole dollar amount they want to be reinvested. The amount reinvested will be reduced by any amount required to be withheld under any applicable tax or other statutes. Cash dividends

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and interest payments not being reinvested will be sent to the participant by direct deposit or check, as appropriate.

A participant may change reinvestment amounts and the eligible securities on which cash dividend or interest payments are reinvested from time to time by delivering a new enrollment form or written or facsimile instructions to the administrator. To be effective for a particular payment, the administrator must receive instructions of such change on or before the record date of the dividend or interest payment. Record dates are usually the 16th day of the month preceding a payment date. The record date for common stock dividends is usually the 16th day of each February, May, August and November.

Dividends and interest payments will be invested beginning either on the date of payment, if the payment date is an investment date, or on the first investment date following payment. Dividend and interest payments not invested within 30 days of receipt will be returned promptly to the participant. Funds pending investment will be credited to a participant's account and held in a trust account that will be separated from any of our other funds or monies. NO INTEREST WILL BE PAID ON FUNDS HELD BY THE ADMINISTRATOR PENDING INVESTMENT.

Direct Deposit of Dividends on Common Stock. Through the plan's direct deposit feature, a participant may elect to have any cash dividends on common stock automatically deposited into a designated bank or savings account. The cash dividends will be deposited on the dividend payment date. Participants who wish to have dividends automatically deposited must execute a direct deposit authorization form that is available from the administrator and send it to the administrator, along with a voided check or deposit slip for the designated bank account.

The administrator must receive direct deposit authorization at least 30 days before an applicable common stock dividend payment date to be effective for that payment date. Participants can cancel direct deposit of dividends by notifying the administrator in writing or by facsimile. In order to be effective for an applicable dividend payment date, the administrator must receive the cancellation notice at least 30 days before that dividend payment date. To change a designated bank account for direct deposit of dividends, the administrator must receive written notice, accompanied by a voided check or deposit slip for the new bank account, at least 30 days before an applicable dividend payment date.

Check Payments of Dividends and Interest Payments. Cash dividends and interest payments on eligible securities not designated for reinvestment or direct deposit will be paid by check to the participant. A check for the amount of funds payable will be sent through the mail so that it will reach the participant as close as possible to the dividend or interest payment date.

SOURCE AND PRICE OF SHARES

To fulfill plan requirements, shares of common stock will be, at our discretion, purchased either directly from us or on the open market by an independent agent. Shares purchase from us will be either authorized but

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unissued shares or shares held in our treasury. Purchases of common stock under the plan are subject to such terms and conditions, including price and delivery, as the administrator may accept.

Purchases from CenterPoint Energy. The price of common stock purchased from us will be the average of the high and low sales price of the common stock reported on the New York Stock Exchange Composite Tape as published in The Wall Street Journal for the trading day immediately preceding the relevant investment date, and the purchase will be made on the investment date. In the event no trading is

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reported for the relevant trading day, we may determine the purchase price on the basis of market quotations we deem appropriate. No brokerage fee will be charged on shares acquired directly from us.

Open Market Purchases and Sales. The price of common stock purchased or sold on the open market will be the weighted average price of all shares purchased or sold, as the case may be, through the plan for the investment date. The weighted average price will be increased for brokerage fees and commissions, any related service charges and applicable taxes. As of the date of this prospectus, we do not expect the brokerage fees and commissions and related service charges to exceed \$0.10 per share.

An independent agent will make purchases and sales of common stock on the open market beginning on the relevant investment date. These purchases and sales will be completed not later than five days from that date, except where completion at a later date is necessary or advisable under any applicable laws or regulations. Funds not invested within 30 days of receipt will be returned promptly to participants. The independent agent will make purchases and sales on any securities exchange where shares of common stock are traded, in the over-the-counter market, or by negotiated transactions. These purchases and sales may be subject to such terms and conditions regarding price, delivery and other terms as agreed to by the administrator. The independent agent will have sole authority to direct the time or price at which shares may be purchased or sold, the markets on which the shares are to be purchased or sold, and the selection of the broker or dealer, other than the independent agent, through or from whom purchases or sales are to be made.

The independent agent may commingle each participant's funds with those of other participants for the purchases and sales of common stock but will hold the funds at all times in a separate trust account apart from our funds.

The number of shares, including any fraction of a share rounded to three decimal places, of common stock credited to a participant's account for a particular investment date will be determined by dividing the total amount of cash dividends, interest payments and/or cash investments to be invested for the participant on the investment date by the relevant purchase price per share. Dividend and voting rights will commence upon settlement, whether shares are purchased from us or on the open market.

SAFEKEEPING SERVICE

Participants may use the plan's free safekeeping service at any time. Participants may deposit common stock into the plan by delivering the stock certificates without endorsement to the administrator. Shares deposited in the plan for safekeeping will be transferred into the name of the administrator or its nominee and credited to the participant's account under the plan. Thereafter, the shares will be treated in the same manner as shares purchased through the plan. Because shares deposited for safekeeping are treated in the

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same manner as shares purchased through the plan, they may be efficiently and economically transferred or sold if the participant desires.

SALE OF COMMON STOCK

Participants may request the administrator to sell any number of whole shares held in their accounts at any time by written, telephone or facsimile instructions. As soon as practicable after receipt of the request, but within five business days, the administrator will instruct the independent agent to sell the shares. The independent agent will sell the shares as soon as practicable thereafter. Proceeds of the sale, less applicable brokerage fees and commissions and service charges and any applicable taxes, will be sent to the participant within five business days after the independent agent has completed the sale. The sales

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price will be determined in the same way as the price for shares of common stock purchased for participants on the open market. See "-- Source and Price of Shares" above.

If the administrator receives a request between the record date and the dividend payment date to sell shares on which dividends are not being reinvested, the sale will be made within five days after receipt of the request and the proceeds from the sale will be sent to the participant. Cash dividends will be paid in the usual manner on the dividend payment date.

If the administrator receives a request between the record date and the dividend payment date to sell shares on which all or a portion of the dividends are being reinvested, the dividends on those shares will be reinvested on the investment date and newly purchased shares will be credited to the participant's account. If the request for sale does not include all shares in the participant's account, the number of shares requested will be sold within five days after receipt of the request and the proceeds from the sale will be sent to the participant. Newly purchased shares will be retained in the participant's account after the investment date. If the request for sale covers all shares in the participant's account, the sale will be delayed until after the dividend payment date and all shares, including newly purchased shares, will be sold within five days after the investment date and the proceeds from the sale will be sent to the participant.

If a participant wishes to sell shares held in the participant's account through a broker, the participant may request the administrator to issue a certificate for a specific number of whole shares by written, telephone or facsimile instruction. A certificate will be sent to the participant within two business days after receipt of the request.

WITHDRAWAL, TRANSFERS AND GIFTS OF COMMON STOCK

Withdrawals and Transfers Outside the Plan. A participant may withdraw shares of common stock credited to the participant's plan account if the participant will continue to be the record holder after withdrawal. A participant may do so by instructing the administrator in writing, by telephone or by facsimile or, if the participant will not be the record holder after withdrawal, by delivering written instructions, specifying the recipient's name, address, Social Security number and telephone number and a stock assignment or stock power, with the participant's signature guaranteed by a member of the Medallion Signature Guarantee program (a participating broker, bank, savings and loan association, etc.). If shares are to be sent to a broker, the participant must provide in writing the number of whole shares to be withdrawn, the broker's name, business name, address, telephone number and the brokerage account number, if applicable. Certificates representing whole shares withdrawn from the plan

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will be mailed to the participant or designated recipient within two business days of receipt of a properly documented request. Withdrawal of shares of common stock does not affect reinvestment of cash dividends on the shares withdrawn unless:

- the participant is no longer the record holder of the shares,
- the participant specifically discontinues the reinvestment, or
- the participant terminates participation in the plan.

If the administrator receives a request between the record date and the dividend payment date to withdraw shares on which dividends are not reinvested, the withdrawal will be made within five days after receipt of the request and dividends will be deposited in the account of the participant holding the shares prior to the withdrawal, in the usual manner, on the dividend payment date.

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If the administrator receives a request between the record date and the dividend payment date to withdraw shares on which all or a portion of the dividends are reinvested, the dividends on those shares will be reinvested on the investment date and newly purchased shares will be credited to the participant's account. If the request for withdrawal does not include all shares in the participant's account, the number of shares requested will be withdrawn within two business days after receipt of the request and sent to the designated recipient. Newly purchased shares will be retained in the account of the participant making the request. If the request for withdrawal covers all shares in the participant's account, the withdrawal will be delayed until after the dividend payment date and all shares, including newly purchased shares, will be withdrawn within two business days after the investment date. All shares in the participant's account will be sent to the designated recipient.

Gifts and Transfers of Common Stock Within the Plan. If a participant wishes to transfer all or a part of the participant's shares to a plan account for another person, whether b