

Preferred Stock Purchase Agreements

On May 6, 2020, CenterPoint Energy, Inc., a Texas corporation (“CenterPoint Energy” or the “Company”) entered into agreements for the private placement of its equity securities representing an approximately \$1.4 billion investment in the Company. The Company entered into Preferred Stock Purchase Agreements (the “Preferred Stock Purchase Agreements”) with Elliott International, L.P., a Cayman Islands limited partnership, and Elliott Associates, L.P., a Delaware limited partnership (together, “Elliott”), and BEP Special Situations 2 LLC and BEP Special Situations IV LLC (“BEP,” and together, the “Preferred Stock Purchasers”). Pursuant to the Preferred Stock Purchase Agreements, the Company has agreed to issue and sell 625,000 shares of newly created Series C Mandatory Convertible Preferred Stock, par value \$0.01, of the Company (the “Series C Preferred Stock”) to Elliott for an aggregate purchase price of \$625 million in cash, and 100,000 shares of Series C Preferred Stock to BEP for an aggregate purchase price of \$100 million in cash.

The Preferred Stock Purchasers have customary registration rights, pursuant to which the Company will use its reasonable best efforts to file within 60 days following signing a shelf registration statement for the resale of common shares into which the preferred stock may be converted. Preferred Stock Purchasers holding covered shares of more than \$200 million may request one shelf takedown every 12 months for a total of up to two times.

The Preferred Stock Purchasers are subject to a six-month transfer restriction, with exceptions for, among other things, affiliate transfers, and to limited restrictions on transfer thereafter.

The Preferred Stock Purchasers agreed to a standstill restricting certain conduct and activities until June 30, 2022. Among other restrictions, each Preferred Stock Purchaser is barred from (i) acquiring beneficial ownership of more than certain percentage of the Company’s outstanding common stock, (ii) calling an extraordinary general meeting, nominating directors to the board of directors of the Company (the “Board”), making other shareholder proposals, or seeking the removal of directors or Company management, (iii) submitting a proposal for any tender or exchange offer or other extraordinary transaction, recapitalization or restructuring, (iv) entering into any voting trust or arrangement, (v) engaging in short sales or transacting in certain derivative securities that would result in such Preferred Stock Purchaser ceasing to have a net long position in the Company. The standstill is subject to certain customary exceptions and termination events.

Common Stock Purchase Agreements

On May 6, 2020, the Company also entered into three common stock purchase agreements (the “Common Stock Purchase Agreements” and, together with the Preferred Stock Purchase Agreements, the “Private Placement Agreements”) with certain investors (together, the “Common Stock Purchasers”), pursuant to which the Company has agreed to sell 41,977,612 shares of the common stock, par value \$0.01 per share, of the Company (the “Common Stock”) to the Common Stock Purchasers for an aggregate purchase price of \$675,000,000 in cash.

The Common Stock Purchasers also have customary shelf registration rights, pursuant to which the Company will use its reasonable best efforts to file within 30 days following signing a shelf registration statement for the resale of the common shares sold under the Common Stock Purchase Agreement.

Series C Preferred Stock

The Series C Preferred Stock is entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a *pari passu, pro rata*, as-converted basis. At liquidation, the Series C Preferred Stock will rank *pari passu* to the Company’s existing Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock and 7.00% Series B Mandatory Convertible Preferred Stock and senior to the Company’s Common Stock, but will participate in a liquidation only on an as-converted to Common Stock basis.

Conversion of the Series C Preferred Stock is mandatory upon the occurrence of any of the following triggers: (i) the 12-month Preferred Stock Purchase Agreement anniversary date, (ii) a bankruptcy event, and (iii) a fundamental change in the Company, including, among other things certain change of control events. Upon a

mandatory conversion, each share of Series C Preferred Stock will convert into the number of Common Stock equal to the quotient of \$1,000 divided by the prevailing conversion price (as adjusted, the “Conversion Price”), which is initially \$15.31. In a conversion at the 12-month anniversary date, in lieu of issuing Common Stock, the Company may, at its election, make a cash payment equal to the product of (i) the market price of the Common Stock multiplied by (ii) the number of shares of Common Stock that such holder would have been entitled to receive in a conversion. Following the six-month anniversary date, Series C Preferred Stock holders also have an optional right to convert their holdings to Common Stock at any time, subject to a limit on conversion of more than 4.9% of the outstanding Common Stock. The Conversion Price is subject to adjustment for subdivisions and combinations, dividends or distributions payable in common stock. If all of the 725,000 shares of Series C Preferred Stock converted at the current Conversion Price, the Company would issue an incremental 47,354,670 shares of Common Stock.

The Company may not issue more than a specified amount of outstanding Common Stock (the “Share Cap”) upon conversion of Preferred Stock. Once the Share Cap has been reached, each Series C Preferred Stock holder electing to convert or subject to mandatory conversion will receive a cash payment equal to the product of (i) the market price of the Common Stock multiplied by (ii) the number of shares of Common Stock that such holder would have been entitled to receive in a conversion.

Series C Preferred Stock holders have no voting rights, except that the affirmative vote of a majority of outstanding Series C Preferred Stock is required for the Company to (i) create any class or series of securities that is senior to the Series C Preferred Stock; (ii) reclassify any authorized securities of the Company if reclassification would render the relevant security on a parity with or senior to the Preferred Stock, or (iii) issue any additional shares of Series C Preferred Stock.

The vote of at least 66 2/3% of the outstanding shares of Series C Preferred Stock is needed to amend the terms of the Series C Preferred Stock in any manner that would adversely alter or change the rights of the Series C Preferred Stock, subject to certain exceptions.

The Governance Arrangement Agreement

The Company also entered into a Governance Arrangement Agreement with Elliott (the “Governance Arrangement Agreement”). Pursuant to the Governance Arrangement Agreement, the Company agreed to appoint David J. Lesar and Barry T. Smitherman to the Company’s Board (as described below), and if Elliott continues to have an aggregate net long economic exposure of at least 2.5% of the Company’s outstanding voting securities, the Company and Elliott will cooperate to mutually select replacements in the event that the new outside directors that have been appointed to the Company’s board of directors today should cease to serve on the Board for any reason. The Board will also establish a Business Review and Evaluation Committee tasked with assisting the Board in evaluating and optimizing the various businesses, assets and ownership interests currently held by the Company and to report to the Board by October 15, 2020. The Company has also committed to holding an Investor Day by the end of the first quarter 2021 to provide heightened transparency with respect to the Company, assisted by the Business Review and Evaluation Committee.

The foregoing description of the Private Placement Agreements, the Statement of Resolution and the Governance Arrangement Agreement and the transactions contemplated thereby (the “Preferred Stock and Common Stock Transactions”) is not complete and is qualified in its entirety by reference to the full text of the Private Placement Agreements, the Statement of Resolution and the Governance Arrangement Agreement, which are also posted on this website and are incorporated herein by reference.

Moelis & Company LLC, Goldman, Sachs & Co. LLC and J.P. Morgan Securities, LLC served as financial advisors to the Company.