RELIANT ENERGY INC
Form 10-K/A
April 30, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission file number 1-16455
Reliant Energy, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**76-0655566**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
1000 Main Street **Houston, Texas 77002**	**(713) 497-3000**
(Address and Zip Code of Principal Executive Offices)	*(Registrant s Telephone Number, Including Area Code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $.001 per share, and associated rights to purchase Series A Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was $7,291,274,515 (computed by reference to the closing sale price of the registrant s common stock on the New York Stock Exchange on June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter).

As of April 20, 2009, the registrant had 350,426,995 shares of common stock outstanding and no shares of common stock were held by the registrant as treasury stock.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART IV

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Explanatory Note

We are filing this Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 to include Part III rather than incorporating such information into our Form 10-K by reference to our definitive proxy statement for our 2009 annual meeting of stockholders. Accordingly, Items 10-14 of Part III of the Form 10-K are hereby amended and restated in their entirety as set forth below.

Also included in this Amendment No. 1 on Form 10-K/A are (a) the signature page, (b) the certifications required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, which have been re-executed and re-filed as of the date of this Form 10-K/A as Exhibits 31.1 and 31.2 respectively, and (c) the exhibit index set forth in Part IV, Item 15(b) of the Form 10-K, which has been amended and restated in its entirety as set forth below to include the additional certifications.

Except as described above, this Amendment No. 1 on Form 10-K/A does not update or modify in any way the disclosures in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and does not purport to reflect any information or events subsequent to the filing thereof. Accordingly, this Amendment No. 1 on Form 10-K/A should be read in conjunction with the Form 10-K and our other filings made with the Securities and Exchange Commission.

Forward-Looking Information

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that contain projections, assumptions or estimates about the outcome of pending legal actions, our revenues, income, capital structure and other financial items, our plans and objectives for future operations or about our future economic performance, transactions and dispositions, financings or offerings and approvals related thereto. In many cases, you can identify forward-looking statements by terminology such as anticipate, estimate, believe, continue, could, intend, may, plan, potential, predict, should, will, expect, objective, projecti guidance, outlook, effort, target and other similar words. However, the absence of these words does not mean that t statements are not forward-looking.

Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of many factors or events, including, but not limited to, the following:

Other factors that could cause our actual results to differ from our projected results are discussed or referred to in Item 1A of this report. Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Our filings and other important information are also available on our website at www.reliant.com.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

Name	Age(1)	Director Since
E. William Barnett	76	October 2002
Donald J. Breeding	74	October 2002
Mark M. Jacobs	47	May 2007
Steven L. Miller	63	August 2003
Laree E. Perez	55	April 2002
Evan J. Silverstein	54	August 2006
Joel V. Staff	65	October 2002
William L. Transier	54	December 2002

(1) Age is as of April 1, 2009.

E. William Barnett is a member of the Board of Directors of Enterprise Products GP, LLC, the general partner of Enterprise Products Partners L.P., and is Chairman of its Audit, Conflicts and Governance Committee. Mr. Barnett also serves on the Board of Directors of Westlake Chemical Corporation and is Chairman of its Nominating and Governance Committee and a member of its Audit Committee. Mr. Barnett retired from the law firm Baker Botts LLP in December 1997 where he served as its managing partner. **Donald J. Breeding** served as President and Chief Executive Officer of Airline Management, LLC, an aviation and airline consulting company, from 1997 until 2007. Mr. Breeding serves as Chairman of the Board of Directors of Pinnacle Airlines Corp. and is Chairman of its Nominating and Corporate Governance Committee and a member of its Compensation Committee.

Mark M. Jacobs has served as our President and Chief Executive Officer since May 2007. Prior to that, he served as our Executive Vice President and Chief Financial Officer from July 2002.

Steven L. Miller retired from Shell Oil Company in September 2002 where he served as Chairman, President and Chief Executive Officer. Since September 2002, he has served as Chairman and President of SLM Discovery Ventures, Inc., a company pursuing commercial ventures in support of volunteerism, social outreach and higher education academic achievement. From January 2003 to September 2004, Mr. Miller served as Chairman of CEO Initiative-Diversity Best Practices, and from February 2003 to December 2004, he served as Chairman of Momentum Bio Ventures, Inc., a venture capital/management services company focusing on biotechnology and life sciences.

Laree E. Perez has served as an independent financial consultant with The Medallion Company, LLC, an investment advisory/consultation and professional money management company, since September 2002. Ms. Perez also serves on the Board of Directors of Martin Marietta Materials, Inc. and is Chair of its Finance Committee and a member of its Audit Committee and its Ethics, Environment, Safety and Health Committee.

Evan J. Silverstein served as General Partner and Portfolio Manager of SILCAP LLC, a market-neutral hedge fund that principally invests in utilities and energy companies, from January 1993 until his retirement in December 2005.

Joel V. Staff, in connection with his role in our process of exploring strategic alternatives, has served as Executive Chairman of the Board since October 2008. He served as our Chairman of the Board from April 2003 to October 2008. Mr. Staff was our Chief Executive Officer from April 2003 until his retirement in May 2007.

William L. Transier has served as Chairman, Chief Executive Officer, and President of Endeavour International Corporation, an international oil and gas exploration and production company focused on the North Sea, since September 2006. From February 2004 to September 2006, he served as Co-Chief Executive Officer of Endeavor

International Corporation. Mr. Transier serves on the Board of Directors of Endeavour International Corporation. He serves on the Board of Directors of Helix Energy Solutions Group, Inc. and is the Chairman of its Compensation Committee and a member of its Audit Committee. He also serves on the Board of Directors of Cal Dive International, Inc. and is Chairman of its Compensation Committee and a member of its Audit Committee. Cal Dive International, Inc. is a majority-owned subsidiary of Helix Energy Solutions Group, Inc.

Executive Officers

Name	Age(1)	Present Position
Mark M. Jacobs	47	President and Chief Executive Officer
Brian Landrum	47	Executive Vice President and Chief Operating Officer
Rick J. Dobson	50	Executive Vice President and Chief Financial Officer
Charles S. Griffey	49	Senior Vice President, Market Design and Regulatory Affairs
D. Rogers Herndon	40	Senior Vice President, Strategic Planning and Business Development
Michael L. Jines	50	Senior Vice President, General Counsel and Corporate Secretary
Suzanne L. Kupiec	42	Senior Vice President, Chief Risk and Compliance Officer
Thomas C. Livengood	53	Senior Vice President and Controller
Albert H. Myres	45	Senior Vice President, Government and Public Affairs
Karen D. Taylor	51	Senior Vice President, Human Resources and Chief Diversity Officer

(1) Age is as of April 1, 2009.

Mark M. Jacobs has served as our President and Chief Executive Officer since May 2007. Prior to that, he served as our Executive Vice President and Chief Financial Officer from July 2002 to October 2007.

Brian Landrum has served as our Executive Vice President and Chief Operating Officer since May 2007. Prior to that, he served as our Executive Vice President, Operations from February 2006 to May 2007. He was Senior Vice President, Commercial and Retail Operations, IT from February 2005 to February 2006; Senior Vice President, Customer Operations and Information Technology from January 2004 to February 2005; President, Reliant Energy Retail Services from June 2003 to January 2004.

Rick J. Dobson has served as our Executive Vice President and Chief Financial Officer since October 2007. Prior to that, he served as Senior Vice President and Chief Financial Officer of Novelis Inc., an international aluminum rolling and recycling company, from July 2006 to August 2007 and Senior Vice President and Chief Financial Officer of Aquila, Inc., an electric and natural gas distribution company that also owns and operates generation assets, from October 2002 to July 2006.

Charles S. Griffey has served as our Senior Vice President, Market Design and Regulatory Affairs since December 2007. Prior to that, he was Senior Vice President, Regulatory Affairs from February 2003 to December 2007.

D. Rogers Herndon has served as our Senior Vice President, Strategic Planning and Business Development since November 2007. He was Senior Vice President, Commercial Operations and Origination from May 2006 to November 2007. Prior to that, he was a Managing Director for PSEG Energy Resources and Trade from April 2003 to December 2005.

Michael L. Jines has served as our Senior Vice President, General Counsel and Corporate Secretary since May 2003.

Suzanne L. Kupiec has served as our Senior Vice President, Chief Risk and Compliance Officer since July 2007. She served as our Senior Vice President, Risk and Structuring from January 2004 to June 2007. She was our Vice President and Chief Risk and Corporate Compliance Officer from June 2003 to January 2004.

Thomas C. Livengood has served as our Senior Vice President and Controller since May 2005. Prior to that, he served as our Vice President and Controller from August 2002 to May 2005.

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Albert H. Myres has served as our Senior Vice President, Government and Public Affairs since December 2007. He served as Shell Oil Corporation s Chief of Staff and Senior Advisor to the President and Country Chairman from August 2005 to December 2007 and Senior Advisor, Government Affairs from June 2002 to August 2005.

Karen D. Taylor has served as our Senior Vice President, Human Resources since December 2003. In November 2005, she was appointed as our Chief Diversity Officer.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors, executives and persons who own more than 10% of our outstanding common stock to file initial reports of ownership and reports of changes in ownership of our common stock with the SEC. Based on our review of the reports submitted to us and representations from certain reporting persons that they have complied with the applicable filing requirements, we believe that during 2008, all of our directors, executives and greater than 10% stockholders complied with the reporting requirements of Section 16(a) of the Exchange Act.

Code of Business Conduct

We have adopted a written Business Ethics Policy, which is a code of conduct and ethics for our directors, executives and employees and satisfies the U.S. Securities and Exchange Commission s (SEC) definition of a code of ethics. Our Business Ethics Policy prohibits our directors, executives and employees from having relationships or engaging in activities which might conflict with, or give the appearance of conflicting with, our interests or which might affect that person s independence or judgment. This policy is based upon our value of acting with absolute integrity.

All of our directors, executives and employees are required to annually certify their compliance with the Business Ethics Policy. The policy requires any exception to or waiver of the policy for a director or executive be made only by the Board or an independent Board committee and disclosed on our website. To date, we have not received any requests for or granted any waivers of the policy for any of our executives or directors.

Among other things, the policy addresses:

- conflicts of interest;
- corporate opportunities;
- confidentiality;
- fair dealing;
- protection and use of our assets;
- compliance with laws, rules and regulations (including insider trading laws);
- reporting of any illegal or unethical behavior;
- gifts and entertainment;
- proper conduct in interacting with government agencies and officials; and
- limitations on certain corporate political contributions.

The policy prohibits any director or executive from seeking or accepting credit or an extension of credit in the form of a personal loan from us, trading our securities acquired in connection with their service or employment during any retirement plan black-out period and, in the case of executives, receiving any tax services from our independent auditors.

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Under the terms of our Business Ethics Policy, each of our independent directors is required to ensure that he or she does not have any relationships or engage in any activities that would result in the director not being independent. Prior to engaging in any material relationship or activity that could reasonably be expected to affect his or her independence, the director must consult with our General Counsel or, in some cases, the Board.

The policy includes procedures for directors and employees to report possible violations of laws, regulations or the policy. Reports may be made to an employee s immediate supervisor, our Senior Vice President, Chief Risk and Compliance Officer (Chief Compliance Officer), any member of the Corporate Compliance Office or the Office of Ethics and Compliance or any other senior company official. Reports may also be made anonymously to the Chief Compliance Officer through a toll-free compliance hotline, a web address, or a mailing address administered by an independent third party. All reported violations are investigated promptly and, to the extent possible, treated confidentially. It is our policy that there will be no acts of retaliation, intimidation, threat, coercion or discrimination against any individual for truthfully reporting, furnishing information or assisting or participating in any manner in an investigation, compliance review or other activity related to the administration of our Business Ethics Policy.

Audit Committee

Our Board has established an Audit Committee, whose members are Ms. Perez and Messrs. Barnett, Silverstein and Transier (Chairperson). The Board has determined that Ms. Perez and Messrs. Silverstein and Transier are qualified as audit committee financial experts under the SEC s rules and regulations. In addition, the Board has determined that each member of the Audit Committee and Mr. Miller has the requisite accounting and related financial management expertise under the New York Stock Exchange listing standards. Each member of our Audit Committees is independent under the SEC s rules and regulations, the listing standards of the New York Stock Exchange and our Corporate Governance Guidelines.

Item 11. Executive Compensation

Compensation Discussion and Analysis

How did the events of 2008 impact our executive compensation program?

Our financial results in 2008, particularly in our retail energy segment, were substantially below our expectations as a result of a variety of factors, including the record heat in the Houston area and ERCOT transmission constraints, the devastating impact of Hurricane Ike on the Gulf Coast and the significant volatility in commodity prices experienced in 2008. As a consequence, achievement of the performance metrics under our annual incentive program were below target amounts and retail contribution margin was below threshold. Although each of our officers was entitled to a payout under our annual incentive program, the Committee, in its discretion, elected not to approve payouts for Messrs. Jacobs, Dobson and Landrum. In addition, the Committee recommended no increases in base pay for officers in 2009. The Committee has not granted the executives long-term incentive awards for 2009 because we are continuing to review strategic alternatives. See Why do we choose to pay each element? and Summary Compensation Table for additional information.

What are the elements and objectives of our executive compensation program?

Our compensation program for executives consists of base salary, annual incentive awards and long-term incentive awards. Using these elements, the Compensation Committee (the Committee) has designed our compensation program to prudently use our resources while meeting the following objectives:

- attract and retain the talent that we feel is required to successfully execute our business strategy;
- align the interests of our executives with the interests of our stockholders;
- reinforce expectations of leadership and achievement, consistent with our values and our vision to be the best positioned, most trusted choice for electricity in competitive markets; and
- provide a strong incentive to our executives to achieve their potential and our goals and long-term success.

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How are executive compensation amounts determined?

In determining target compensation levels for each executive, the Committee considers:

- market data;
- individual performance;
- corporate performance;
- compensation history; and
- internal equity.

None of these factors are weighted, but are considered together.

Market Data

Market data is a key consideration for the Committee. The Committee has retained Towers, Perrin, Forster & Crosby, Inc. (Towers Perrin), a nationally recognized independent compensation consultant, to annually provide competitive market data for base salary, target annual incentive awards and expected value of target long-term incentive awards. In conducting the competitive analysis, Towers Perrin gathers information from us, public filings and appropriate survey sources. Towers Perrin reports the results of the competitive analysis to the Compensation Committee but does not make recommendations. The Committee considers this data for general market movement and trends and the positioning of our executives relative to the market. The Committee reviewed and considered market data as prepared by Towers Perrin in early 2008 for the following groups:

- a peer group composed of 18 other utility and power generation companies (The AES Corporation, American Electric Power Company, Inc., Calpine Corporation, Constellation Energy Group, Inc., Dominion Resources, Inc., Duke Energy Corporation, Dynegy Inc., Edison International, Entergy Corporation, Exelon Corporation, FPL Group, Inc., Mirant Corporation, NRG Energy, Inc., PG&E Corporation, PPL Corporation, Sempra Energy, Energy Future Holdings Corp. and The Williams Companies, Inc.). These companies were selected primarily because they are engaged in the merchant energy business, have significant generation portfolios, and/or have significant non-regulated and/or energy operations;
- approximately 100 major energy organizations in the broader energy industry; and
- approximately 800 organizations in the broader general industry.

The market data is presented on a composite basis and the Committee does not have access to the individual company data.

The two broader groups are surveyed because we do not compete exclusively within our peer group for leadership talent. The market data for these two groups is size-adjusted to our revenue size by Towers Perrin to provide appropriate comparisons. All three reference groups are included in the consideration of each element of compensation for each executive.

Market data for target total direct compensation (base salary, targeted annual incentive and expected value of long-term incentive awards) is developed at both the 50^{th} and 75^{th} percentiles for each reference point in order to provide a broad market view; however, the Committee does not seek to target total direct compensation at any particular level. Each executive s position relative to the market data is reflective of his/her experience (both with us and with other organizations) and the other factors described below. Four of the five executives were below the 75^{th} percentile for the peer group and two were also below the 50^{th} percentile. Four of the five executives were below the 75^{th} percentile for the energy industry and one was also below the 50^{th} percentile. All of the executives were below the 75^{th} percentile for the general industry and four of the five were also below the 50^{th} percentile.

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Individual Performance

The Committee also considers individual performance, including achievement of individualized goals, current and potential impact on corporate performance, reputation, skills, experience, criticality and demonstration of our values as important factors. Our values are to:

- act with absolute integrity;
- collaborate with, support and respect our employees;
- communicate openly, honestly and frequently;
- create value for every customer;
- ensure a safe, healthy and enjoyable workplace;
- care for our environment and communities;
- develop a highly motivated, valued and diverse workforce;
- optimize our financial and physical resources; and
- continuously simplify and improve our processes.

The format used for our executives annual performance evaluations is the same as for all employees (except our President and Chief Executive Officer). See What is the role of our executives in the compensation process?

Corporate Performance

Significant portions of our annual incentive awards and long-term incentive awards are tied to corporate and operational results, which must be achieved in order for any payout to be earned. See Why do we choose to pay each element?

Compensation History

In determining an executive s compensation, the Committee considers the base salary and the annual incentive target and payout history of each executive for the preceding four years. The Committee also considers each executive s equity holdings, including the date of any grants, the types of awards (restricted stock, stock options or cash-based), the vesting provisions, the expiration dates, the exercise prices, if applicable, and the number of units or shares granted. The Committee reviews these historical awards to ensure an appropriate portion of executive compensation provides retention value, but no formula is used.

Internal Equity

Differences in levels of compensation among our executives exist because of differences in their roles and responsibilities and based on all of the factors discussed above. The Committee does not use formulas in determining compensation amounts, but is mindful of internal equity and the impact of perceived fairness related to its decisions.

How does each element and our decisions regarding that element fit into our compensation program s objectives and affect other elements?

To achieve our compensation program s objectives, the Committee believes that a significant portion of executive compensation should be composed of variable, at risk elements, with the majority of these elements being based on alignment with our stockholders and achievement of our long-term success. Base salaries attract and retain the talent we need to lead our business. The Committee strives for a balanced and effective mix of elements, which are not weighted in any particular manner. We have no policies or formulas for allocating among different forms of pay.

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The table below sets forth the allocation range of fixed and variable compensation for our executives based on the Committee s determinations in early 2008. See Summary Compensation Table and 2008 Grants of Plan-Based Awards.

	Fixed Percentage of Total Compensation	**Variable Percentage of Total Compensation**	
Executive	**Cash Base Salary**	**Cash Annual Incentive Award(1)**	**Equity/Equity Based Long-Term Incentive Awards(2)**
Mark Jacobs, President and Chief Executive Officer	16%	16%	68%
Rick Dobson, Executive Vice President and Chief Financial Officer	23%	16%	61%
Brian Landrum, Executive Vice President and Chief Operating Officer	22%	17%	61%
Michael Jines, Senior Vice President, General Counsel and Corporate Secretary	31%	19%	50%
Albert Myres, Senior Vice President, Government and Public Affairs	39%	22%	39%

(1) Based on target levels.

(2) Based on compensation values at the time the awards were made.

Why do we choose to pay each element?

Base Salary

Base salary is paid in cash commensurate with the responsibilities of each individual s position. The Committee annually reviews base salary and approves adjustments based on the factors discussed under How are executive compensation amounts determined? The Committee believes the base salaries provide a competitive level of fixed compensation based on the individual s experience and performance as well as the position s market value. For 2008 base salaries, see Summary Compensation Table. In February 2009, the Committee recommended no increases in 2009 base pay for officers. In making this recommendation, the Committee considered the market s response to the current economic climate, the most common trends relative to base pay, and the fact that we are exploring a full range of possible strategic alternatives to enhance stockholder value.

Annual Incentive Awards

Annual incentive awards are paid in cash and are tied to annual achievement of the performance metrics described below. The purpose of our annual incentive awards is to encourage superior performance on key corporate and employee metrics that are critical to our business. Annual incentive awards are defined as a specified target percentage of base salary. These target percentages for executives are approved by the Committee based on the market data surveys prepared by Towers Perrin and internal equity. The Committee has discretion to approve payouts for performance above or below the performance metrics in order to take into account extraordinary or unexpected market, business or individual performance events. For 2008, the Committee did not exercise this discretion with respect to Mr. Jines or Mr. Myres. However, the Committee elected not to pay annual incentive awards to Messrs. Jacobs, Dobson or Landrum for 2008 because of the events described above under How did the events of 2008 impact our executive compensation program? and the heightened standards of performance and accountability associated with their positions. If the Committee had not exercised this discretion, Messrs. Jacobs, Dobson and Landrum would have received \$322,200, \$128,836 and \$188,640 in annual incentive awards for 2008, respectively. The table below reflects the percentage of base salary that the officers were eligible to receive.

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Executive	Percent of Base Salary[1] Threshold	Target	Maximum
Mark Jacobs, President and Chief Executive Officer	20%	100%	200%
Rick Dobson, Executive Vice President and Chief Financial Officer	14	70	140
Brian Landrum, Executive Vice President and Chief Operating Officer	16	80	160
Michael Jines, Senior Vice President, General Counsel and Corporate Secretary	12	60	120
Albert Myres, Senior Vice President, Government and Public Affairs	12	60	120

(1) Achievement between specified levels is pro-rated. Performance below threshold results in no payment. Performance above maximum is capped at the maximum percentage.

The Committee annually approves the performance metrics, levels and relevant weighting of each metric following its review of management s proposals. The metrics reflect our annual operating plan and strategic priorities. We use these metrics in managing our business and in making public disclosures. The target amounts are consistent with our 2008 annual operating plan. The metric payout amounts are based on the estimated likelihood of achievement: threshold, 90%; target, 50%; maximum, 10%. These achievement percentages are estimated by management based on a number of factors and reviewed with the Committee. The weighting of the different performance metrics is based on the Committee s assessment of the relative priorities of the specific performance metrics.

2008 Metric	Threshold (20%)	Target (100%) ($ in millions)	Maximum (200%)	Actual Results	Achievement of Target	Weight
Corporate Metrics						
Adjusted EBITDA[1]	$736	$1,236	$1,736	$835	36%	30%
Open wholesale contribution margin[2]	$508	$ 708	$ 908	$655	79%	30%
Retail contribution margin[3]	$384	$ 484	$ 584	$ (57)	0%	30%
Employee Survey Results [4]	44%	52%	60%	44%	20%	10%
Total						100%

(1) Adjusted EBITDA is considered an important metric for valuation of our performance and our stock. It

represents EBITDA adjusted for unrealized gains/losses on energy derivatives, western states litigation and similar settlements, goodwill impairments, debt extinguishments and credit-enhanced retail structure unwind costs.

(2) Open wholesale contribution margin encompasses our commercial capacity factor objectives, energy margin and execution ability. It represents revenues less cost of sales, operation and maintenance and bad debt expense for our wholesale energy segment, adjusted to exclude the impact of historical and operational wholesale hedges and unrealized gains/losses on energy derivatives. The metric is further

adjusted for purposes of calculating annual incentive awards by the expected margin impact of changes in commodity (gas, coal and SO_2) prices versus the commodity prices assumed in the original target.

(3) Retail contribution margin encompasses our customer count objectives and margin execution performance. It represents revenues less cost of sales, operation and maintenance, selling and marketing and bad debt expense for our retail energy segment, adjusted to exclude the impact of unrealized gains/losses on energy derivatives. The metric is further adjusted for purposes of calculating annual incentive awards to exclude prior year market usage

adjustments that are not related to current year performance and Smart Energy spending that was expected to benefit future periods.

(4) This metric ties each executive to improvements in annual employee survey results related to our effort to build a great company to work for and reflecting achievement of our vision and values. The threshold level is based upon the results from the prior year s survey reduced by 4% to account for the margin of error within the survey. The target level is based on a 4% improvement from the prior year s survey and the maximum level is based on a 12% improvement from the prior year s survey. Actual results represent the average achievement percentage of all survey

questions.

See non-equity incentive plan compensation in the Summary Compensation Table for valuation disclosure related to 2008 annual incentive awards for each executive.

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Long-Term Incentive Awards

The long-term incentive awards are equity and equity-based awards to align our executives interests with those of our stockholders. These awards are designed to retain our executives and to provide them continued motivation to achieve our long-term success.

In 2008, the Committee approved the award vehicles and amount of each vehicle following its review of management s proposals, which considered market data prepared by Towers Perrin, individual performance, long-term potential, retention risk, difficulty of replacement, long-term impact of position and internal equity. These factors are not weighted but are considered in the aggregate. In February 2008, the Committee granted the executives long-term incentive awards structured as set forth in the following table.

Award Vehicle	Vesting Period	Percentage of Targeted LTI Value
Common Stock Options	Time-based, vest ratably over three-year period	30%
Performance-Based Cash Units	Vesting upon achievement of stock price of $32(1) for 20 consecutive trading days at any time during three-year term. Expires if not vested within three-year term.	35%
Restricted Stock Units	Time-based, three-year cliff vesting, common stock settled	35%

(1) Represents approximately 14.5% annual growth rate in share price of our common stock over 3 years from February 2008 (based on a 20-day average closing price from February 11, 2008). This award has not paid out as of April 10, 2009.

The structure of our long-term incentive awards reflects the Committee s view that the purpose of the executive s equity compensation should strengthen alignment with stockholders, provide incentives tied to our performance and serve as a retention vehicle. Time-based restricted stock units retain some value regardless of our stock price and create alignment with stockholder interests because their value changes as our stock price changes. Performance-based cash units are primarily a stockholder alignment tool, as they are earned or vested upon the achievement of key performance metrics. Time-based common stock options can be retentive if their value increases, and they create stockholder alignment because their value increases only if our stock price increases. The weighting of the long-term incentive award vehicles is reflective of the Committee s goal to have a balanced and effective mix of cash and equity elements.

See stock awards and option awards in the Summary Compensation Table and grant date fair value under 2008 Grants of Plan-Based Awards for valuation disclosure related to 2008 long-term incentive awards for each executive.

Executive Perquisites

With the exception of executive officer relocation, we do not provide substantial personal benefits or perquisites. We do allow up to $5,000 per year for each executive in reimbursement for specified financial planning services and a one-time allowance of $5,000 for estate planning and financial planning services. See Summary Compensation Table.

How were payment amounts and trigger events determined for termination or change-in-control?

We provide for payments and benefits if an executive is terminated without cause or resigns for good reason in connection with a change-in-control. In addition, under our executive severance plan, we provide for payments and other benefits if an executive s employment is involuntarily terminated other than by reason of death, disability, cause or a change-in-control. The payment multiples and the triggering events for receipt of these payments and benefits are based in part on a 2005 market analysis provided by Towers Perrin. The market analysis was based on Towers Perrin s research and consulting experience with organizations of similar scope and complexity as us, as well as current trends at the time in the area of severance and change-in-control. From time to time, our management confirms with Towers Perrin that this market information has not materially changed.

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The change-in-control triggering events were selected so that our executives would be encouraged to continue their attention and dedication to us with indifference towards a change in our control. We choose to provide severance benefits for termination in these circumstances to provide financial assistance and resolve any possible related claims against us that may arise. The potential payments under these arrangements do not affect the other elements of the executives compensation. See Potential Payments upon Termination or Change-in-Control.

What is the role of our executives in the executive compensation process?

Our Chief Executive Officer has access to the internal and external compensation information described above, including each of our executive s annual performance review. Our Senior Vice President, Human Resources provides input and makes recommendations to our Chief Executive Officer regarding compensation philosophy and structure, the structure and design of annual incentive awards and long-term incentive awards, and our executive severance plan and change-in-control agreements. Other members of our management team may also give input or make recommendations to our Chief Executive Officer regarding these matters. Using all of that information, our Chief Executive Officer makes recommendations to the Committee regarding the compensation of our other executives. In each case, the Committee independently reviews the data, considers the Chief Executive Officer s proposals, consults with Towers Perrin as needed, and makes its own determinations for our executives. For additional information regarding Towers Perrin s role in the compensation process, see How are executive compensation amounts determined?

In setting the Chief Executive Officer s compensation, the Committee consults with each non-management director for his/her views of the Chief Executive Officer s performance and compensation. The Committee then presents a report to the Board so that all directors have an opportunity to be heard in advance of the Committee s final action.

What are our equity and security ownership requirements?

We encourage stock ownership by executives through the use of equity awards and mandatory holding periods. In addition, the Board has adopted stock ownership guidelines to align our directors and executives with the interests of our stockholders. Our President and Chief Executive Officer has an ownership target of 120,000 shares, all executive vice presidents have targets of 60,000 shares, and all senior vice presidents that are executives have targets of 30,000 shares. The target stock ownership levels are expected to be achieved within five years of the adoption of the guidelines (March 7, 2011) or within five years of first appointment to the Board or election as an executive, whichever is later. Each executive is expected to retain at least 50% of the after-tax earned restricted or performance shares until twelve months after the vesting date. The Nominating & Governance Committee may approve requests for exclusions to the retention expectation, for purposes of estate planning, gifts to charity, education or the purchase of a primary residence. Other than Mr. Dobson, who joined us in October 2007 and Mr. Myres, who joined us in December 2007, each executive meets or exceeds the applicable guidelines.

Because short-range speculation in our securities based on fluctuations in the market may cause conflicts of interests with our stockholders, our Insider Trading Policy prohibits trading in options, warrants, puts and calls related to our securities and it also prohibits selling our securities short or holding our securities in margin accounts.

When are awards granted and base salaries approved?

As a general rule, the Committee approves our executives base salaries, payout of annual incentive awards for the prior year, and annual and long-term incentive awards for the current year at its first regular quarterly meeting (generally in February or March). As discussed under How did the events of 2008 impact our executive compensation? , the Committee has not yet granted long-term incentive awards for 2009.

Any awards for newly hired executives are granted on the first business day of the month immediately following the executive s appointment date. Offers to executive candidates are reviewed with the Committee prior to being made. Any equity awards included in an offer are subject to the Committee s approval.

Our executives do not have any role in establishing the timing of grants or vesting of stock options. We do not have any program, plan or practice to time grants of equity or equity-based awards in coordination with the release

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of material non-public information and we do not set grant dates to new executives in coordination with the release of such information. We have not timed, and do not intend to time, our release of material non-public information for the purpose of affecting the value of executive compensation. See 2008 Grants of Plan-Based Awards.

Does the accounting and tax treatment of a particular form of compensation impact the form and design of awards?

The Committee considers tax, tax deductibility and accounting treatment of various compensation alternatives. However, these are not typically driving factors. The Committee may approve non-deductible compensation arrangements if it believes they are in the best interests of the Company and its stockholders taking into account several factors, including our ability to utilize the deduction based on projected taxable income.

Summary Compensation Table

The following table sets forth the compensation of our President and Chief Executive Officer, our Chief Financial Officer and each of our three most highly compensated other executives who were serving as of December 31, 2008. None of our executives has an employment agreement or arrangement. For further discussion of executive compensation, see Compensation Discussion and Analysis.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (1)	Non-Equity Incentive Plan Compensation (2)	Change in Nonqualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total
Mark M. Jacobs	2008	$895,000	$	$ 848,376	$ 748,320	$ 600	$	$117,959	$2,610,255
President and Chief	2007	767,125		1,417,562	284,325	821,864		125,190	3,416,066
Executive Officer	2006	623,000		1,041,068	1,092,979	776,870		90,640	3,624,557
Rick J. Dobson (5)	2008	511,251		283,084	223,709	600		88,263	1,106,907
Executive Vice President and Chief Financial Officer	2007	88,542		14,552	16,032			36,168	155,294
Brian Landrum	2008	655,000		415,535	296,626	600		79,658	1,447,419
Executive Vice President and	2007	610,000		1,324,364	107,521	457,535		93,476	2,592,896
Chief Operating Officer	2006	545,303		1,069,605	983,209	509,577		60,795	3,168,489
Michael L. Jines	2008	422,750		167,593	121,163	91,914	14,159	47,850	865,429
Senior Vice President,	2007	397,250		603,209	48,972	255,461	9,713	56,856	1,371,461
General Counsel and Corporate Secretary	2006	380,750		443,760	471,924	293,466	8,839	48,611	1,647,350
Albert H. Myres (6)	2008	324,996		104,927	91,396	64,949		24,018	610,286

Senior Vice President, Government and Public Affairs

(1) Represents the compensation expense recognized in 2008 for financial reporting purposes in accordance with SFAS 123R, which requires us to expense the fair value of equity awards over the vesting period applicable to the award. The amounts relate to long-term incentive awards granted in 2008 and in prior fiscal years, disregarding the estimate of forfeitures.

The assumptions we used for calculating the SFAS 123R compensation expense of the equity awards are provided in note 10 to our consolidated financial statements in our most recent Form 10-K. Information regarding the

SFAS 123R fair values of the 2008 equity awards is provided under 2008 Grants of Plan-Based Awards.

(2) Represents (i) annual incentive awards earned by each executive based on the achievement level of annual performance goals and (ii) Power of One Program awards. These cash awards are discussed further under 2008 Grants of Plan-Based Awards. Messrs. Jacobs, Dobson and Landrum did not receive annual incentive awards for 2008.

(3) Represents above-market interest (more than 120% of the applicable federal rate) earned on the deferred compensation balance in the Reliant Energy, Inc. Successor Deferral Plan.

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(4) The amounts shown as All Other Compensation for each executive in 2008 are composed of the following items:

Name	Savings Plan[(a)]	Deferral and Restoration Plan[(b)]	Executive Life Insurance[(c)]	Perquisites[(d)]	Tax Gross Ups[(e)]	Total
Mark M. Jacobs	$17,565	$100,394				$117,959
Rick J. Dobson	17,565	19,025		$48,864	$2,809	88,263
Brian Landrum	15,840	61,326	$1,872		620	79,658
Michael L. Jines	15,840	32,010				47,850
Albert H. Myres	13,435	10,583				24,018

(a) Represents company contributions to the Reliant Energy, Inc. Savings Plan, including a 2008 discretionary contribution made in 2009.

(b) Represents company contributions to the savings restoration component of the Reliant Energy, Inc. Deferral and Restoration Plan, including a 2008 discretionary contribution made in 2009.

(c) We provide Mr. Landrum life insurance structured to return the cumulative premium payments to us after the benefit is paid. This amount represents what we expect it would cost Mr. Landrum to obtain the same coverage under a term life insurance policy. In 2008 we paid premiums of $34,894, which we believe overstate our cost of providing Mr. Landrum this benefit.

(d) Consists of relocation expenses and expenses related to the sale of Mr. Dobson s former residence.

(e) Represents tax reimbursements for taxable income recognized in connection with Mr. Dobson s relocation assistance expenses and Mr. Landrum s life insurance premiums.

(5) Mr. Dobson joined us as our Chief Financial Officer in October 2007.

(6) Mr. Myres joined us as our Senior Vice President, Government and Public Affairs in December 2007.

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2008 Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Threshold	Target	Maximum	Estimated Possible Payouts Under Equity Incentive Plan Awards (2) Threshold	Target	Maximum	All Other Stock Awards; Number of Shares (3)	All Other Option Awards; Number of Securities Underlying Options (4)	Exercise or Base Price of Option Awards (5)	Grant Date Fair Value of Stock and Option Awards
Mark M. Jacobs		$179,000	$895,000	$1,790,000							$
			600(6)								
	2/19/08					96,294	96,294				1,575,370(2)
	2/19/08							55,851			1,305,517(3)
	2/19/08								119,680	$23.375	1,180,918(4)
Rick J. Dobson		71,575	357,876	715,752							
			600(6)								
	2/19/08					35,498	35,498				580,747(2)
	2/19/08							20,589			481,268(3)
	2/19/08								44,118	$23.375	435,326(4)
Brian Landrum		104,800	524,000	1,048,000							
			600(6)								
	2/19/08					48,405	48,405				791,906(2)
	2/19/08							28,075			656,253(3)
	2/19/08								60,161	$23.375	593,627(4)
Michael L. Jines		50,730	253,650	507,300							
			600(6)								
	2/19/08					18,117	18,117				296,394(2)
	2/19/08							10,508			245,625(3)
	2/19/08								22,517	$23.375	222,182(4)
Albert H. Myres		35,750	178,748	357,496							
			600(6)								
	1/02/08							6,700(7)			176,110(3)
	1/02/08								16,800(7)	$26.285	185,581(4)
	2/19/08					8,391	8,391				137,277(2)
	2/19/08							4,867			113,766(3)
	2/19/08								10,428	$23.375	102,896(4)

(1) Represents the range of payouts possible under our annual incentive

plan. The actual amounts paid to Messrs. Jines and Myres in 2009 based on 2008 performance are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Except in the case of death, disability or retirement following five years of service, the executive must be employed by us on the payment date to receive payment of the award.

(2) Represents long-term incentive awards of performance-based cash units. Each unit represents the right to receive a cash payment equal to the fair market value of one share of our common stock for each unit earned if we achieve the performance goal. No units are earned for performance below target. No additional units are earned for performance above target. Therefore, the threshold is zero and the maximum equals the target.

Under SFAS 123R, the reported grant date fair values were determined using a Monte Carlo simulation valuation model with a risk-free interest rate assumption of 2.31% and an expected volatility of 38.4%.

(3) Represents long-term incentive awards of restricted stock units. For vesting schedules, see Outstanding Equity Awards at 2008 Fiscal Year-End. The grant date fair value, computed in accordance with (FAS 123R), is based on the average of the high and low sales prices of our common stock on the grant date.

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(4) Represents long-term incentive awards of common stock options. For vesting schedules, see Outstanding Equity Awards at 2008 Fiscal Year-End. The grant date fair value is computed in accordance with SFAS 123R, using the Black-Scholes option pricing model based on the following assumptions:

	Stock Option Grant Date	
	1/02/2008	**2/19/2008**
Risk-free interest rates	3.41%	3.15%
Dividend Yield		
Expected Volatility	37.47%	38.36%
Expected Term	6 years	6 years

(5) The exercise or base price is the average of the high and low sales prices of our common stock on the grant date. The closing sales prices of our common stock on January 2, 2008 and February 19, 2008 were $25.95 and $23.95, respectively.

(6) Represents Power of One awards earned based on plant availability and retail customer count goals. All of our employees participate in this program.

(7) Represents additional awards granted to Mr. Myres in connection with his initial employment with us in December 2007.

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Outstanding Equity Awards at 2008 Fiscal Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable (1)	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (2)	Market Value of Shares or Units of Stock that Have Not Vested (3)	Equity Incentive Plan Awards; Number of Unearned Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested
Mark M. Jacobs	318,667			$ 4.790	7/28/2012	27,079	$156,517		
	212,000			3.505	3/10/2013	32,240	186,347		
	489,600			8.135	2/12/2014	55,851	322,819		
	19,342	38,684		16.260	2/19/2017	96,294	556,579		
	26,887	53,776		26.365	5/15/2017				
		119,680		23.375	2/18/2018				
Rick J. Dobson	8,000	16,000		26.955	10/31/2017	9,700	56,066		
		44,118		23.375	2/18/2018	20,589	119,004		
						35,498	205,178		
Brian Landrum	43,520			30.000	3/5/2011	27,364	158,164		
	47,600			10.900	2/29/2012	28,075	162,274		
	39,195			3.505	3/10/2013	48,405	279,781		
	272,000			8.135	2/12/2014				
	108,800			12.625	8/9/2015				
	19,545	39,092		16.260	2/19/2017				
		60,161		23.375	2/18/2018				
Michael L. Jines	52,520			30.000	3/5/2011	12,464	72,042		
	217,600			8.135	2/12/2014	10,508	60,736		
	8,902	17,805		16.260	2/19/2017	18,117	104,716		
		22,517		23.375	2/18/2018				
Albert H. Myres		16,800		26.285	1/1/2018	6,700	38,726		
		10,428		23.375	2/18/2018	4,867	28,131		
						8,391	48,500		

(1) Represents 2007 and 2008

long-term incentive awards of common stock options granted with exercise prices equal to the average of the high and low trading prices of our common stock on the dates of grant. All common stock options vest ratably over a three-year period beginning on the first anniversary of the grant date, which is ten years prior to the option expiration date, except for the common stock options scheduled to expire on February 12, 2014 and August 9, 2015, which cliff vested on December 31, 2006.

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(2) Represents 2007 and 2008 long-term incentive awards of restricted stock units and performance-based cash units. The 32,240 restricted stock units granted to Mr. Jacobs vest ratably over a three-year period beginning on May 16, 2010. The remainder of the restricted stock units cliff vest as follows: February 20, 2010 (Mr. Jacobs (27,079), Mr. Landrum (27,364) and Mr. Jines (12,464)); November 1, 2010 (Mr. Dobson (9,700)); January 2, 2011 (Mr. Myres (6,700)) and February 19, 2011 (Mr. Jacobs (55, 851), Mr. Dobson (20,589), Mr. Landrum (28,075), Mr. Jines (10,508) and Mr. Myres (4,867)).

The performance-based cash units (Mr. Jacobs (96,294), Mr. Dobson (35,498), Mr. Landrum (48,405), Mr. Jines (18,117) and

Mr. Myres (8,391)) vest when our common stock achieves a closing price of $32.00 for twenty consecutive trading days between February 19, 2008 and February 19, 2011. These awards will be forfeited if not vested within that three-year term.

(3) The market value is based on the December 31, 2008 closing price of our common stock ($5.78).

2008 Option Exercises and Stock Vested

The following table provides information regarding the number of shares vested and the pretax value realized by each executive from the exercise of stock options or vesting of stock awards in 2008.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise (1)**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting**
Mark M. Jacobs		$		$
Rick J. Dobson				
Brian Landrum	15,772	$155,028		
Michael L. Jines				
Albert H. Myres				

(1) Represents the product of the number of shares acquired and the excess of the market value of the shares on the exercise date over the exercise price.

2008 Nonqualified Deferred Compensation

Deferral and Restoration Plan

In 2008, we adopted a new Deferral and Restoration Plan in order to comply with Internal Revenue Code Section 409A. The new plan incorporates changes in the distribution options which were effective in 2005 and changes in the contribution formula effective in 2009. The new Deferral and Restoration Plan and its predecessor are referred to collectively below as the Deferral Plan.

Under the Deferral Plan, executives accounts are deemed to be invested among a group of designated mutual funds as directed by the executive. The investment elections can be changed at any time. Earnings credited to the executives accounts reflect the earnings of the deemed investment. We have established a rabbi trust to which we contribute amounts we expect to use to pay benefits under the Deferral Plan programs.

Our Deferral Plan has two separate programs, a deferred compensation program and a savings restoration program.

Deferred Compensation Program

Under the deferred compensation program, executives may elect to defer payment of up to 80% of their base salary and/or up to 100% of their annual incentive award. The deferred amounts are always 100% vested. In order to address statutory requirements, we have grandfathered the benefits earned by Mr. Landrum prior to January 1, 2005. No other executives named in the Summary Compensation Table have grandfathered deferred compensation balances. Mr. Landrum may elect to take distribution of grandfathered amounts in one of the following forms:

- total distribution in a specified year (while still employed or after termination);
- partial distribution (at least 50%) in specified years; or
- annual installments beginning at a specified age or after termination of employment.

Mr. Landrum may also receive a lump sum distribution at any time subject to a 10% penalty and may change his distribution elections for grandfathered amounts subject to a 12-month waiting period.

Different distribution options apply to amounts deferred after December 31, 2004. Executives may elect a distribution year for each year s deferred amounts, which must be at least three years after the deferral year, or may elect payment in five annual installments beginning the fourth year after deferral. If the executive terminates before distribution is complete, the entire balance will be paid in a lump sum six months after termination.

Savings Restoration Program

The savings restoration program of the Deferral Plan permits us to provide contributions and matching amounts that cannot be made on an executive s behalf to the tax-qualified Reliant Energy Inc. Savings Plan because of Internal Revenue Service (IRS) rules. For 2008, we provided a savings restoration benefit in an amount equal to the difference between the matching and profit-sharing contributions that could have been made on behalf of the executive but for IRS compensation limit ($230,000 for 2008) and the matching and profit-sharing contributions actually made. Beginning in 2009, the savings restoration benefit will be an amount equal to 6% of the difference between the IRS compensation limit and the executive s compensation plus an amount equal to this difference times the profit-sharing percentage applicable to the qualified savings plan.

Messrs. Jacobs, Landrum and Jines have grandfathered amounts under the savings restoration program. Executives may elect to take distribution of these benefits earned before January 1, 2005 in either a lump sum or annual installments upon termination of employment. They may also take a lump sum distribution at any time subject to a 10% penalty and may change their distribution election for these amounts, subject to a 12-month waiting period. Benefits earned after December 31, 2004 will be distributed automatically in a lump sum six months after termination of employment.

Successor Deferral Plan

We also sponsor a second nonqualified deferred compensation plan, the Successor Deferral Plan. Mr. Jines is the only participant. The Successor Deferral Plan holds account balances consisting of salary and bonus deferrals that were transferred from a nonqualified deferred compensation plan maintained by our former parent company, CenterPoint Energy, Inc. No additional contributions to this plan are permitted. Earnings are credited to the account balance at an interest rate equal to the Moody s Long Term Corporate Bond Index plus 2%. The plan provides for distribution elections as follows:

- early distribution of either 50% or 100% of the amount deferred plus earnings for a particular year provided the funds have been in the plan at least three years; or
- in a lump sum or annual installments upon termination upon or after age 65.

Distribution elections can be changed subject to a 12-month waiting period. If we have a change-in-control (as defined in the Successor Deferral Plan), distribution will be made as if Mr. Jines had terminated employment upon or after age 65. We have established a rabbi trust to which, upon the occurrence of a change-in-control, we will contribute amounts we expect to use to pay benefits under this plan.

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The following table provides information regarding our Deferral Plan and the Successor Deferral Plan.

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