



## Business Ethics Policy

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*January 1, 2002*

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*Owner: Ethics & Compliance*

### Summary

It is the policy of Reliant Energy, Inc. and its subsidiary and affiliated companies ("Reliant" or the "Company") to operate in a manner that reflects the highest ethical and legal standards. In all situations, including those where there are no legal constraints, it is Reliant's policy that its business shall be conducted ethically and in accordance with all applicable laws and regulations and in such a manner that neither Reliant nor any of its Employees or Directors (collectively, "Reliant Representatives") would be embarrassed by full disclosure of all facts. Reliant expects and requires integrity, straightforwardness and honesty of all Reliant Representatives at all times.

In order to provide guidance and direction to its employees in implementing this policy, Reliant has adopted this Business Ethics Policy (the "Policy").

### Scope

This policy applies to all Reliant Representatives at all locations.

### Definitions

**A. Who is an "Employee"?**

"Employee" means any employee, including any officer, of Reliant, its subsidiaries and affiliates. This Business Ethics Policy applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and is intended to meet the requirements of the Sarbanes-Oxley Act, Section 406 and the rules set forth by the Securities and Exchange Commission.

**B. Who is a "Director"?**

"Director" means any member of the Board of Directors of Reliant, its subsidiaries and affiliates.

**C. Who is considered an "Associate"?**

"Associate" means any member of the Reliant Representative's immediate family by either blood or marriage and/or any person residing in the same household with the Reliant Representative, any organization (other than the Company) in which the Reliant Representative or a family member is an officer or partner or in which such person is the beneficial owner of ten percent (10%) or more of any class of securities or any trust or other estate in which such person has a substantial beneficial interest or for which such person serves as a trustee or in a similar capacity.

**D. What is considered a "Governmental Entity"?**

"Governmental Entity" means all governmental entities; state, federal, local, domestic and foreign.

**E. Who is considered a "Government Official"?**

"Government Official" means any officer, official, and/or employee of a Governmental Entity.

**F. What other policies are closely related to the Business Ethics Policy?**

Reliant has other policies that also deal with specific legal and ethical requirements for the conduct of its business, including a policy prohibiting Insider Trading, a policy on the Use of Electronic and Physical Resources, various Risk Control policies and a policy on Confidential Information and Intellectual Property. Reliant has also adopted Best Principles and Practices for the Transaction of Energy-Related Products. In addition, Reliant's Corporate Compliance Program directly relates to the principles and requirements set forth in this Business Ethics



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Policy. It is the obligation of each Reliant Representative to familiarize himself or herself with all policies and practices applicable to his or her conduct of Reliant's business and to abide by those policies as part of this Business Ethics Policy.

### Policy

#### I. Use of Reliant Funds and Accuracy of Books and Records

- A. No Reliant Representative shall use Reliant funds or assets for any unlawful or unapproved purpose. No payment shall be made using Reliant funds for any purpose other than that supported by the source document(s) justifying the payment.
- B. No undisclosed, unrecorded or unapproved fund or asset of Reliant shall be established for any purposes.
- C. All books and records of Reliant shall be maintained in reasonable detail so as to accurately and fairly reflect transactions and dispositions of assets. The Company's financial activities must be recorded in compliance with all applicable laws and accounting practices. No knowingly false or misleading entries shall be made in the books and records of Reliant for any reason. Falsification of Company records can result in civil and/or criminal prosecution.
- D. Compliance with prescribed accounting policies and procedures, including internal control requirements, is required at all times. In this connection, Reliant's books and accounting records will, in reasonable detail, accurately and fairly reflect and properly describe Reliant transactions. No knowingly misleading entries may be made in Reliant's books or accounting records or in any documents relating thereto.
- E. Each Reliant Representative is required to deal with the Company's accountants and auditors with candor and shall cooperate fully with the Company's accountants and auditors to ensure that they receive all relevant information necessary to appropriately record or audit transactions on the books and records of the Company in keeping with generally accepted accounting principles. No Reliant Representative shall take any action to fraudulently influence, coerce, manipulate or mislead the Company's independent auditors.
- F. Any material changes to accounting policies must be reviewed with the Audit Committee of the Board of Directors.

#### II. Conflicts of Interest

- A. No Reliant Representative shall have any relationships or engage in any activities which might conflict or give the appearance of conflicting with the interests of the Company or the proper performance of his or her Reliant duties or responsibilities or which might affect his or her independence or judgment with respect to transactions between Reliant and his or her other activities.
- B. Conflicts of interest arise when a Reliant Representative or an Associate receives improper personal benefits as a result of the Reliant Representative's position in the Company. You may not accept any benefits from the Company that are not permitted by applicable law or have not been duly authorized and approved pursuant to Company policy and procedure, including any Company loans or guarantees of your personal obligations. Directors who are independent may not receive any compensation from the



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Company beyond directors' fees; in particular, they may not receive any consulting fees from the Company.

- C. No Employee or any Associate of an Employee shall have a significant financial interest (10% or more), either directly or indirectly, in any business organization that deals with Reliant without prior specific written approval of the head of the Employee's functional group and the Chief Compliance Officer.
- D. An Employee or any Associate of an Employee may make a contribution request for a charitable organization that is not sponsored by Reliant to a business organization that deals with Reliant. However, the business organization must be explicitly informed that the existing relationship with Reliant will not be affected by either complying or not complying with the contribution request.
- E. No Employee or any Associate of an Employee shall lease, rent or sell any kind of facility or equipment, material, service or other resource to Reliant without prior specific written approval of the head of the Employee's functional group and the Chief Compliance Officer.
- F. No Employee shall propose to cause, either directly or indirectly, Reliant to enter into a business transaction with a relative or an Associate of the Employee or the enterprise of such relative or Associate, without the prior specific written approval of the head of the Employee's functional group and the Chief Compliance Officer.

Note: This policy is not intended to prohibit Employees from engaging in lawful business transactions with Reliant, *provided that* the business conducted with Reliant is a minor part of Reliant's total business, does not influence any Employee's official duties or actions and the relationship is disclosed and approved as stated above.

- G. No Employee shall provide any managerial, consulting or similar service to any outside concern that does business with Reliant unless prior specific written approval is obtained from the head of the Employee's functional group and the Chief Compliance Officer. Providing services to or accepting employment with a competitor of Reliant is prohibited.
- H. No Reliant Representative shall engage in any type of outside employment, including self-employment, that may embarrass or discredit Reliant or that may in any way affect his or her independence, objectivity and efficiency in performing Reliant duties.
- I. Prior to engaging in any significant transaction or relationship not specifically addressed above that reasonably could be expected to give rise to a conflict of interest, an Employee shall consult with the Chief Compliance Officer or the General Counsel.

### **III. Corporate Opportunities; Misuse of Reliant Assets and Information; Confidential Information; Fair Dealing**

Each Reliant Representative is prohibited from (a) taking for themselves personally opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information, or position for personal gain; (c) using or disclosing confidential information; and (d) engaging in any unfair practices.

- A. If an Employee learns of a business or investment opportunity through the use of Company property or information or through his or her position at the Company, the



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Employee may not participate in the opportunity or make the investment without the prior written approval of the head of the Employee's functional group and the Chief Compliance Officer. Such an opportunity may arise through a competitor or actual or potential customer, vendor or business associate of the Company. Such an opportunity should be considered an investment opportunity for Reliant in the first instance, and each Reliant Representative owes a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

- B.** No Reliant Representative, while on the job or as a representative of Reliant, shall solicit customers to hire or contract with the Reliant Representative for outside work of any kind.
- C.** No Reliant Representative shall trade upon or otherwise take advantage of his or her Reliant affiliation in the conduct of personal affairs.
  - 1. This policy does not affect a Reliant Representative's ability to identify his or her affiliation with Reliant in a situation such as credit references where employment or position affirmation is both proper and normal.
  - 2. An example of prohibited activity would be identifying oneself as a Reliant Employee or Director in a personal business situation with the intention of securing special consideration on the strength of the Reliant Representative's affiliation with Reliant.
- D.** No Employee shall convert to personal use any Reliant asset. Use of computer resources of the Company is the subject of a separate policy Use of Physical and Electronic Resources Policy.
- E.** When providing information to the Company, each Reliant Representative shall always provide information that is as accurate, complete, objective, relevant, timely and understandable as can be provided by such person, and shall act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing his or her independent judgment to be subordinated.
- F.** No Reliant Representative shall sell, use or disclose Confidential Information, technical or otherwise for his or her private benefit or the benefit of an Associate or any other person, business, firm or other entity. "Confidential Information" means data or information concerning the Company, which is not already in the public domain. Confidential Information shall include, but not be limited to, decisions, plans, procedures, personal data on Employees, customer information, bid prices, evaluations of bids, contractual terms and arrangements, prospective real estate purchases or sales, financial or business forecasts, any Inside Information (discussed below) or any other non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. Disclosure or use of confidential information is the subject of a separate Confidential Information and Intellectual Property Policy.
- G.** Each Reliant Representative should deal with the Company's customers, suppliers, competitors and employees in an equitable, honest, and fair manner. No Reliant Representative should take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, dishonesty, misrepresentation of material facts or any other unfair-dealing practice.



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### **IV. Compliance with Laws, Rules and Regulations (including Insider Trading Laws)**

#### **A. General Compliance with Laws, Rules and Regulations**

Obeying applicable laws and regulations is the foundation upon which the Company's ethical standards are built. Although Reliant Representatives are not expected to know every law that is applicable to the Company, it is important that they be familiar with those laws that apply to their areas of responsibility and know enough to ask questions and seek advice from supervisors, managers, lawyers or other appropriate personnel if they have any doubt regarding the legality of any matter. For this reason, the Company periodically organizes information and training sessions to promote compliance with laws, rules and regulations, and all invited Employees are expected to attend these information and training sessions. We each have a responsibility to promote compliance with laws, rules and regulations, and all Reliant Representatives shall proactively promote ethical behavior as a responsible partner among peers in his or her work environment and the community.

#### **B. Securities Trading**

It is unlawful and against Reliant policy for a Reliant Representative to buy or sell Reliant stocks, bonds or other securities based on or while in possession of Inside Information. Use of Inside Information for personal financial gain as well as passing on such information to others who do not have a legitimate business need to know the information is strictly prohibited. "Inside Information" is any information about the Company or its business activities which has not been generally disclosed to the public and which a reasonable investor would consider important in making a decision concerning investment in Reliant securities. This includes Confidential Information about Reliant that a Reliant Representative may learn as a part of his or her job. This prohibition applies to all purchases and sales of securities, including transfers of funds in and out of Reliant's common stock through any of Reliant's benefit plans. It also applies to trading in the securities of another public company about which a Reliant Representative acquires Inside Information in the course of his or her duties for Reliant. Trading on inside Information is the subject of a separate policy Insider Trading Policy.

#### **C. Disclosure Laws**

The Board of Directors of the Company is committed to achieving transparency in the Company's reporting of its financial condition and results of operations, business activities and other disclosures to regulatory authorities, shareholders and other constituencies. It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in all other public communications made by the Company. Each Reliant Representative is required to provide information that is accurate and complete, and otherwise to abide by all Company standards, policies and procedures designed to promote compliance with this policy.



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### **V. Bribes, Gratuities, Gifts and Kickbacks**

#### **A. General**

1. No Reliant Representative shall offer any direct or indirect bribe, kickback or any other unlawful payment or transfer of value. Gifts shall be given only to the extent that they are properly authorized and are not contrary to applicable law and ethical standards.
2. No Reliant Representative shall seek or accept any gift of significant value, any private discount or preferential treatment, or any payments, fees, privileges, opportunities, loans (except at conventional terms from banks or other lending institutions) or other favors from any group, person, or organization doing or seeking to do business or competing with Reliant.
  - a) Letters shall be forwarded periodically by an appropriate Reliant officer to all suppliers informing them of our policies concerning gifts and soliciting their understanding.
  - b) It is acknowledged in connection with this requirement that certain common courtesies of nominal value, occasional meals and reasonable entertainment appropriate to the business relationship and associated with business decisions are widely accepted as common business practices and may be accepted as such by Reliant Representatives and their respective families.
  - c) Gifts in the form of cash, stocks, bonds, options, below-market loans and similar items shall not be accepted, regardless of value. If a Reliant Representative doubts the propriety of accepting a gift or courtesy, the Reliant Representative should discuss the matter with the Chief Compliance Officer or should not accept the gift or courtesy.
3. This Article V is not applicable to gifts to and entertainment of Government Officials. The applicable provisions of Article VI below shall govern gifts to and entertainment of Government Officials.

#### **B. Gifts and Entertainment Policy**

1. No Reliant Representative shall offer any direct or indirect bribe, kickback or any other unlawful payment or transfer of value. Gifts shall be given only to the extent that they are properly authorized and are not contrary to applicable law and ethical standards.
2. No Reliant Representative shall seek or accept any gift of significant value, any private discount or preferential treatment, or any payments, fees, privileges, opportunities, loans (except at conventional terms from banks or other lending institutions) or other favors from any group, person, or organization doing or seeking to do business or competing with Reliant. Gifts in the form of cash or cash equivalents (including but not limited to stocks, bonds, options, below-market loans and similar items) shall not be accepted, regardless of value.
3. This Policy applies equally to offers given and received by a Reliant Representative.
4. It is acknowledged in connection with this requirement that certain common courtesies of nominal value, occasional meals and reasonable entertainment appropriate to the business relationship and associated with business decisions are



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widely accepted as common business practices. As such, these gifts or courtesies may be given or accepted by Reliant Representatives and their respective families as long as it is not excessive in value and there are no unusual facts and circumstances surrounding the offer. Examples of unusual facts or circumstances surrounding the offer that might create an appearance problem include, but are not limited to the following:

- a) the Company is actively negotiating a contract with the vendor; or
- b) the Company has a contract or other dispute with the vendor.

5. Reliant Representatives should also consider if accepting an offer might create an appearance problem, either internally or externally. Reliant Representatives with direct influence over determining the amount or magnitude of future transactions with the vendor should be particularly careful when considering an offer. If accepting the offer would in any way affect decisions related to the vendor, or create a perception of a problem, the offer should not be accepted. If a Reliant Representative doubts the propriety of accepting a gift or courtesy, the Reliant Representative should discuss the matter with the Chief Compliance Officer or should not accept it.
6. Each Reliant Representative is responsible for his or her decision related to accepting appropriate gifts or entertainment, as he or she is the only person with knowledge of all the surrounding facts and circumstances. Though advice may be sought in interpreting this Policy, the Reliant Representative ultimately must be comfortable with his or her own interpretation and use common sense and good judgment in making decisions regarding gifts or entertainment. In addition, all gifts with an estimated value in excess of \$100 accepted by a Reliant Representative must be approved in advance by his or her supervisor.
7. Letters shall be forwarded periodically by an appropriate Reliant person to all relevant vendors informing them of our policies concerning gifts and soliciting their understanding.

### **C. Gifts**

For purposes of this Policy, gifts are considered items given or received that require no further action or involvement by the giver. Gifts cannot be given with the intent to receive something in return. Gifts benefit the receiver and are used at the discretion of the receiver. Gifts such as small office supplies and T-shirts are routinely exchanged between vendors. Tickets to sporting or cultural events, when given or received and not attended by the giver, are considered gifts. As an example, an airline voucher that is redeemable at any time for any destination would be considered a gift that benefits the individual whereas a specific airline ticket to attend an arranged meeting at a vendor location could be considered a routine business expense that benefits the Company.



### **D. Entertainment**

1. Entertainment involves activities where a Reliant Representative and a vendor, supplier or those whom the company does business with attends. Activities range from sporting and cultural events to lunch, dinners, etc. If the company or person who offered the tickets will be attending the event as well, then this may be considered reasonable entertainment appropriate to the business relationship and accepting these tickets generally should not be a problem. If tickets are to out-of-town events, the Reliant Representative or the Company should pay for his or her own travel and lodging. However, Reliant will not pay for the vendor's travel and lodging expenses.
2. In some cases, an event can be considered overall as entertainment but include a gift. Each Reliant Representative should be careful of such a situation and mindful of the intent of this Policy. If there are unusual facts or circumstances surrounding an offer from a vendor or supplier or to a customer or other person with whom we do business, or the offer is of an unusual value, please contact the Chief Compliance Officer to discuss the matter.
3. Please note that because of Reliant's relationship with the Houston Texans through the naming rights of Reliant Stadium, the company receives certain unusual perquisites from the Houston Texans and the National Football League. While the principles set forth in this Policy should be considered before any gift is offered to a customer or any group, person, or organization doing or seeking to do business or competing with Reliant, it is recognized that, under certain circumstances, provision must be made for these perquisites.

### **VI. Special Provisions Applicable to Interacting with Government**

#### **A. General**

Interactions between Reliant Representatives and Government Officials are subject to the special provisions set forth in this Section.

#### **B. Gifts and Gratuities: Government Customers**

1. No Reliant Representative, nor anyone else acting on behalf of Reliant, shall offer or provide gifts, entertainment, drink, meals, transportation, lodging, money or any other thing of value to or for the benefit of a Government Official in order to obtain a contract or favorable treatment of a contract with a Governmental Entity.
2. This Policy does not prohibit contributions legally made to campaigns for public office (i.e., contributions by individual Reliant Representatives or REPAC, which do not involve payment of Company funds) or expenses legally incurred in connection with lobbying activities on behalf of the Company or contributions of items of nominal value made during the course of business (e.g., payment for business meals) where such contributions are consistent with applicable law.



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3. Legal requirements with respect to payments and other gratuities to Government Officials are complex but substantial criminal and civil penalties are provided for both Reliant and individual Reliant Representatives who violate the law. Therefore, it is the obligation of the Reliant Representative to ensure that any dealings with Government Officials comply fully with the letter and spirit of legal provisions. When in doubt, no payment or contribution should be made before obtaining advice from the Chief Compliance Officer or his or her designee or a member of the Law Department. No gift shall be offered or provided to or for the benefit of a Government Official without the prior approval of the Chief Compliance Officer (or in the case of the Chief Compliance Officer intending to offer or provide a gift to a Government Official, the General Counsel).

### **C. Government Source Selection Information**

Reliant Representatives shall not solicit or receive any government source selection information by any means other than through official channels. Government source selection information includes, but is not limited to, listings, offerors and prices, identification of bidders prior to bid opening, source selection and technical evaluation plans, technical evaluations of competing proposals, competitive range determinations, rankings and source selection board reports, evaluations and recommendations.

### **D. Hiring of Government Employees**

Complex rules, which are constantly changing, govern the recruitment and employment of Government Officials by private industry. Clearance must first be obtained from the Chief Compliance Office before making offers to or hiring any current or former Government Official (military or civilian) where:

1. the Government Official's government service is less than 5 years before the date of employment, and
2. the Government Official served in a function related to:
  - a) regulatory or other oversight of any line of business in which Reliant participates,
  - b) procurement of goods or services of a type marketed or provided by Reliant, or
  - c) any other government role reasonably and directly related to the conduct of Reliant's business.

### **E. Consultants and Lobbyists**

The use of consultants and lobbyists on behalf of the Company for the purposes of meeting with Government Officials requires prior approval by the Executive Vice President of Public and Regulatory Affairs. Consultants and lobbyists must abide by the standards of this Policy.

### **F. Government Contracts**

The submission to a Governmental Entity of a proposal, quotation or other document or statement that is false, incomplete or misleading can result in civil and/or criminal liability for Reliant as well as for the involved Employee and supervisors who condone such a practice. In negotiating contracts with Governmental Entities, Reliant has an affirmative duty to disclose current, accurate, and complete cost and pricing data where such data is required under law or regulation. As with all contracts, it is Reliant's policy that contractual undertakings with Governmental Entities be performed with integrity and in a forthright manner.



### **G. Training and Certification**

Before participating in any government business, all Employees involved in government contracting shall successfully and timely complete all required modules of the Company's Ethics Training courses dealing with government contracts and any other modules assigned to the Employee. Written certification and acknowledgement that he or she completed the required modules and that he or she has read, understands, and will comply with the Policy will be provided to the Ethics & Compliance Office.

### **H. Political Contributions**

The Company will make no financial contributions either real or in kind, directly or through intermediaries, to legal defense funds of politicians accused of criminal or ethical misconduct.

## **VII. Outside Activities**

**A.** Reliant encourages Employee participation in professional, civic and public affairs activities that benefit the Employee, Reliant and the community.

**B.** Outside Company Involvement

Notice to the Employee's supervisor and written approval by the Reliant Chief Compliance Officer must be obtained before accepting membership on the board of directors, committee or similar body of any outside company that:

1. does business with Reliant, or
2. is involved, directly or indirectly, in business activities that compete with Reliant.

**C.** Public Office

Notice to the Employee's supervisor and written approval by the Reliant Chief Compliance Officer must be obtained before an Employee accepts a public office (whether by appointment or election) with any Governmental Entity where the public office:

- has taxing authority over Reliant or assets owned by Reliant,
- has regulatory or other oversight over any line of business in which Reliant participates,
- has authority over procurement of goods or services of a type marketed or provided by Reliant,
- otherwise has responsibility for or involvement in matters that reasonably could be expected to give rise to a conflict of interest, or
- would involve a time commitment that may reasonably be expected to interfere with the performance of the Employee's duties at the company.

**D.** Positions in Other Organizations

An appointment to a position in a religious, charitable, professional or civic organization does not require approval by the Reliant Chief Compliance Officer unless the duties of the position may interfere or conflict with the Employee's position and duties with Reliant.



### **E. Resolving Conflicts**

Reliant will attempt to reasonably resolve conflicts that might develop from an Employee's acceptance or potential acceptance of an outside position described in this Section. This might involve, for example, the Employee committing to abstain from any participation in decisions affecting Reliant. If, however, a conflict cannot be resolved to the Company's satisfaction, the Employee may be required to choose between the conflicting position and continued employment with Reliant.

### **VIII. Restrictions Relating to CenterPoint Energy**

The Public Utility Commission of Texas (the "PUC") has adopted a Code of Conduct Rule (the "Rule") governing the relationship between CenterPoint Energy Houston Electric ("CEHE") and its affiliates. The PUC's rule is designed to assure that CEHE's affiliates performing energy-related services in Texas do not have an unfair competitive advantage. Specific restrictions on sharing of information and joint marketing between CEHE and its competitive affiliates, as well as reporting requirements associated with transactions between CEHE and its competitive affiliates, are prescribed in the Rule. Under the Business Separation Plan approved by the PUC, these restrictions continue to be applicable, and Reliant continues to be considered a competitive affiliate, even though it is no longer a subsidiary of CenterPoint Energy, Inc.

### **IX. Provisions Applicable to Executive Officers and Directors**

No executive officer or other member of the Management Committee or Director shall seek or accept from the Company or any subsidiary of the Company credit, an extension of credit or the arrangement of an extension of credit in the form of a personal loan, and any existing personal loan shall not be materially modified, extended or renewed.

Each independent Director shall use reasonable efforts to ensure that he or she does not have any relationships or engage in any activities that would result in such Director not being independent, as defined by applicable laws, rules and regulations (including, if the Director is a member of Reliant's Audit Committee, any applicable laws, rules and regulations regarding the independence of audit committee members). Prior to engaging in any material relationship or activity that reasonably could be expected to affect his or her independence, the Director shall consult with the General Counsel, who shall determine whether the relationship or activity is permitted under the independence standards established by the Board of Directors. If the independence standards set by the Board of Directors do not address the specific relationship or activity being reviewed, the relationship or activity shall be referred to the Board of Directors for determination.

Notwithstanding the prohibition against insider trading, the law and Company policy permit executive officers and Directors to trade in Company securities regardless of their awareness of Inside Information if the transaction is made pursuant to a pre-arranged trading plan that was established in compliance with applicable law and was entered into when the person was not in possession of Inside Information. A person who wishes to enter into a trading plan must submit the plan to the Legal Department for approval prior to the adoption, modification or termination of the trading plan.

The Company's executive officers and Directors are prohibited from trading in Company Securities acquired in connection with their service or employment (including Long Term Incentive Awards, annual director awards, etc.) during any pension fund "blackout period" in



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accordance with Regulation BTR as adopted by the Securities and Exchange Commission in accordance with Section 306(a) of the Sarbanes-Oxley Act of 2002.

Pursuant to Section 16 of the Rules and Regulations of the Securities Exchange Act of 1934, most purchases or sales of securities of the Company by Directors, executive officers, and stockholders who own 10% or more of the common stock of the Company must be disclosed within two business days of the transaction. Employees and Directors who are subject to these reporting requirements must comply with the Company's policy on Compliance with Short-Swing Trading and Reporting Laws.

It shall be against the Company's policy to allow the provision of tax services by the Company's independent auditors to the Company's executive officers.

Only the Board of Directors or an independent committee of the Board may authorize exceptions or waivers of this Policy for the Company's executive officers and Directors and such exceptions and waivers shall be promptly disclosed to the Company's stockholders in accordance with applicable law and regulations.

### **X. Reporting Procedures**

- A.** Any Reliant Representative having information or knowledge that a violation of law, regulation, this Policy, or any related policy has occurred, is occurring or is likely to occur, shall promptly report the matter. Reports may be made to the Employee's immediate supervisor, the Chief Compliance Officer, any member of the Ethics & Compliance Office or the Office of Ethics and Compliance, or any other senior Reliant official. Reports may be made anonymously to the Chief Compliance Officer via a toll-free compliance hotline, described in more detail below.
- B.** All reported violations will be promptly investigated and treated confidentially to the extent possible. It is imperative that reporting persons not conduct their own preliminary investigations. Investigations of alleged violations may involve complex legal issues, and acting on your own may compromise the integrity of an investigation and adversely affect both you and the Company.
- C.** Any Reliant Representative seeking guidance with respect to his or her obligations under this Business Ethics Policy or with respect to any compliance issue should seek guidance from his or her supervisor, the Chief Compliance Officer, or any member of the Ethics & Compliance Office and may also call the toll-free compliance hotline and receive advice on an anonymous basis from the Ethics & Compliance Office.
- D.** It is Reliant's policy that there shall 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 any other activity related to the administration of this Business Ethics Policy.



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### XI. Reporting Complaints and Concerns Regarding Accounting, Internal Accounting Controls and Auditing Matters

The Company is committed to compliance with applicable securities and other laws, rules, and regulations, accounting standards and internal accounting controls. It is the responsibility of each Reliant Representative promptly to report complaints or concerns regarding accounting, internal accounting controls and auditing matters ("Accounting Issues"). Reports by Reliant Representatives may be made by mail, by email or by the toll-free compliance hotline. Reports will be treated confidentially to the extent possible. ***No one will be subject to retaliation because of a good faith report of a complaint or concern regarding Accounting Issues.***

#### A. Communicating a Complaint

The Company has established and published on its website mail and e-mail addresses and a 24-hour, toll-free telephone hotline for receiving complaints regarding Accounting issues from Employees and others. The mail address is:

**Chief Compliance Officer  
Reliant Energy, Inc.  
P.O. Box 1384  
Houston, Texas 77251-1384**

The email address is:

**CorpComOfficer@reliant.com**

The Company's 24-hour toll-free Guideline hotline, **1-866-MY-ETHIC (1-866-693-8442)**, or the Guideline site, <http://www.ethicspoint.com>, can be used to report complaints or concerns regarding Accounting issues, or to report any suspected violation of law, regulation, Company policy or to seek guidance. You may report to the hotline anonymously. However, providing your name allows the Company to contact you if necessary during any investigation. Either way, you should treat the information that you provide as confidential. To the extent possible, the Company will maintain the confidentiality of those individuals who provide their names when reporting concerns or complaints to the hotline. However, identities may be revealed during any investigation.

Both of these services are administered by an outside company, EthicsPoint, to assure anonymity and confidentiality if desired. The Guideline site is hosted by EthicsPoint secure servers which are not associated in any way with the Reliant Energy website or intranet.

#### B. Treatment of Complaints and Retention of Records Regarding Accounting Issues

The Chief Compliance Officer will forward copies of all complaints and concerns regarding Accounting Issues received by the Chief Compliance Officer to the Audit Committee in a timely manner. The Chief Compliance Officer will retain copies of all such reports, investigative reports, summaries of reports and other documents relating to complaints and concerns regarding Accounting Issues in accordance with the Company's records retention policy.



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### **C. Ability to Report Complaints Regarding Accounting Issues or Other Compliance Matters Directly to the Audit Committee**

Anyone desiring to raise a complaint or concern regarding Accounting Issues or other compliance matters directly with the Audit Committee has the ability to do so. The Company has contracted with an outside vendor to facilitate this process. Any such complaint or concern should be forwarded to:

**Reliant Energy - Audit Committee  
via EthicsPoint, Inc.  
P.O. Box 230369  
Portland, OR 97281-0369**

The Audit Committee will retain copies of all reports, investigative reports, summaries of reports and other documents relating to such complaints and concerns in accordance with the Company's records retention policy.

### **Policy Exceptions**

Except as described under Article IX, "Provisions Applicable to Executive Officers and Directors", exceptions or waivers of the standards of conduct set forth in the Business Ethics Policy can only be authorized by the Chief Compliance Officer after consultation with the Office of Ethics and Compliance. The Chief Compliance Officer or his or her designee will be responsible for tracking and reporting any known violation of the standards of conduct set forth in this Policy and the Corporate Compliance Program.

### **Policy Violations**

Any violation of this policy may result in disciplinary action, up to and including termination of employment or contract services, and may also result in prosecution under the provisions of any applicable federal, state or local law. The Company does not consider conduct in violation of this policy to be within the course and scope of an employee's employment, or the direct consequence of the discharge of an employee's duties. Accordingly, to the extent permitted by law, the Company reserves the right not to defend any employee charged with, and not to pay any damages awarded against an employee for, conduct in violation of this policy.

### **Policy Administration**

The Ethics & Compliance Office will be responsible for the administration of this Policy. This Policy shall be interpreted in accordance with all applicable federal, state or local laws.

*END*

*Nothing in this Policy shall be construed as an employment contract. Employment with Reliant Energy, Inc. and its parent, subsidiary and affiliated companies (collectively the "Company") is at the will of the employee and of the Company and may be terminated by either the employee or the Company at any time, for any reason, with or without notice and with or without cause.*