ERCOT

Annual Status Report to Board of Directors

Concerning Activities of Benefits Committee

December 31, 2009

Pursuant to the terms of the ERCOT 401(k) Savings Plan ("Plan"), the Benefits Committee ("Committee") was appointed to be the fiduciary committee for the Plan.

This report is provided to inform the Board of Directors of the Committee's activities during the 12 month period ending December 31, 2009.

The Committee actively performed its duties during this period, carefully monitoring the investment offerings and administration of the Plan, including but not limited to the following specific activities:

1. The Committee retained Aon Investment Consulting to provide independent guidance on the Plan's investments, serving as a co-fiduciary on the investment advice they provide.
2. The Committee met 8 times during this period.
3. The Committee's independent investment advisor provided detailed quarterly reports on the investments in the Plan, reviewing the following criteria among others: (a) performance on a rolling and trailing return basis relative to benchmarks and the appropriate universes of actively managed investments; (b) changes in the management teams of investment managers; (c) significant issues affecting the firms within which the investment managers operate; (d) investment quality of fixed income investments; (e) diversification of holdings; (f) the amount of risk taken; (g) changes in investment style; and (h) cost.
4. The Committee consolidated the number of investments offered under the Plan. The Committee elected to remove 11 investment alternatives. Additionally, the Committee elected to add 4 index funds to the investment lineup. The Plan now offers a diversified range of 14 core investment alternatives, along with a suite of target date lifecycle funds.
5. The Committee adopted a new investment policy statement for the Plan.
6. The Committee received periodic updates on current legal and regulatory developments that could affect the Plan and the Committee's work.
7. The Committee received fiduciary training.
8. The Plan's recordkeeper, Fidelity, provided information regarding plan demographics and provided various communication materials to the participants.

9. Minutes were kept of each Committee meeting, including copies of materials considered by the Committee.

Susan M. Westbrook, Corporate Counsel

Feb. 10, 2010
Date signed

Confirmed:

D. Mark Manning, CFA
Aon Investment Consulting
Independent Investment Advisor
to the Committee

2/10/10
Date signed