

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**ANNUAL STATUS REPORT TO THE BOARD OF DIRECTORS**  
**CONCERNING ACTIVITIES OF THE BENEFITS COMMITTEE**

**December 31, 2010**

This report is provided to inform the Board of Directors of the activities of the Benefits Committee ("Committee") during the 12-month period ending December 31, 2010.

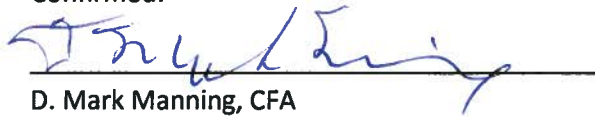
The Committee met nine times during 2010. Minutes were kept of each Committee Meeting, including copies of materials reviewed by the Committee.

The Committee actively performed its duties during this period, as highlighted herein:

**ERCOT 401(k) Savings Plan ("Plan")**

1. The Committee continued to retain Aon Investment Consulting ("Aon") to provide independent guidance on the Plan's investments and to serve as co-fiduciary with respect to the investment advice provided.
2. The Committee reviewed Aon's 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.
3. The Committee retained Aon Consulting to conduct a fee and expense analysis, and as a result, the Committee concluded that it would be in the best interest of Plan participants to move the Plan from its current Fidelity Advisor platform to the Fidelity Direct platform in order to reduce costs and provide additional investment options to Plan participants. The Committee also approved changes to investment options upon such conversion, as recommended by Aon. The platform change was originally scheduled for late 2010, but was deferred until 2011.
4. The Committee reviewed suggested revisions to the investment policy statement for the Plan and made recommendations for additional changes.
5. The Committee received fiduciary training.
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 discussed opportunities to reduce Plan costs based on Fidelity's information regarding plan demographics and met with the Committee to discuss options for reducing costs and improving investment options.
8. The Committee reviewed the effectiveness of educational materials provided to Plan participants.

Confirmed:



D. Mark Manning, CFA

Aon Investment Consulting

Independent Investment Advisor to the Benefits Committee

3/10/11

Date Signed

**Employee Welfare Plans**

9. The Committee received periodic updates on the activities of the Employee Health & Wellness Committee.
10. The Committee studied the results of the Towers Watson benefits survey covering total compensation all of the U.S. ISOs and RTOs as well as designated peers.
11. The Committee received a report on employee welfare plan costs and a report on the potential impact of the federal health care reform bill and the federal mental health parity act on ERCOT medical plan costs.
12. The Committee reviewed and voted on proposed changes to employee contributions to medical plan costs for the 2010-2011 plan year.
13. The Committee reviewed and voted on employee appeals of denial of claims under the Flex Plan and Medical Plan.



Susan M. Westbrook

Assistant General Counsel