

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

**December 31, 2011**

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, 2011.

The Committee met seven times during 2011. 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 Hewitt EnnisKnupp (formerly named Aon Investment Consulting) ("Hewitt") to provide independent guidance on the Plan's investments and to serve as co-fiduciary with respect to the investment advice provided.
2. Hewitt 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.
3. After review by the Committee and Hewitt, the Committee rejected a proposal by the Plan's trustee and recordkeeper, Fidelity Management Trust Company, to retain the Plan on the Fidelity Advisor platform with revised terms and conditions.
4. The Committee authorized moving the Plan 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 Hewitt.
5. The Committee reviewed the investment policy statement for the Plan and accepted the changes proposed at the October 28, 2010 meeting.
6. The Committee received fiduciary training.
7. The Committee received periodic updates on current legal and regulatory developments that could affect the Plan and the Committee's work.
8. The Committee reviewed the audit report for the Plan.

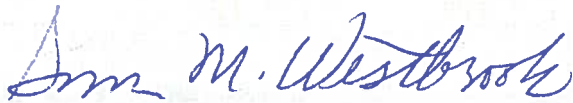
**Employee Welfare Plans**

9. The Committee received periodic updates on the activities of the Employee Health & Wellness Committee.

10. The Committee reviewed the Company's three-year strategic plan for employee welfare plans.
11. The Committee reviewed the report of Sagebrush Solutions' audit of 2009 and 2010 medical claims.
12. The Committee received a report on employee welfare plan costs.
13. The Committee reviewed and approved proposed changes to the following employee welfare plans for the 2011-2012 plan year: medical, dental, and vision; employee assistance; and short-term disability.
14. The Committee reviewed and voted on employee appeals of denial of claims under the Flex Plan.
15. The Committee reviewed the limited retiree medical coverage and decided to let Phase 1 of the coverage expire as of December 31, 2011.

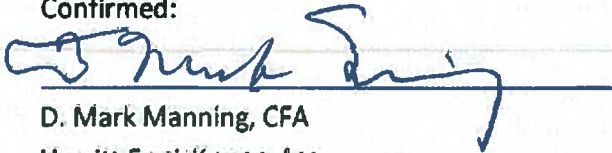
**Vacation, Holidays, and other Employee Benefits**

16. The Committee reviewed a report of employee benefits for other ISOs and RTO.
17. The Committee approved the following changes in non-ERISA benefits:
  - a. Addition of two paid floating holidays per year;
  - b. Increase paid bereavement leave from three days to five;
  - c. Increase tuition reimbursement from \$2,500 to \$5,000 per employee per year;
  - d. Require that negative vacation accruals be repaid by the end of each calendar year.



Susan M. Westbrook  
Assistant General Counsel

Confirmed:



D. Mark Manning, CFA  
Hewitt EnnisKnupp, Inc.  
Independent Investment Advisor to the Benefits Committee

3/27/12  
Date Signed