

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**ANNUAL STATUS REPORT TO THE BOARD OF DIRECTORS**  
**CONCERNING ACTIVITIES OF THE BENEFITS COMMITTEE**  
**December 31, 2012**

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, 2012.

The Committee met nine times during 2012. 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, Inc. (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. The Committee considered the respective share class of each investment offered in the 401(k) Plan and whether a less expensive share class could be utilized.
4. The Committee reviewed changes to the investment policy statement for the Plan as proposed by Hewitt at the August 7, 2012 meeting, and accepted the changes proposed at the October 28, 2010 meeting.
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 reviewed the audit report for the Plan.
8. Hewitt delivered a Total Plan Cost Analysis to the Committee which provided a comparison of fees being paid against others plans in the Hewitt database.

9. Pursuant to regulations that went into effect during the report period, the Committee received all required service provider fee disclosures and confirmed that the 401(k) Plan recordkeeper made all required fee disclosures to plan participants.

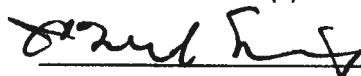
**Employee Welfare Plans**

10. The Committee received periodic updates on the activities of the Employee Health & Wellness Committee.
11. The Committee reviewed the Company's three-year strategic plan for employee welfare plans.
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 2012-2013 plan year: short-term disability income plan; long-term disability insurance; group life insurance basic and voluntary coverage; group accident insurance basic and voluntary coverage; and medical coverage.
14. The Committee received and reviewed a report on changes to the medical plan required by the Affordable Care Act and ERCOT's compliance with such requirements.

 3-6-13

Susan M. Westbrook                      Date  
Director – Human Resources

Confirmed as to 401(k) Savings Plan:

 3-6-13

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