



MEMORANDUM

Date: July 9, 2013
To: Human Resources and Governance (HR&G) Committee
From: Bill Magness, Vice-President, General Counsel and Corporate Secretary
Subject: Item 6 - Review Unaffiliated Director Compensation

The HR&G Committee Charter provides that ERCOT shall periodically, but no less than once every two years, review and consider Unaffiliated Director compensation and reimbursement matters.

At the October 17, 2011 HR&G Committee meeting, the Committee discussed convening a task force to provide a proposal for restructuring Unaffiliated Director compensation within existing levels. At its December 13, 2011 meeting, the Board accepted the Committee's recommendations on proposed revisions to the Board Policies and Procedures which included modification to the annual retainer, deductions for missed meetings, an adjustment to the Board Chair compensation and addition of Committee Chair compensation.

At its July 16, 2012 meeting, the HR&G Committee recommended additional revisions to the Board Policies and Procedures to maintain existing levels of compensation, but to eliminate deductions for missed meetings and to add Board Vice-Chair compensation. The Board accepted the Committee's recommendations and approved these revisions to the Board Policies and Procedures at its July 17, 2012 meeting.

We are not aware of any other pending proposals regarding Unaffiliated Director compensation at this time.