



# 2010 First Quarter Investor Call

May 4, 2010

**Oncor Electric Delivery**

# Forward Looking Statements

This presentation contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in filings made by Oncor Electric Delivery Company LLC (Oncor) with the Securities and Exchange Commission (SEC). Specifically, Oncor makes reference to the section entitled "Risk Factors" in its annual and quarterly reports. In addition to the risks and uncertainties set forth in Oncor's SEC filings, the forward-looking statements in this release could be affected by, among other things: prevailing governmental policies and regulatory actions; legal and administrative proceedings and settlements; weather conditions and other natural phenomena, and acts of sabotage, wars or terrorist activities; economic conditions, including the current recessionary environment; unanticipated population growth or decline, or changes in market demand and demographic patterns; changes in business strategy, development plans or vendor relationships; unanticipated changes in interest rates or rates of inflation; unanticipated changes in operating expenses, liquidity needs and capital expenditures; the credit quality and/or inability of various counterparties to meet their financial obligations to Oncor, including failure of counterparties to perform under agreements; general industry trends; hazards customary to the industry and the possibility that Oncor may not have adequate insurance to cover losses resulting from such hazards; changes in technology used by and services offered by Oncor; significant changes in Oncor's relationship with its employees; changes in assumptions used to estimate costs of providing employee benefits, including pension and other post-retirement employee benefits, and future funding requirements related thereto; significant changes in critical accounting policies material to Oncor; commercial bank and financial market conditions, access to capital, the cost of such capital, and the results of financing and refinancing efforts, including availability of funds in the capital markets and the potential impact of continued disruptions in US credit markets; financial restrictions under Oncor's revolving credit facility and indentures governing its debt instruments; Oncor's ability to generate sufficient cash flow to make interest payments on its debt instruments; actions by credit rating agencies; and Oncor's ability to effectively execute its operational strategy. Any forward-looking statement speaks only as of the date on which it is made, and Oncor undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

## Regulation G

This presentation includes certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included in this presentation, which is located on Oncor's website, [www.oncor.com](http://www.oncor.com), under the 'News' tab in the Investor Information section, and also filed with the SEC.

# Today's Agenda

- **First Quarter 2010 Review**

**Bob Shapard**

**Chairman and CEO**

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Q&A**

# First Quarter 2010 Operational Highlights

## Advanced Metering Initiative

- State-wide web portal launched providing access to energy usage data in 15-min increments
- Allows customers direct access to usage data
- ~185K meters installed in first quarter and over 900k total meters installed at end of April 2010



## CREZ

- 9 of 14 CCN's have been approved
- 10<sup>th</sup> CCN filed May 3<sup>rd</sup>; remaining 4 CCN's to be filed between June and September
- \$159M spent on CREZ through end March 2010
- On time completion of projects expected

# Today's Agenda

- **First Quarter 2010 Review**

**Bob Shapard**

**Chairman and CEO**

- **Financial Overview**

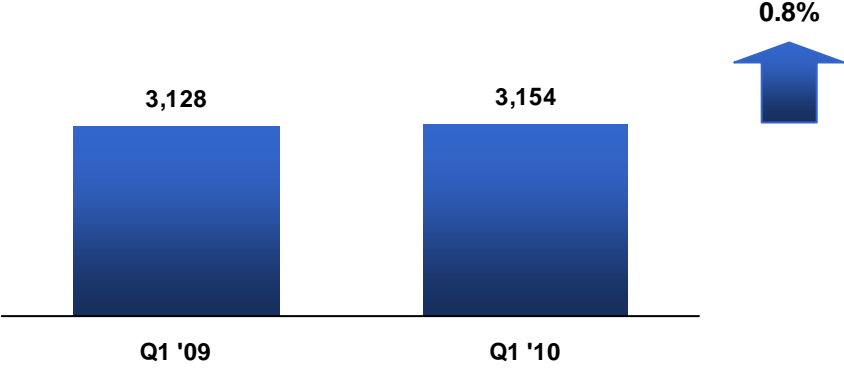
**David Davis**

**Chief Financial Officer**

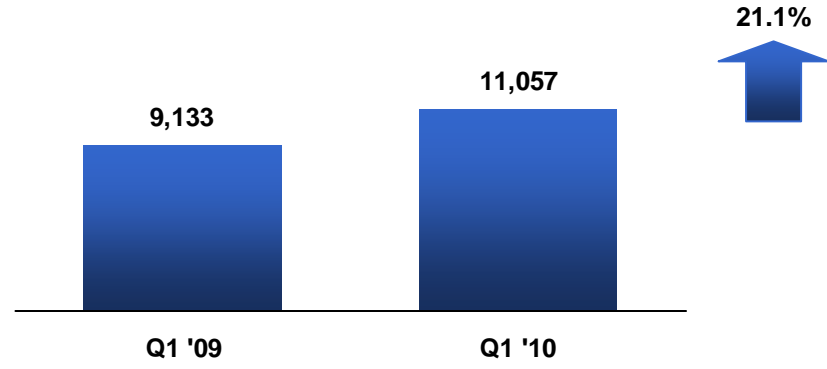
- **Q&A**

# Cold Weather Drove Residential Volumes But Underlying C&I Trends Suggest Some Economic Recovery

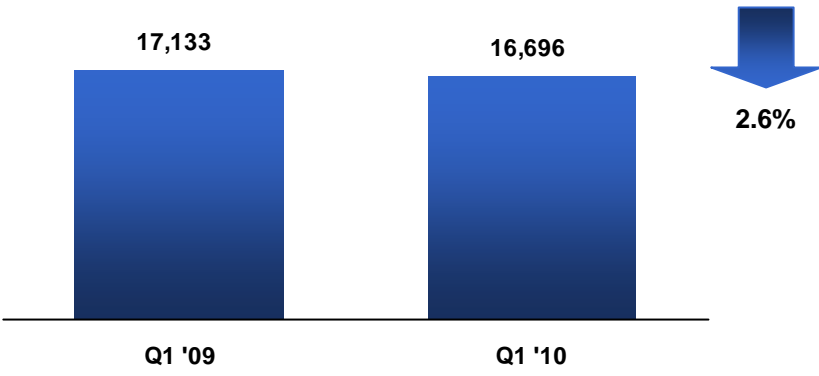
Electricity Distribution Points of Delivery  
Q1 '09 vs. Q1 '10; thousands of meters



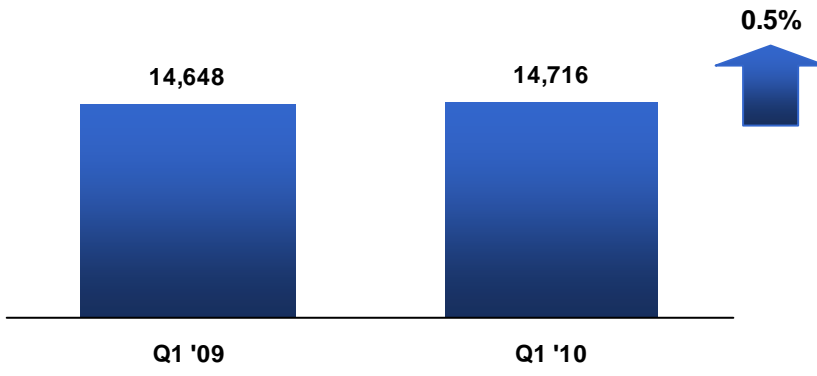
Residential GWH Billed  
Q1 '09 vs. Q1 '10



Large C&I Billed MW Demand (Avg)<sup>1,2</sup>  
Q1 '09 vs. Q1 '10



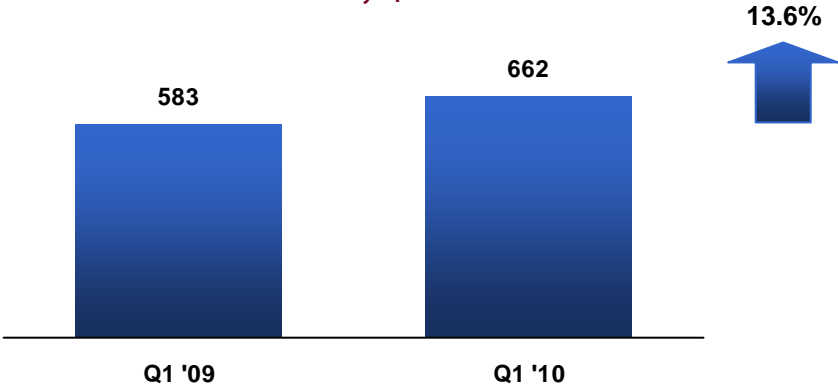
Large C&I Actual MW Demand (Avg)<sup>1,2</sup>  
Q1 '09 vs. Q1 '10



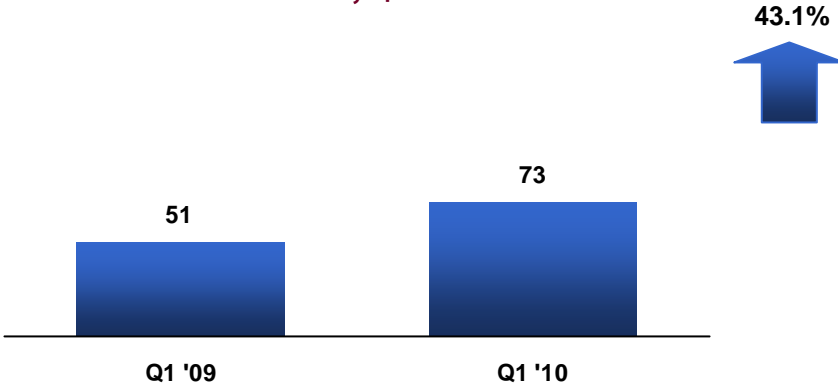
<sup>1</sup> C&I stands for Commercial and Industrial.  
<sup>2</sup> Q1 '09 as adjusted

# Summary of Financial Results<sup>1</sup>

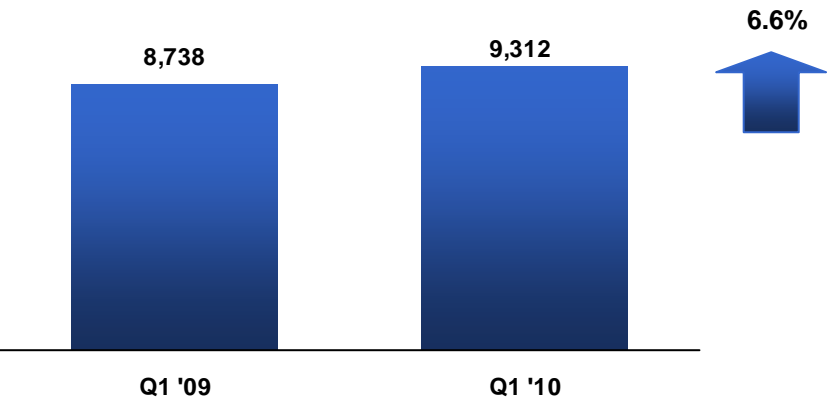
**Adjusted Operating Revenues**  
Q1 '09 vs. Q1 '10; \$ millions



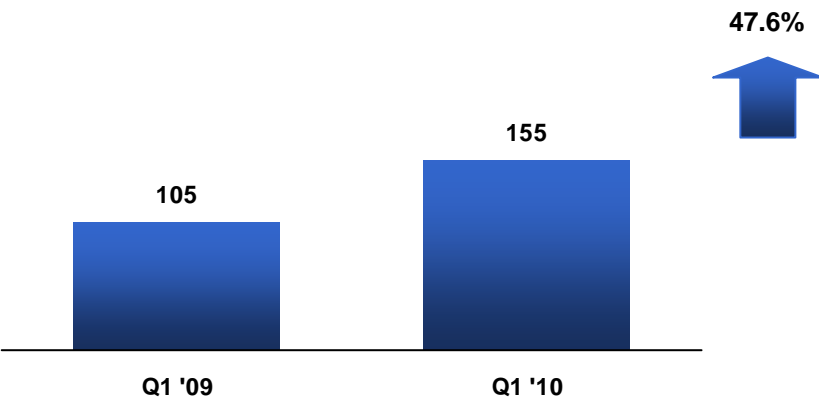
**Adjusted Net Income**  
Q1 '09 vs. Q1 '10; \$ millions



**PP&E, net**  
Q1 '09 vs. Q1 '10; \$ millions



**Operating Cash Flow<sup>2</sup>**  
Q1 '09 vs. Q1 '10; \$ millions

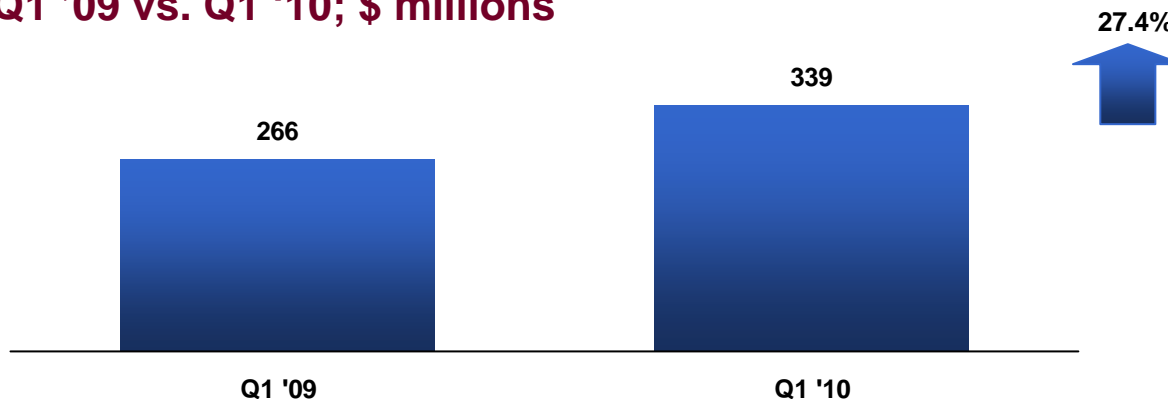


<sup>1</sup> Excludes impacts from transition bond debt and fair value accounting adjustments associated with the October 2007 merger.

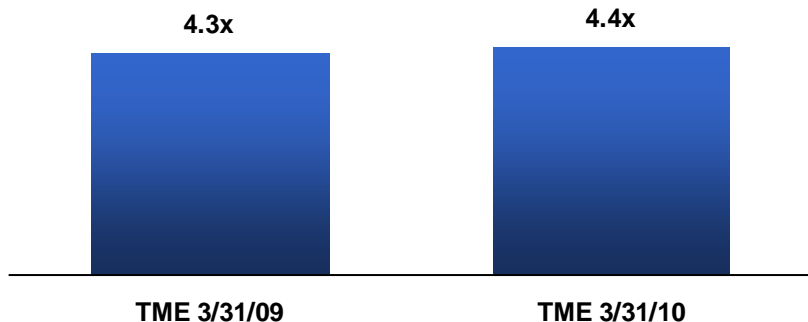
<sup>2</sup> Cash provided by operating activities, as adjusted by footnote 1.

# Credit Metrics Remain Strong Supported by Robust Cash Flows

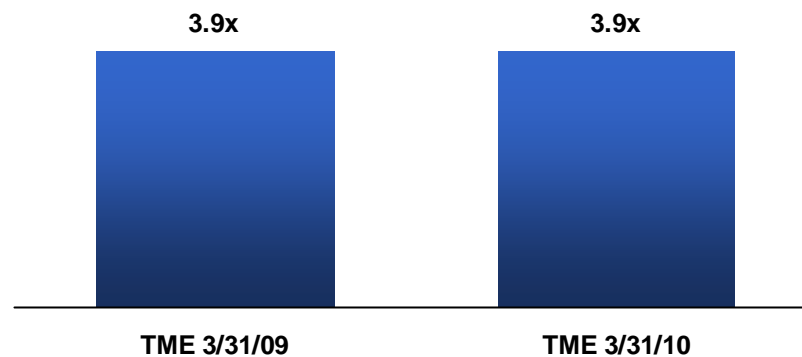
**EBITDA**  
Q1 '09 vs. Q1 '10; \$ millions



**EBITDA/Cash Interest**  
TME 3/31/09 vs. TME 3/31/10; Ratio



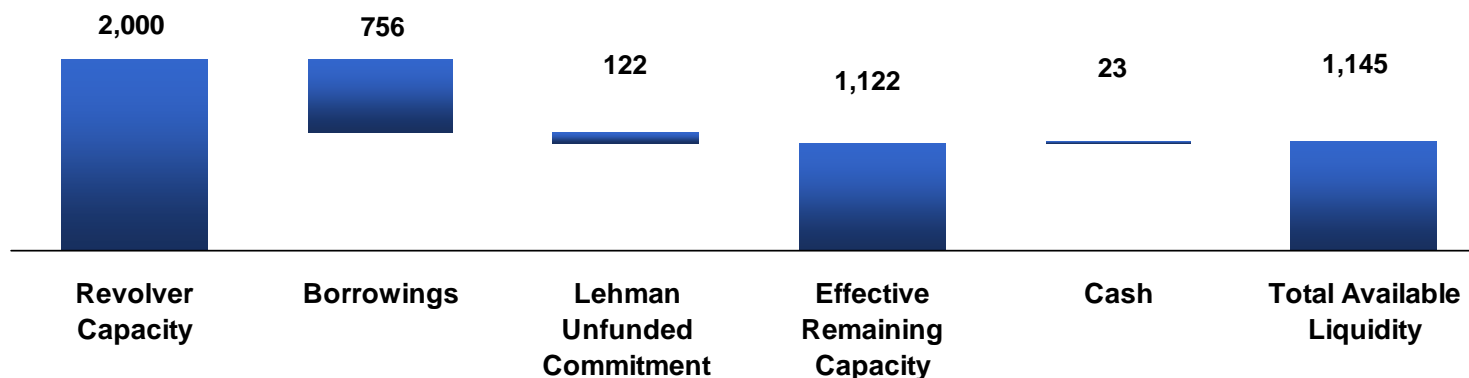
**Debt/EBITDA**  
TME 3/31/09 vs. TME 3/31/10; Ratio



Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

# Oncor Maintains Ample Liquidity

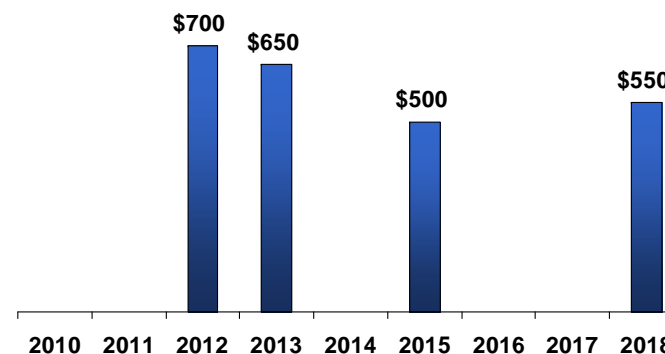
**\$2.0 billion Secured Revolving Credit Facility  
Balances at March 31, 2010; \$ millions**



## Solid Credit Ratings at Oncor

|                   | <u>Rating</u> | <u>Outlook</u> |
|-------------------|---------------|----------------|
| Moody's           | Baa1          | Stable         |
| Standard & Poor's | BBB+          | Stable         |
| Fitch Ratings     | BBB           | Stable         |

## No Maturities in Near Term



Excludes transition bond debt

Oncor's \$2.0 billion Credit Facility matures in 2013

***Appendix -  
Regulation G Reconciliations***

# Financial Definitions

| Measure                               | Definition  |
|---------------------------------------|---|
| <i>Operating Cash Flow (GAAP)</i>     | Cash provided by operating activities.  |
| <i>Debt (non-GAAP)</i>                | Total debt less transition bonds.   |
| <i>Total Debt (GAAP)</i>              | Long-term debt (including current portion) plus bank loans and commercial paper.  |
| <i>Adjusted Net Income (non-GAAP)</i> | Net income less effects of purchase accounting (including goodwill adjustments) and Transition Bond Company.  |
| <i>EBITDA (non-GAAP)</i>              | Income from continuing operations before interest expense and related charges, and provisions in lieu of income tax plus depreciation and amortization and special items. EBITDA is a measure used by Oncor to assess performance.  |
| <i>Debt/EBITDA (non-GAAP)</i>         | Total debt less transition bonds divided by EBITDA. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt / EBITDA is a measure used by Oncor to assess credit quality. |
| <i>EBITDA/Interest (non-GAAP)</i>     | EBITDA divided by cash interest expense is a measure used by Oncor to assess credit quality.  |

# Table 1: Oncor Net Income Reconciliation

Quarter Ended March 31, 2009 and 2010

\$ millions

|  | Q1 09 | Q1 10 |
|--|-------|-------|
| Net Income – Oncor                                 | 58    | 79    |
| Less: Net Income – BondCo                          | -     | -     |
| Less: Effects of fair value accounting (after-tax) | (7)   | (6)   |
| Less: Write-off of Regulatory Assets (after-tax)   | -     | -     |
| Less: Adjustment of Goodwill Liability             | -     | -     |
| Adjusted Net Income, excluding BondCo              | 51    | 73    |

**Table 2: Oncor Operating Revenues Reconciliation**  
**Quarter Ended March 31, 2009 and 2010**  
**\$ millions**

|                                      | <b>Q1 09</b> | <b>Q1 10</b> |
|--------------------------------------|--------------|--------------|
| Operating Revenues – Oncor           | 614          | 703          |
| Less: Operating Revenues – BondCo    | (31)         | (41)         |
| Operating Revenues, excluding BondCo | 583          | 662          |

## Table 3: Oncor Operating Cash Flow Reconciliation

Quarter Ended March 31, 2009 and 2010

\$ millions

|                                       | Q1 09 | Q1 10 |
|---------------------------------------|-------|-------|
| Operating Cash Flow – Oncor           | 129   | 186   |
| Less: Operating Cash Flow – BondCo    | (24)  | (31)  |
| Operating Cash Flow, excluding BondCo | 105   | 155   |

## Table 4: Oncor EBITDA Reconciliation

Quarter Ended March 31, 2009 and 2010

\$ millions

|   | Q1 09 | Q1 10 |
|---|-------|-------|
| Net Income – Oncor                              | 58    | 79    |
| Plus: Depreciation & Amortization – Oncor       | 126   | 166   |
| Plus: Provision in lieu of Income Taxes – Oncor | 37    | 48    |
| Plus: Interest Expense – Oncor                  | 86    | 86    |
| Equals: EBITDA - Oncor, including BondCo        | 307   | 379   |
| Less: Net Income – BondCo                       | -     | -     |
| Depreciation & Amortization – BondCo            | (20)  | (31)  |
| Provision in lieu of Income Taxes – BondCo      | -     | -     |
| Interest Expense – BondCo                       | (11)  | (10)  |
| Effects of fair value accounting                | (10)  | (9)   |
| Regulatory Asset Amortization                   | -     | 10    |
| Adjustment of Goodwill Liability                | -     | -     |
| EBITDA, excluding BondCo                        | 266   | 339   |

**Table 5: Oncor EBITDA Reconciliation**  
**Twelve Months Ended March 31, 2009 and 2010**  
**\$ millions**

|   | 3/31/09 | 3/31/10 |
|---|---------|---------|
| Net Income – Oncor                              | (513)   | 341     |
| Plus: Depreciation & Amortization – Oncor       | 497     | 597     |
| Plus: Provision in lieu of Income Taxes – Oncor | 210     | 184     |
| Plus: Interest Expense – Oncor                  | 327     | 346     |
| Equals: EBITDA - Oncor, including BondCo        | 521     | 1,468   |
| Less: Net Income – BondCo                       | -       | -       |
| Depreciation & Amortization – BondCo            | (92)    | (115)   |
| Provision in lieu of Income Taxes – BondCo      | -       | -       |
| Interest Expense – BondCo                       | (45)    | (41)    |
| Effects of Goodwill Valuation                   | 860     | -       |
| Effects of fair value accounting (pre-tax)      | (42)    | (37)    |
| Write off of Regulatory Assets (pre-tax)        | -       | 25      |
| Regulatory Asset Amortization                   | -       | 22      |
| Adjustment of Goodwill Liability                | -       | (10)    |
| EBITDA, excluding BondCo                        | 1,202   | 1,312   |

## Table 6: Oncor Total Debt Reconciliation

As of March 31, 2009 and 2010

\$ millions

|   | 3/31/09 | 3/31/10 |
|---|---------|---------|
| Short-term debt- Oncor                      | 397     | 756     |
| Long-term debt due currently – Oncor        | 104     | 109     |
| Long-term debt, less due currently – Oncor  | 5,078   | 4,972   |
| Total debt - Oncor, including BondCo        | 5,579   | 5,837   |
| Less: Short-term debt – BondCo              | -       | -       |
| Long-term debt due currently – BondCo       | (104)   | (109)   |
| Long-term debt, less due currently – BondCo | (751)   | (643)   |
| Fair value adjustment – BondCo              | 8       | 5       |
| Total Debt, excluding BondCo                | 4,732   | 5,090   |

## Table 7: Oncor Interest and Debt Coverages

Twelve Months Ended March 31, 2009 and 2010

\$ millions

|  | 3/31/09      | 3/31/10      | Ref      | Source         |
|--|--------------|--------------|----------|----------------|
| Interest expense and related charges – Oncor     | 327          | 346          |          |                |
| Amortization of debt fair value discount – Oncor | (3)          | (3)          |          |                |
| Amortization of debt discount – Oncor            | (6)          | (7)          |          |                |
| AFUDC – Oncor                                    | 6            | 2            |          |                |
| Cash interest expense - Oncor                    | 324          | 338          |          |                |
| Less: Interest expense – BondCo                  | (45)         | (41)         |          |                |
| <b>Cash interest expense, excluding BondCo</b>   | <b>279</b>   | <b>297</b>   | <b>A</b> |                |
| <b>EBITDA, excluding BondCo</b>                  | <b>1,202</b> | <b>1,312</b> | <b>B</b> | <b>Table 5</b> |
| <b>Total Debt, excluding BondCo</b>              | <b>4,732</b> | <b>5,090</b> | <b>C</b> | <b>Table 6</b> |
| <b>EBITDA/Interest – ratio (B / A)</b>           | <b>4.3x</b>  | <b>4.4x</b>  |          |                |
| <b>Debt/EBITDA – ratio (C / B)</b>               | <b>3.9x</b>  | <b>3.9x</b>  |          |                |