



# **Third Quarter 2011 Investor Call**

**October 28, 2011**

**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 presentation 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; acts of sabotage, wars or terrorist activities; economic conditions, including the impact of a 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; 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 disruptions in US credit markets; circumstances which may contribute to future impairment of goodwill, intangible or other long-lived assets; 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 available 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.

# 3rd Quarter 2011 Investor Call Agenda

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Operational Review**

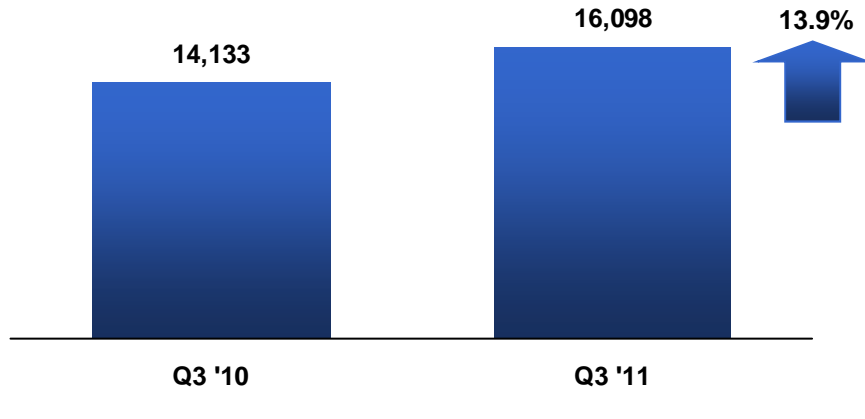
**Bob Shapard**

**Chairman and CEO**

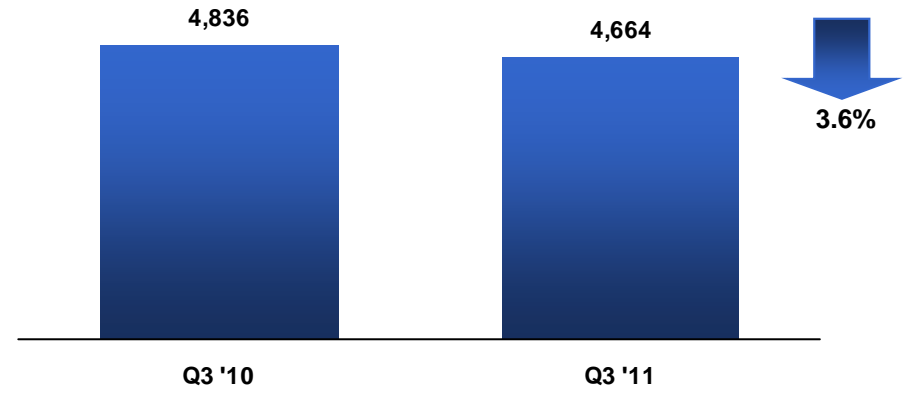
- **Q&A**

# Weather Drove Q3 2011 Volumes and Impacted Weather-Adjusted Response

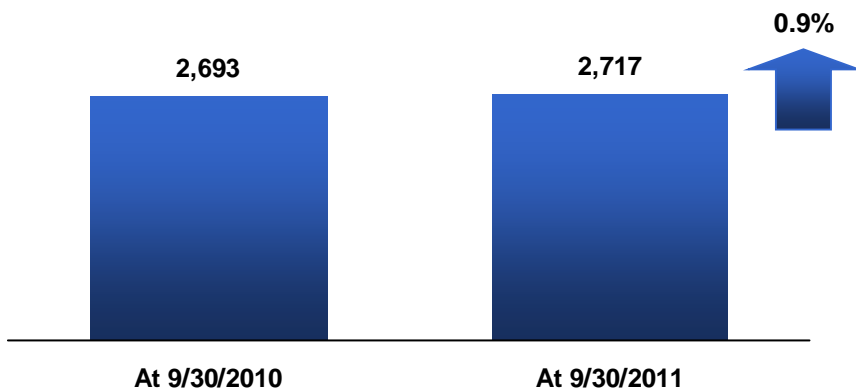
**Residential GWH, Actual  
Q3<sup>1</sup> '10 vs. Q3 '11**



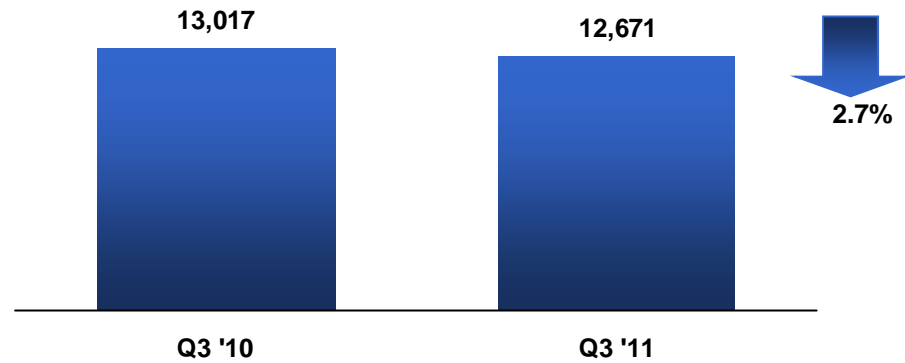
**Avg KWH/Residential Premise, Weather Adj  
Q3 '10 vs. Q3 '11**



**Residential Points of Delivery  
Q3 '10 vs. Q3 '11; thousands of meters**



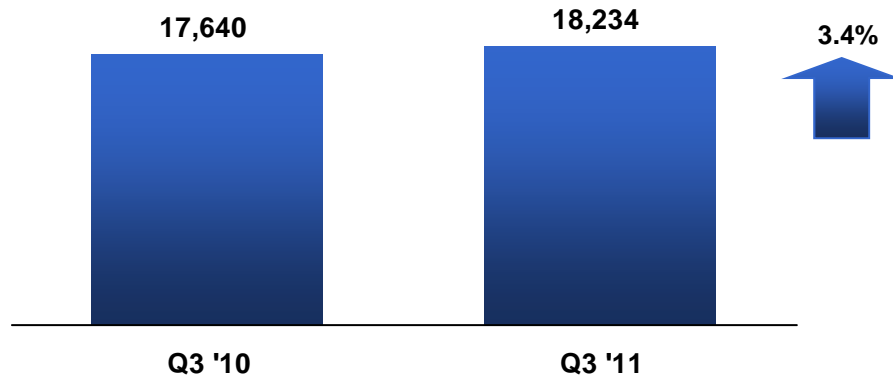
**Residential GWH, Weather Adj  
Q3 '10 vs. Q3 '11**



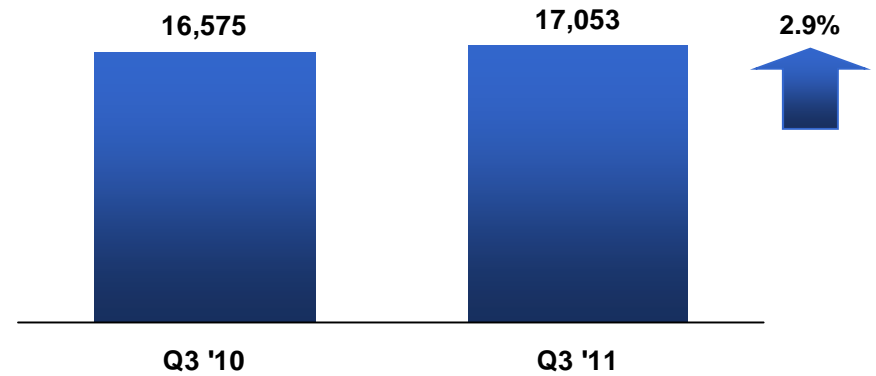
<sup>1</sup> Unless otherwise indicated, reflects three months ended September 30.

# Large C&I Demand and Usage Trends Suggest Continued Economic Recovery

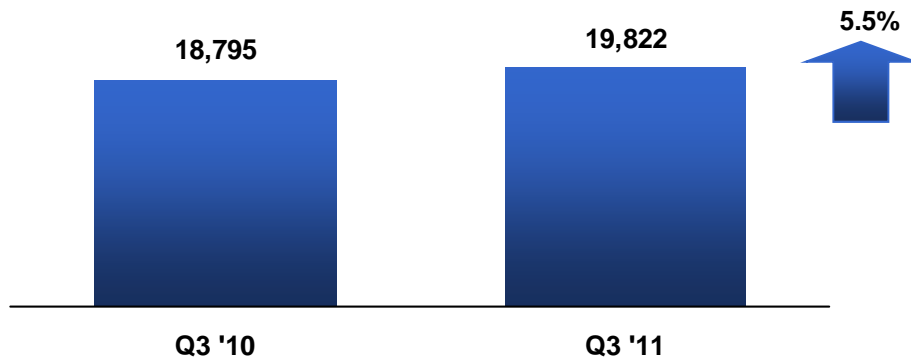
Large C&I Billed MW Demand (Avg)  
Q3<sup>1</sup> '10 vs. Q3 '11



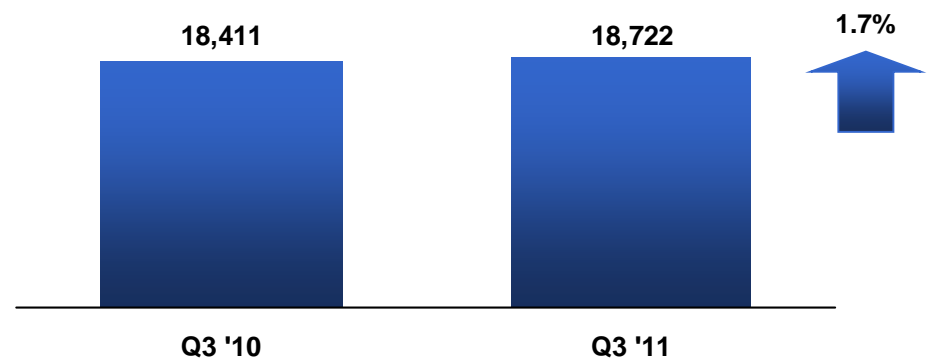
Large C&I Actual MW Demand (Avg)  
Q3 '10 vs. Q3 '11



Large C&I GWH, Actual  
Q3 '10 vs. Q3 '11



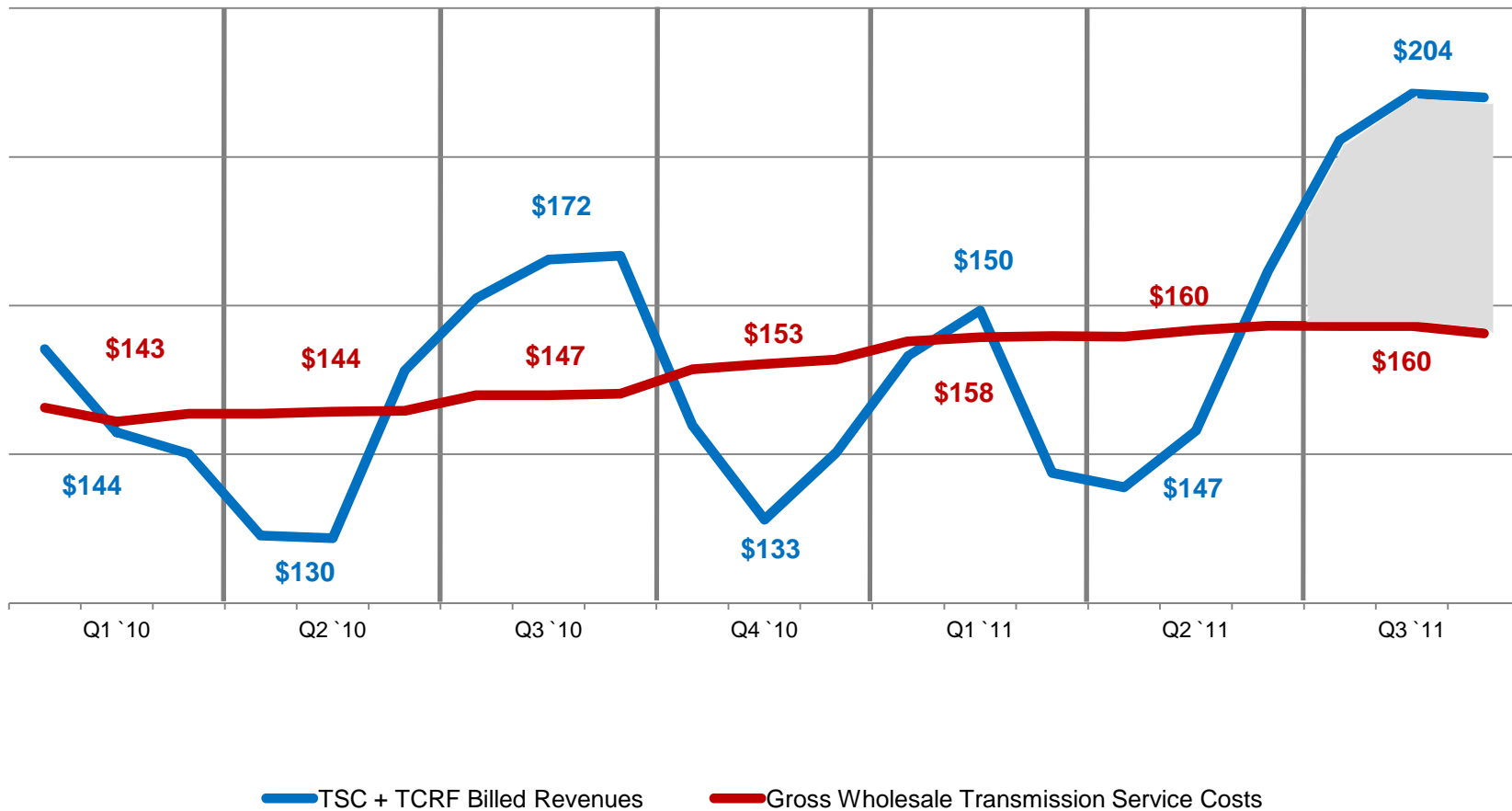
Large C&I GWH, Weather Adj  
Q3 '10 vs. Q3 '11



<sup>1</sup> Three months ended September 30.

# Starting Q3 '11, Distribution "Book" Revenue Related to Recovery of Wholesale Transmission Service Will Match Expense

## Wholesale Transmission Service Cost (TSC) Recovery<sup>1</sup> (\$ Millions)

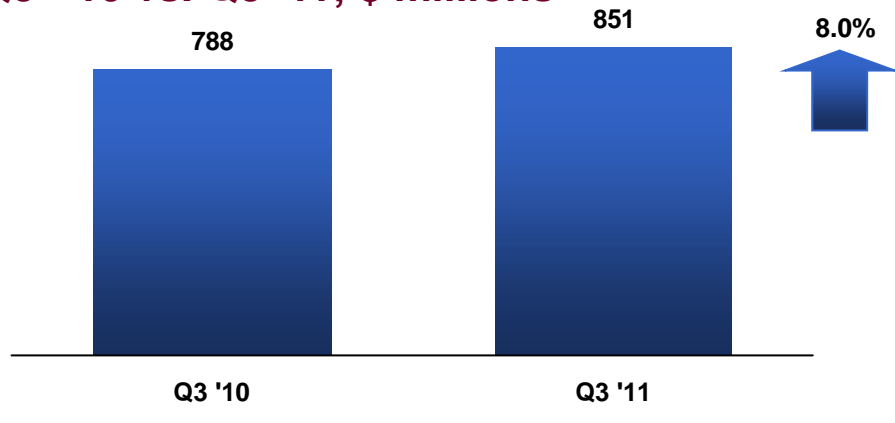


<sup>1</sup> Includes affiliate transmission costs and excludes impacts of deferrals of accounting recognition to reflect timing of recovery under PUCT regulations. Numbers indicate amounts per quarter.

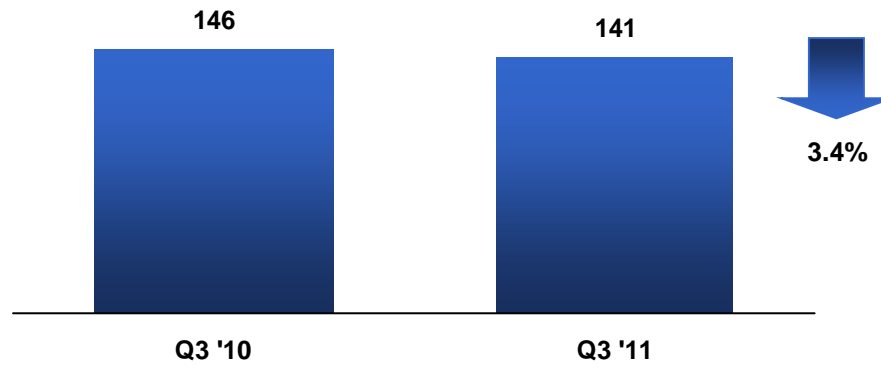
TCRF – Transmission Cost Recovery Factor

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

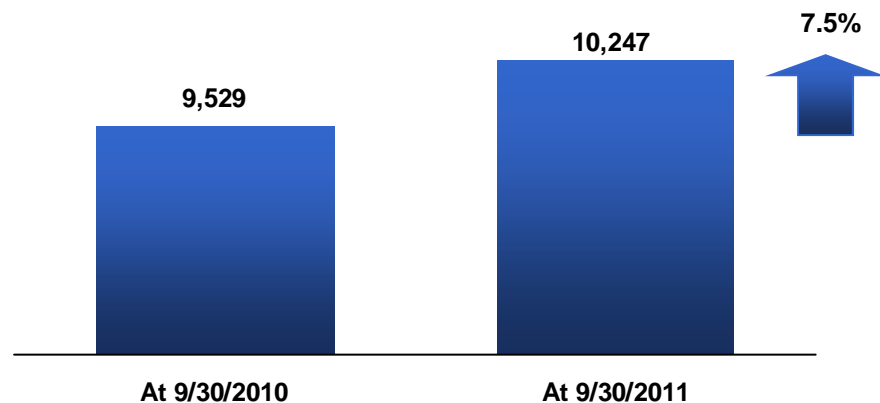
**Adjusted Operating Revenues**  
Q3<sup>2</sup> '10 vs. Q3 '11; \$ millions



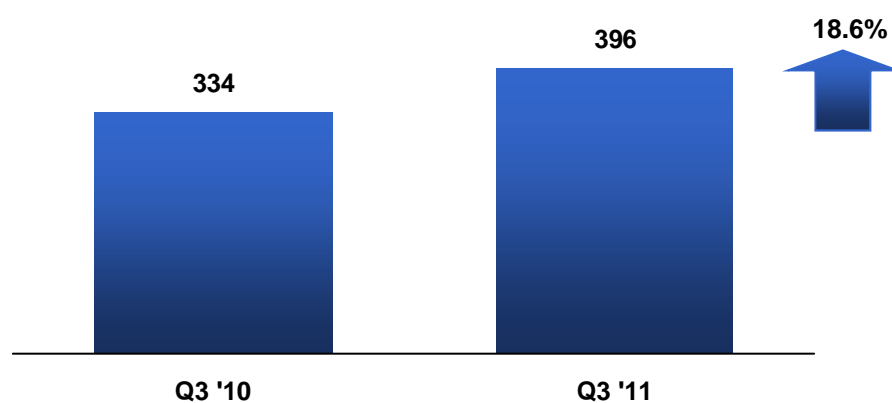
**Adjusted Net Income**  
Q3 '10 vs. Q3 '11; \$ millions



**PP&E, net**  
Q3 '10 vs. Q3 '11; \$ millions



**Adjusted Operating Cash Flow**  
Q3 '10 vs. Q3 '11; \$ millions

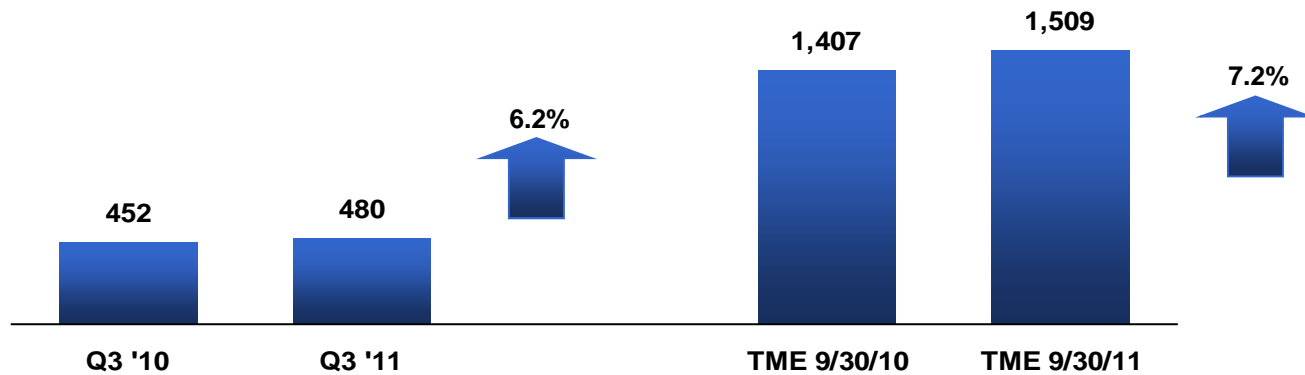


<sup>1</sup> Excludes impacts from transition bond debt, and fair value accounting adjustments associated with the October 2007 merger.

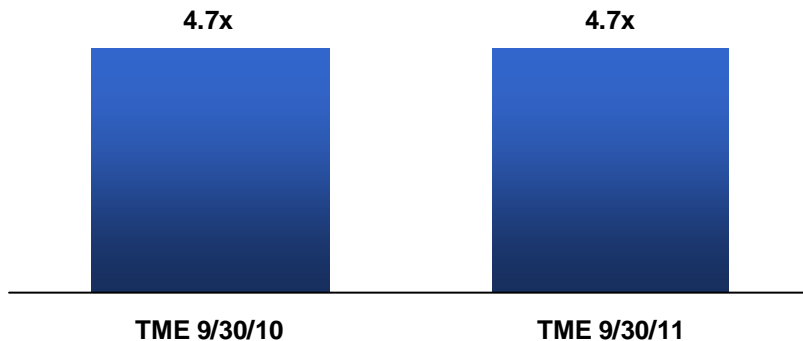
<sup>2</sup> Unless otherwise indicated, reflects three months ended September 30.

# Credit Metrics<sup>1</sup> Continue to be Strong

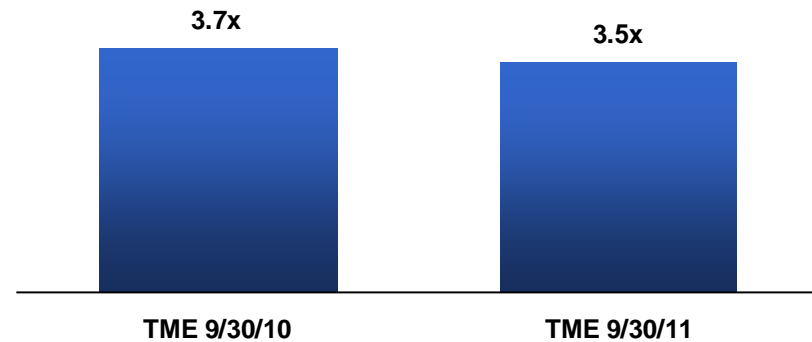
**EBITDA**  
**Q3<sup>2</sup> '10 vs. Q3 '11 and TME<sup>3</sup> 9/30/10 vs TME 9/30/11; \$ millions**



**EBITDA/Cash Interest**  
**TME 9/30/10 vs. TME 9/30/11; Ratio**



**Debt/EBITDA**  
**TME 9/30/10 vs. TME 9/30/11; Ratio**



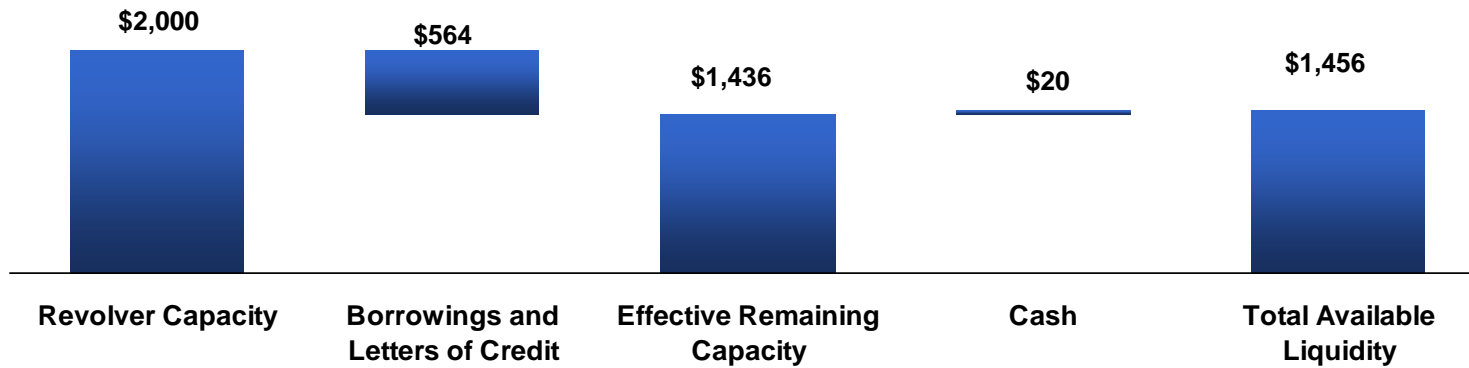
<sup>1</sup> Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

<sup>2</sup> Three months ended September 30.

<sup>3</sup> Twelve months ended.

# Oncor's Credit Facility Maturity Has Been Extended to October 2016

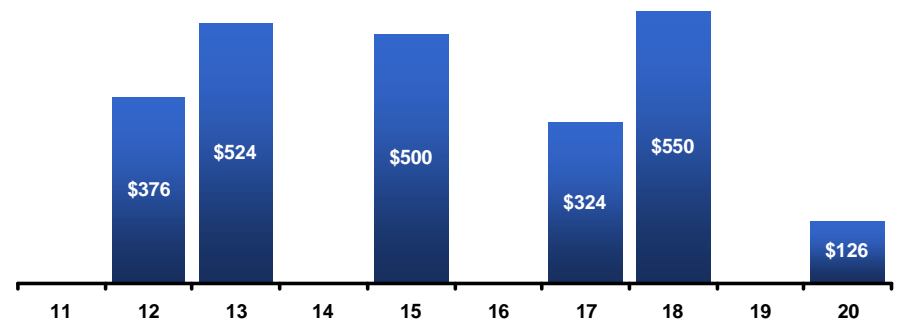
**\$2.0 billion Secured Revolving Credit Facility<sup>1</sup>**  
**Balances at October 26, 2011; \$ millions**



## Solid Credit Ratings

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

## Long-Term Debt<sup>2</sup> Maturity Profile 2011-2020; \$ millions

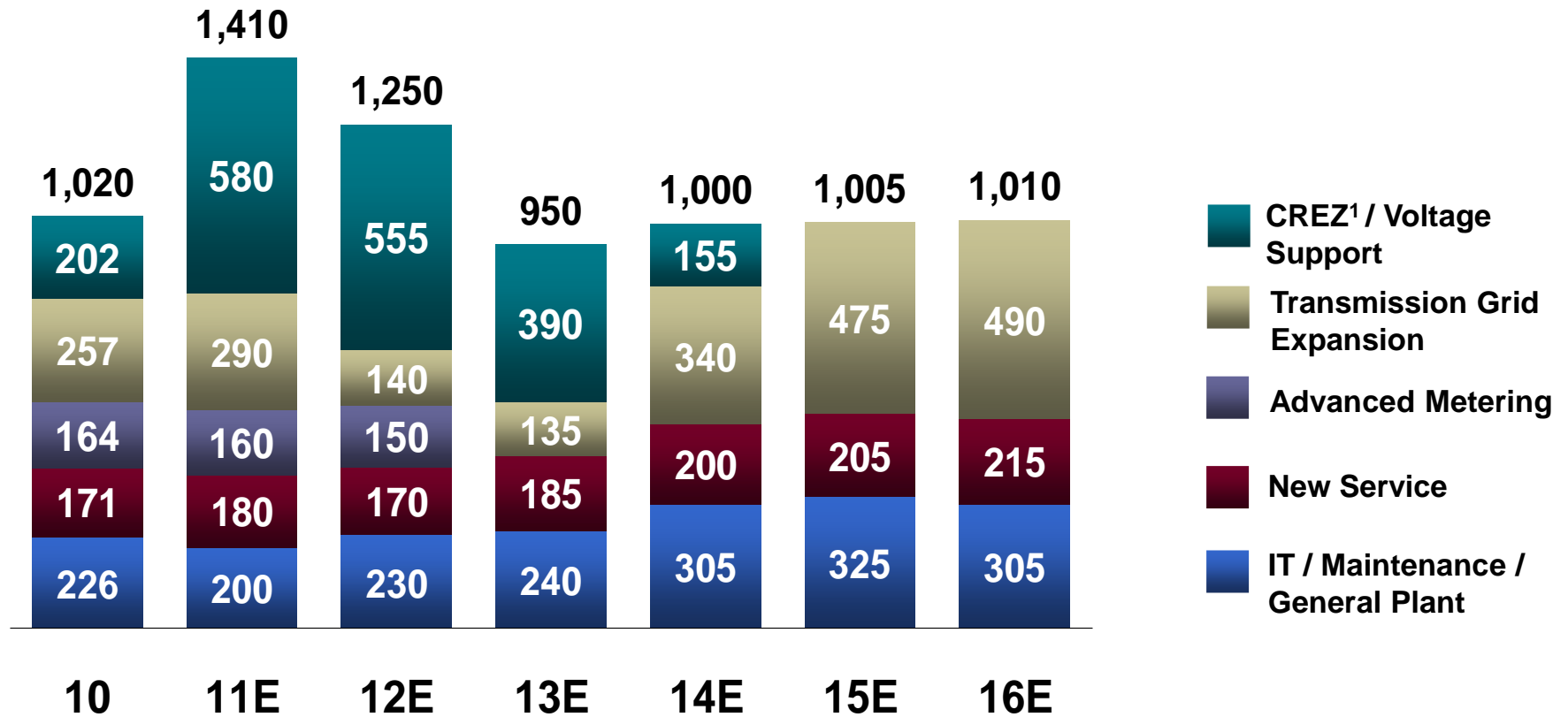


<sup>1</sup> Oncor's \$2.0 billion Credit Facility matures in 2016.

<sup>2</sup> Excludes transition bond debt.

# Capital Program

Actual and Estimated Capital Expenditures  
10 - 16E; \$ millions



<sup>1</sup> Oncor currently estimates that the total cost of the CREZ / Voltage Support projects will be approximately \$2.0 billion.

# 3rd Quarter 2011 Investor Call Agenda

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

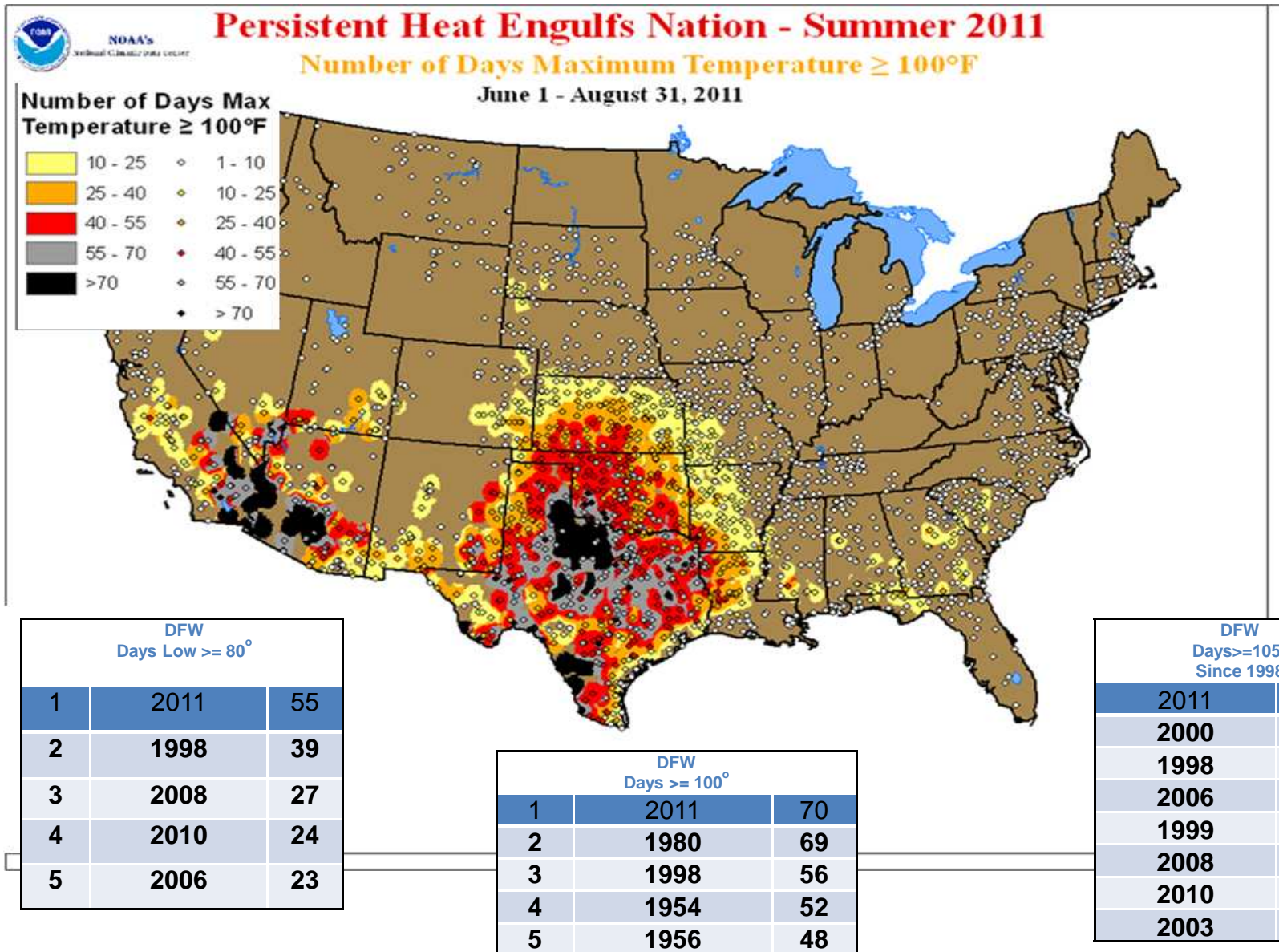
- **Operational Review**

**Bob Shapard**

**Chairman and CEO**

- **Q&A**

# Summer Heat of 2011



# CREZ Update

## Competitive Renewable Energy Zones

- 2011 signals major shift in CREZ project as it moves from CCN proceedings to ROW acquisition and actual construction
- Will invest ~\$2.0 billion on project in total, including voltage support, and \$580M in 2011
- \$689M invested in CREZ through September 30, 2011; \$373M invested YTD 2011
- All 14 CCN's have been approved



# AMS Initiative on Target for 2012 Completion



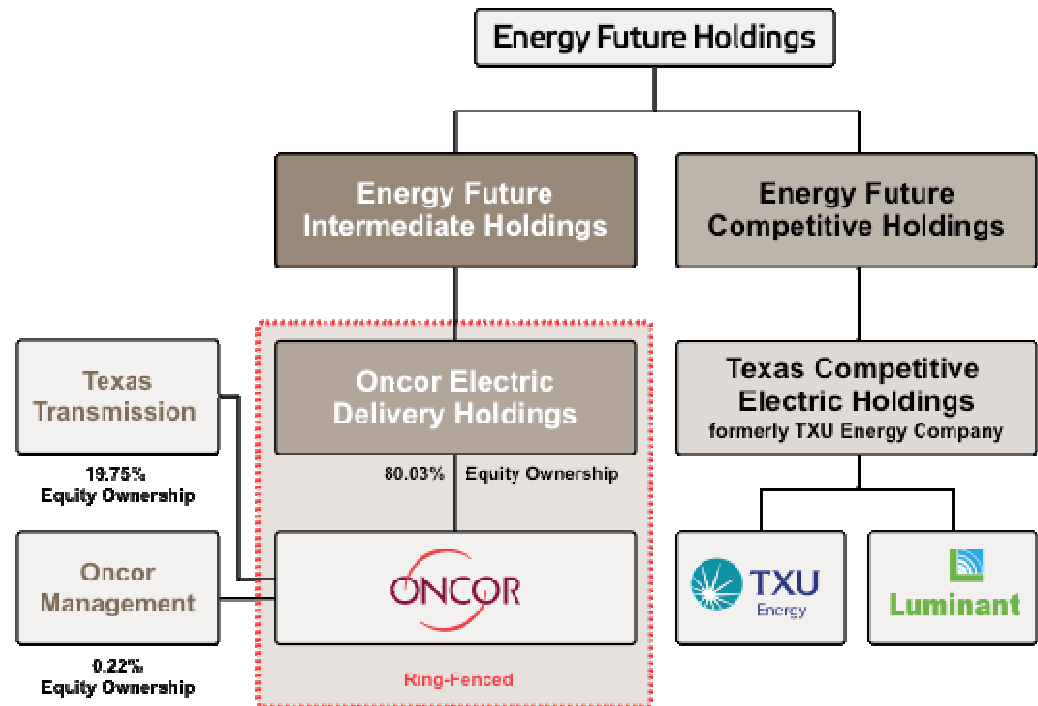
## Advanced Metering Initiative

- More than 2.1M meters installed through September 30, 2011; ~609,000 meters installed in YTD '11
- \$477M invested in AMS through September 30, 2011; \$117M invested YTD 2011
- Customer education

# Oncor's Ring-Fencing

Oncor Holdings and Oncor are ring-fenced entities and have no obligation to pay any amounts due on EFH and EFIH debt that is secured by EFH's equity in Oncor Holdings.

In the event of a valid permitted asset transfer (disposition of EFH's equity interests in Oncor Holdings), this debt would become obligations of the third party transferee.



***Appendix -***

***Regulation G Reconciliations and Supplemental  
Data***

# Financial Definitions

Measure	Definition
<i>TSC +TCRF Billed Revenues (non-GAAP)</i>	Charges billed to retail electric providers under Public Utility Commission of Texas (PUCT) approved tariffs for the recovery of wholesale transmission service costs excluding accruals for unbilled deliveries and deferral of over/under collected amounts calculated under PUCT reconciliation rules
<i>Gross Wholesale Transmission Service Costs (non-GAAP)</i>	Charges billed to Oncor distribution business under the PUCT's wholesale transmission tariff matrix, including Oncor transmission affiliate charges and excluding deferrals of costs calculated under PUCT reconciliation rules
<i>Adjusted Operating Revenues (non-GAAP)</i>	Oncor operating revenues, less operating revenues of Oncor Electric Delivery Transition Bond Company LLC (BondCo)
<i>Adjusted Net Income (non-GAAP)</i>	Oncor net income, less effects of purchase accounting and net income of BondCo
<i>Debt (non-GAAP)</i>	Oncor total debt, less transition bonds of BondCo
<i>Adjusted Operating Cash Flow (non-GAAP)</i>	Oncor cash provided by operating activities, less BondCo cash provided by operating activities
<i>Total Debt (GAAP)</i>	Oncor long-term debt (including current portion), plus bank loans and commercial paper
<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/Cash Interest (non-GAAP)</i>	EBITDA divided by cash interest expense is a measure used by Oncor to assess credit quality.

# Table 1: Oncor TSC + TCRF Billed Revenues and Wholesale Transmission Service Costs Reconciliation

Three Months Ended Q1 '10 – Q3 '11

\$ millions

	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3 '11
Oncor operating revenues	703	702	831	678	706	756	897
Adjustments: Operating revenues – Bondco	(41)	(37)	(43)	(32)	(35)	(38)	(46)
Other revenues <sup>1</sup>	(547)	(504)	(616)	(526)	(552)	(526)	(695)
TCRF revenue deferral	-	-	-	-	-	-	39
Unbilled revenues	29	(31)	-	13	31	(45)	9
TSC + TCRF billed revenues	144	130	172	133	150	147	204
Oncor operation and maintenance expense	249	252	256	252	258	259	281
Less: Non-wholesale transmission service expense	(151)	(154)	(154)	(156)	(155)	(153)	(168)
Wholesale transmission service expense	98	98	102	96	103	106	113
Plus: Affiliate wholesale transmission service costs	45	46	45	49	50	50	51
Net wholesale transmission cost deferral	-	-	-	8	5	4	(4)
Gross wholesale transmission service costs	143	144	147	153	158	160	160

<sup>1</sup> Other revenues consist of distribution base rates other than TSC and TCRF, advanced metering surcharges, third party transmission revenues and other miscellaneous revenues

**Table 2: Oncor Adjusted Operating Revenues Reconciliation**  
**Three Months Ended September 30, '10 and '11**  
**\$ millions**

	Q3 '10	Q3 '11
Operating revenues – Oncor	831	897
Less: Operating revenues – BondCo	(43)	(46)
Adjusted operating revenues, excluding BondCo	788	851

**Table 3: Oncor Adjusted Net Income Reconciliation**  
**Three Months Ended September 30, '10 and '11**  
**\$ millions**

	Q3 '10	Q3 '11
Net income – Oncor	149	144
Less: Effects of fair value accounting (after tax)	(3)	(3)
Adjusted net income, excluding BondCo	146	141

**Table 4: Oncor Operating Cash Flow Reconciliation**  
**Three Months Ended September 30, '10 and '11**  
**\$ millions**

	Q3 '10	Q3 '11
Operating cash flow – Oncor	368	436
Less: Operating cash flow – BondCo	(34)	(40)
Operating cash flow, excluding BondCo	334	396

**Table 5: Oncor EBITDA Reconciliation**  
**Three Months Ended September 30, '10 and '11**  
**\$ millions**

	Q3 '10	Q3 '11
Net income – Oncor	149	144
Plus: Depreciation & amortization – Oncor	176	190
Provision in lieu of income taxes – Oncor	79	99
Interest expense – Oncor	87	89
Equals: EBITDA – Oncor	491	522
Less: Net income – BondCo	-	-
Depreciation & amortization – BondCo	(33)	(38)
Provision in lieu of income taxes – BondCo	-	-
Interest expense – BondCo	(9)	(8)
Effects of fair value accounting (pre tax)	(8)	(7)
Regulatory asset amortization	11	11
Oncor EBITDA, excluding BondCo	452	480

**Table 6: Oncor EBITDA Reconciliation**  
**Twelve Months Ended September 30, '10 and '11**  
**\$ millions**

	TME '10	TME '11
Net Income – Oncor	352	350
Plus: Depreciation & amortization – Oncor	659	706
Provision in lieu of income taxes – Oncor	207	238
Interest expense – Oncor	347	353
Equals: EBITDA – Oncor	1,565	1,647
Less: Net income – BondCo	-	-
Depreciation & amortization – BondCo	(115)	(116)
Provision in lieu of income taxes – BondCo	-	-
Interest expense – BondCo	(39)	(33)
Effects of fair value accounting (pre tax)	(35)	(30)
Regulatory asset amortization	41	41
Adjustment of goodwill liability	(10)	-
Oncor EBITDA, excluding BondCo	1,407	1,509

## Table 7: Oncor Total Debt Reconciliation

At September 30, '10 and '11

\$ millions

	'10	'11
Short-term debt- Oncor	428	553
Long-term debt due currently – Oncor	111	493
Long-term debt, less due currently – Oncor	5,395	4,882
Total debt – Oncor, including BondCo	5,934	5,928
Less: Short-term debt – BondCo	-	-
Long-term debt due currently – BondCo	(111)	(117)
Long-term debt, less due currently – BondCo	(591)	(472)
Fair value adjustment – BondCo	4	2
Total Oncor debt, excluding BondCo	5,236	5,341

**Table 8: Oncor Interest and Debt Coverages**  
**Twelve Months Ended September 30, '10 and '11**  
**\$ millions**

	TME '10	TME '11	Ref	Source
Interest expense and related charges – Oncor	347	353		
Amortization of debt fair value discount – Oncor	(1)	-		
Amortization of debt discount – Oncor	(7)	(3)		
AFUDC – Oncor	-	2		
Cash interest expense – Oncor	339	352		
Less: Interest expense – BondCo	(39)	(33)		
<b>Cash interest expense, excluding BondCo</b>	<b>300</b>	<b>319</b>	<b>A</b>	
<b>EBITDA, excluding BondCo</b>	<b>1,407</b>	<b>1,509</b>	<b>B</b>	<b>Table 5</b>
<b>Total debt, excluding BondCo</b>	<b>5,236</b>	<b>5,341</b>	<b>C</b>	<b>Table 6</b>
<b>EBITDA/cash interest – ratio (B / A)</b>	<b>4.7x</b>	<b>4.7x</b>		
<b>Debt/EBITDA – ratio (C / B)</b>	<b>3.7x</b>	<b>3.5x</b>		