



# First Quarter 2011 Investor Call

May 3, 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.

# 1st Quarter 2011 Investor Call Agenda

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Operational Review**

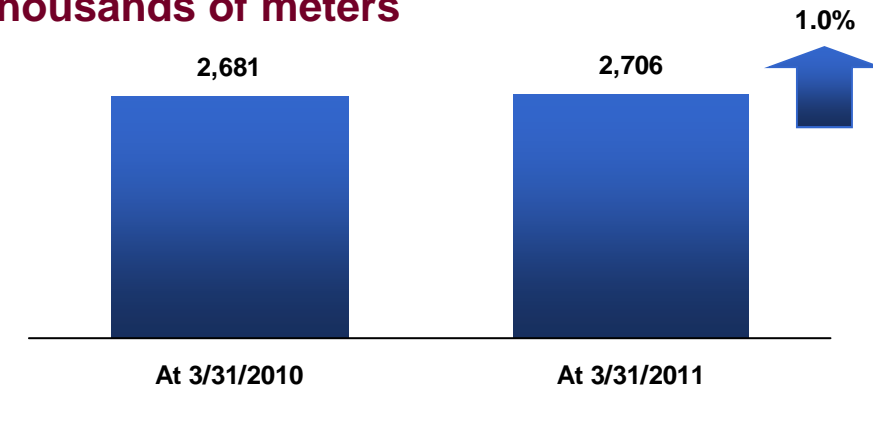
**Bob Shapard**

**Chairman and CEO**

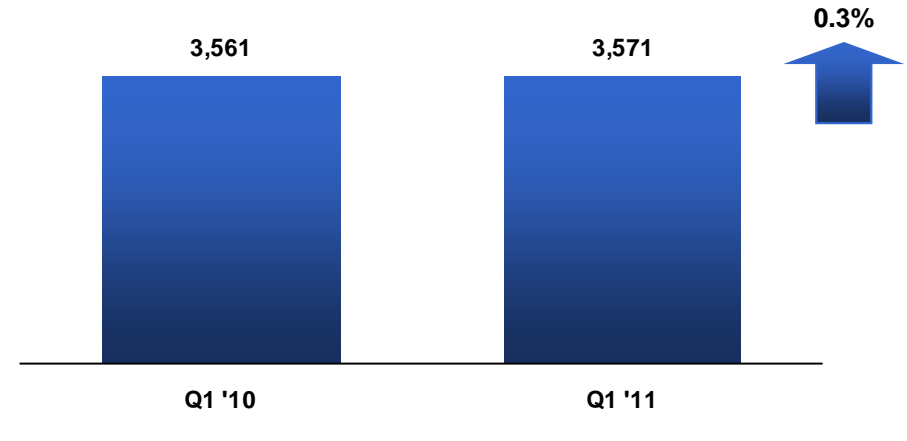
- **Q&A**

# Weather Drove 2011 Volumes, But Less Than In 2010

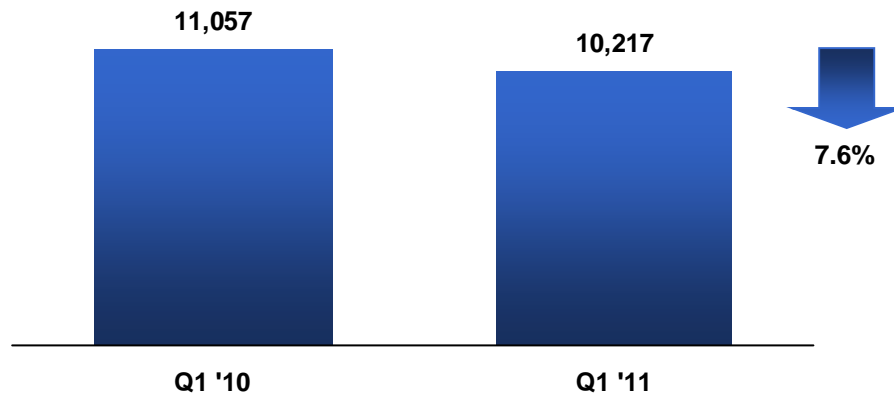
**Residential Points of Delivery**  
At March 31, '10 vs. March 31, '11;  
thousands of meters



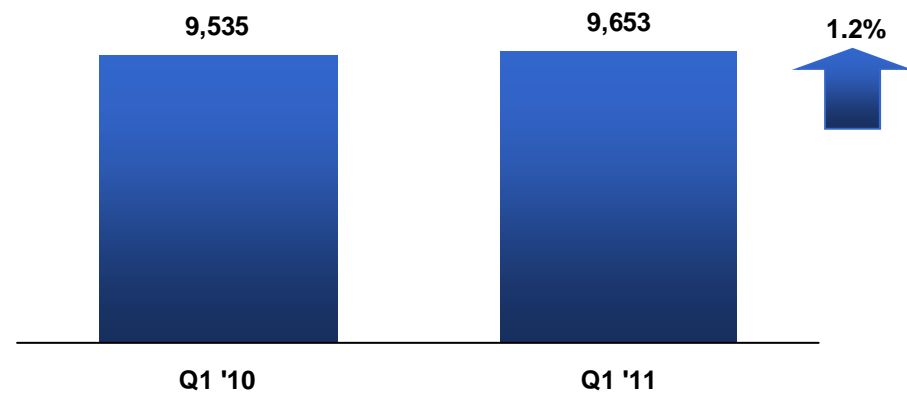
**Avg KWH/Residential Premise, Weather Adj**  
Q1<sup>1</sup> '10 vs. Q1 '11



**Residential GWH, Actual**  
Q1 '10 vs. Q1 '11



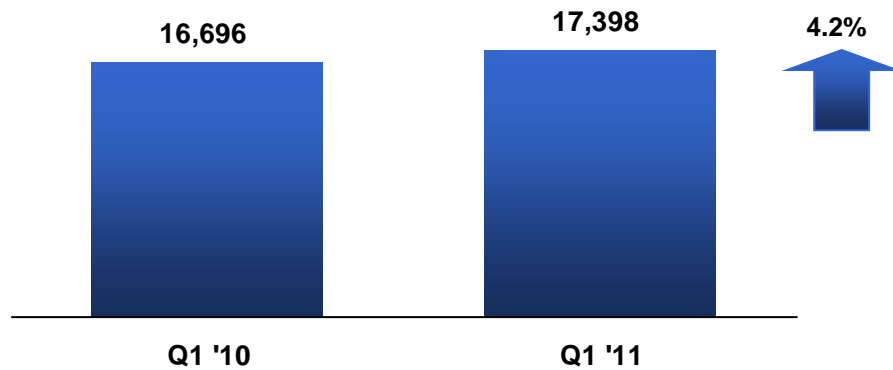
**Residential GWH, Weather Adj**  
Q1 '10 vs. Q1 '11



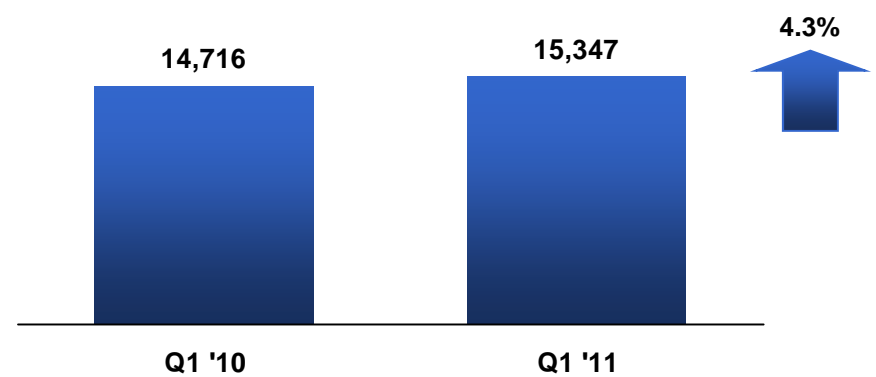
<sup>1</sup> Three months ended March 31.

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

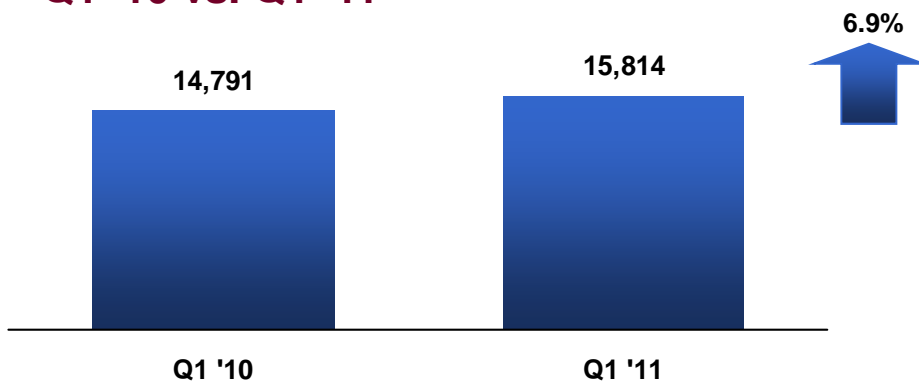
Large C&I Billed MW Demand (Avg)  
Q1<sup>1</sup> '10 vs. Q1 '11



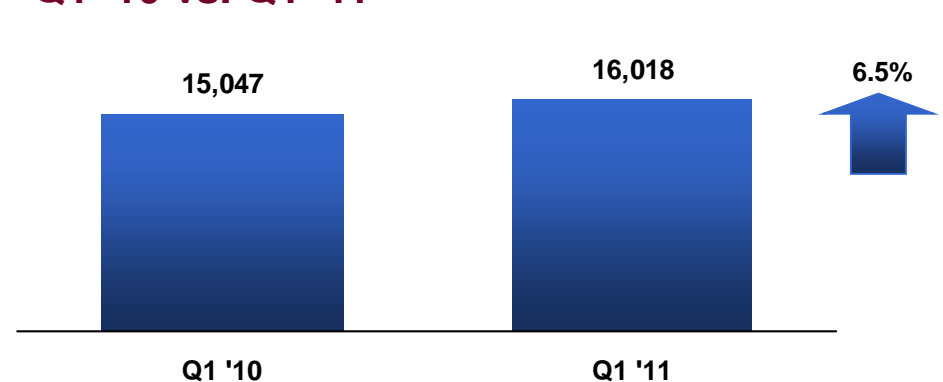
Large C&I Actual MW Demand (Avg)  
Q1 '10 vs. Q1 '11



Large C&I GWH, Weather Adj  
Q1 '10 vs. Q1 '11



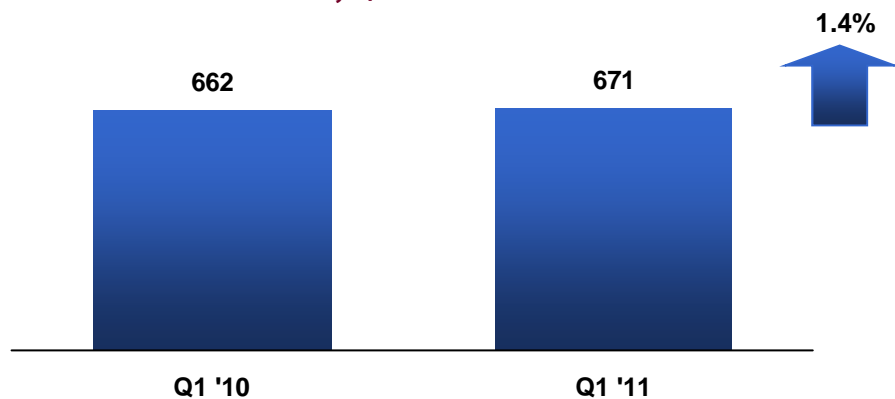
Large C&I GWH, Actual  
Q1 '10 vs. Q1 '11



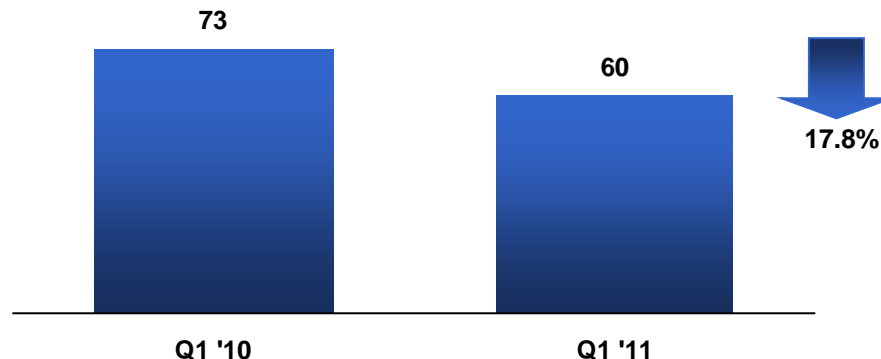
<sup>1</sup> Three months ended March 31.

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

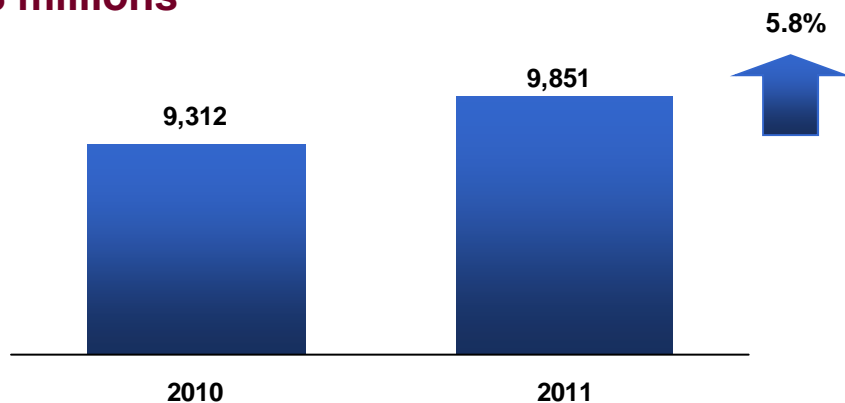
**Adjusted Operating Revenues**  
Q1<sup>2</sup> '10 vs. Q1 '11; \$ millions



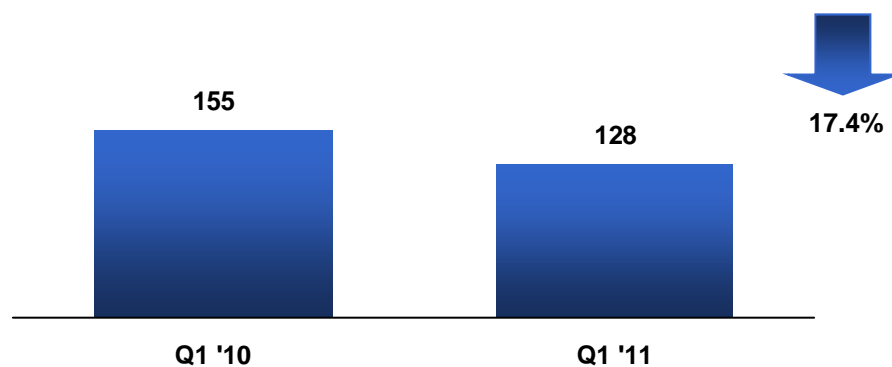
**Adjusted Net Income**  
Q1 '10 vs. Q1 '11; \$ millions



**PP&E, net**  
At March 31, '10 vs. March 31, '11;  
\$ millions



**Adjusted Operating Cash Flow**  
Q1 '10 vs. Q1 '11; \$ millions

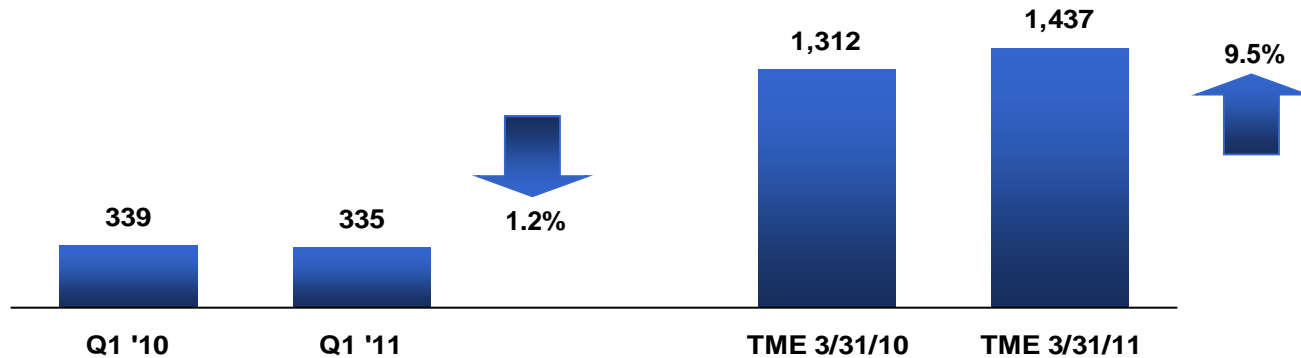


<sup>1</sup> Excludes impacts from transition bond debt, and fair value accounting adjustments associated with the October 2007 merger.

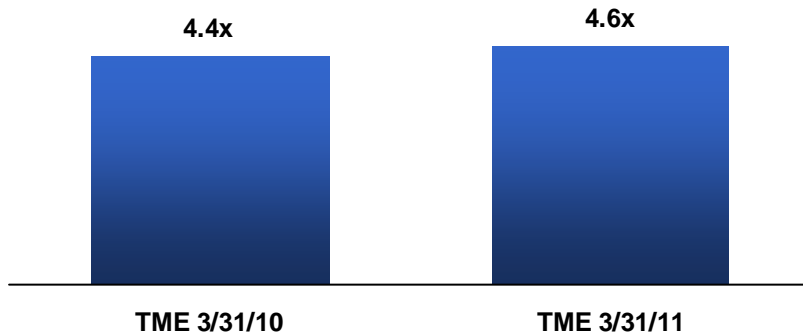
<sup>2</sup> Three months ended March 31.

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

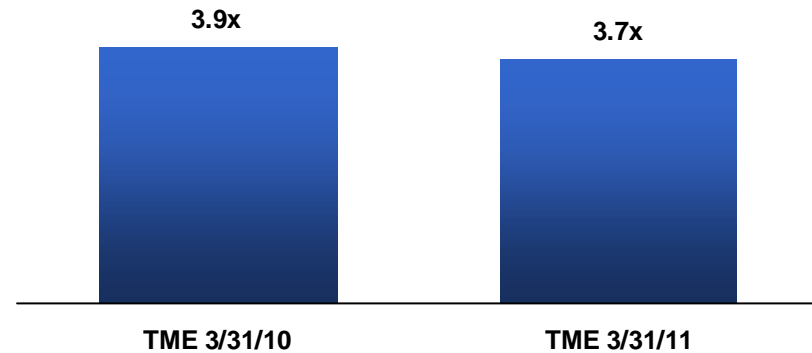
**EBITDA**  
**Q1<sup>2</sup> '10 vs. Q1 '11 and TME 3/31/10<sup>3</sup> vs 3/31/11; \$ millions**



**EBITDA/Cash Interest**  
**TME 3/31/10 vs. TME 3/31/11; Ratio**



**Debt/EBITDA**  
**TME 3/31/10 vs. TME 3/31/11; Ratio**



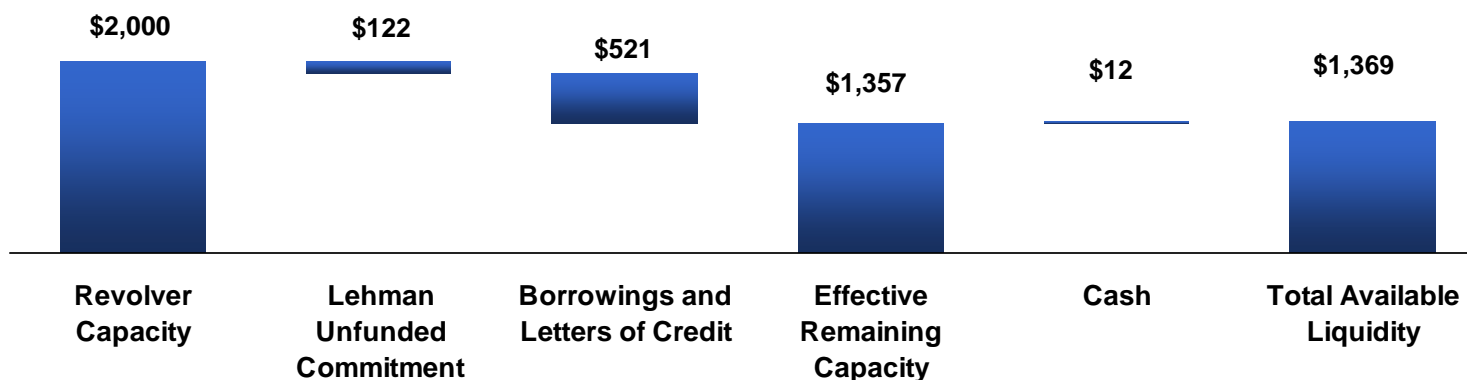
<sup>1</sup> Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

<sup>2</sup> Three months ended March 31.

<sup>3</sup> Twelve months ended March 31.

# Liquidity Profile

**\$2.0 billion Secured Revolving Credit Facility<sup>1</sup>**  
**Balances at March 31, 2011; \$ millions**



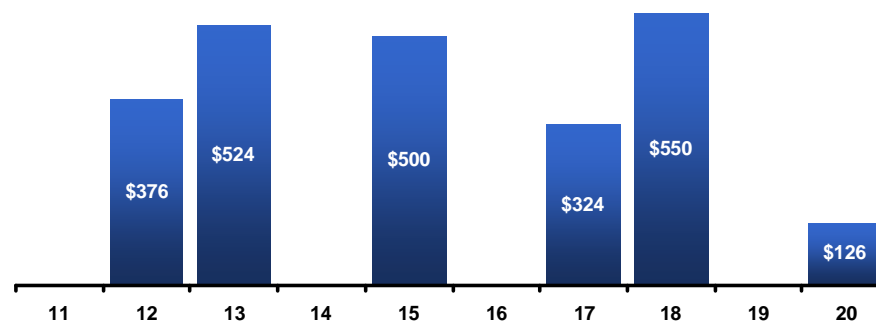
## Solid Credit Ratings

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

<sup>1</sup> Oncor's \$2.0 billion Credit Facility matures in 2013

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

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



# 1st Quarter 2011 Investor Call Agenda

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Operational Review**

**Bob Shapard**

**Chairman and CEO**

- **Q&A**

## Settlement Reached in 2011 Rate Case

- **Filed on January 7, 2011**
- **Reached a Memorandum of Settlement on April 8<sup>th</sup>, reflecting:**
  - **\$136.7 million base rate increase**
  - **Approximately \$93 million of the increase effective by July 1<sup>st</sup> with remainder effective January 1, 2012**
  - **10.25% ROE**
  - **60% Debt / 40% Equity Capital Structure**
- **Subject to approval by the PUCT. Complete settlement documents expected to be filed with the PUCT in early May.**
- **Expect to finalize by May/June**

# Major Operational Initiatives On Target

## Advanced Metering Initiative

- More than 1.6M meters installed through March 31, 2011; ~121,000 meters installed in Q1 '11
- \$390M spent on AMS through March 31, 2011; \$30M spent in Q1 '11
- Industry-first, customer information portal launched in 2010; ~7,400 customers signed up
- Began In-Home Monitor pilot program to 500 customers

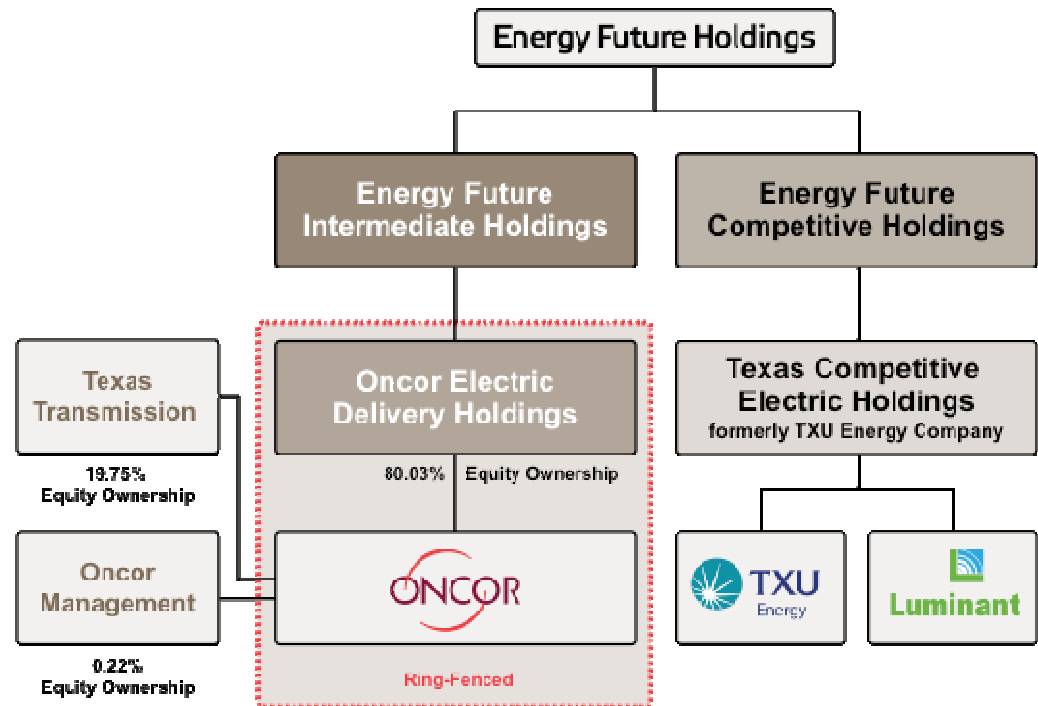
## Competitive Renewable Energy Zones

- All 14 CCNs have been approved
- 2011 signals major shift in CREZ project as it moves from CCN proceedings to ROW acquisition and actual construction
- Will spend ~\$2.0 billion on project in total and approximately \$600M in 2011
- \$417M spent on CREZ through March 31, 2011; \$101M spent in Q1 '11

# 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***

## Financial Definitions

Measure	Definition
<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>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/Interest (non-GAAP)</i>	EBITDA divided by cash interest expense is a measure used by Oncor to assess credit quality.

**Table 1: Oncor Adjusted Operating Revenues Reconciliation**  
**Three Months Ended March 31, '10 and '11**  
**\$ millions**

	Q1 '10	Q1 '11
Operating revenues – Oncor	703	706
Less: Operating revenues – BondCo	(41)	(35)
Adjusted operating revenues, excluding BondCo	662	671

**Table 2: Oncor Adjusted Net Income Reconciliation**  
**Three Months Ended March 31, '10 and '11**  
**\$ millions**

	Q1 '10	Q1 '11
Net income – Oncor	79	65
Less: Net income – BondCo	-	-
Less: Effects of fair value accounting (after tax)	(6)	(5)
Adjusted net income, excluding BondCo	73	60

**Table 3: Oncor Operating Cash Flow Reconciliation**  
**Three Months Ended March 31, '10 and '11**  
**\$ millions**

	Q1 '10	Q1 '11
Operating cash flow – Oncor	186	156
Less: Operating cash flow – BondCo	(31)	(28)
Operating cash flow, excluding BondCo	155	128

**Table 4: Oncor EBITDA Reconciliation**  
**Three Months Ended March 31, '10 and '11**  
**\$ millions**

	Q1 '10	Q1 '11
Net income – Oncor	79	65
Plus: Depreciation & amortization – Oncor	166	172
Plus: Provision in lieu of income taxes – Oncor	48	40
Plus: Interest expense – Oncor	86	90
Equals: EBITDA - Oncor, including BondCo	379	367
Less: Net income – BondCo	-	-
Depreciation & amortization – BondCo	(31)	(26)
Provision in lieu of income taxes – BondCo	-	-
Interest expense – BondCo	(10)	(8)
Effects of fair value accounting (pre tax)	(9)	(8)
Regulatory asset amortization	10	10
EBITDA, excluding BondCo	339	335

**Table 5: Oncor EBITDA Reconciliation**  
**Twelve Months Ended March 31, '10 and '11**  
**\$ millions**

	TME '10	TME '11
Net Income – Oncor	341	338
Plus: Depreciation & amortization – Oncor	597	679
Plus: Provision in lieu of income taxes – Oncor	184	207
Plus: Interest expense – Oncor	346	351
Equals: EBITDA - Oncor, including BondCo	1,468	1,575
Less: Net income – BondCo	-	-
Depreciation & amortization – BondCo	(115)	(110)
Provision in lieu of income taxes – BondCo	-	-
Interest expense – BondCo	(41)	(36)
Effects of fair value accounting (pre tax)	(37)	(33)
Write off of regulatory assets (pre tax)	25	-
Regulatory asset amortization	22	41
Adjustment of goodwill liability	(10)	-
EBITDA, excluding BondCo	1,312	1,437

## Table 6: Oncor Total Debt Reconciliation

At March 31, '10 and '11

\$ millions

	'10	'11
Short-term debt- Oncor	756	516
Long-term debt due currently – Oncor	109	114
Long-term debt, less due currently – Oncor	4,972	5,309
Total debt - Oncor, including BondCo	5,837	5,939
Less: Short-term debt – BondCo	-	-
Long-term debt due currently – BondCo	(109)	(114)
Long-term debt, less due currently – BondCo	(643)	(528)
Fair value adjustment – BondCo	5	3
Total debt, excluding BondCo	5,090	5,300

**Table 7: Oncor Interest and Debt Coverages**  
**Twelve Months Ended March 31, '10 and '11**  
**\$ millions**

	TME '10	TME '11	Ref	Source
Interest expense and related charges – Oncor	346	351		
Amortization of debt fair value discount – Oncor	(3)	(1)		
Amortization of debt discount – Oncor	(7)	(4)		
AFUDC – Oncor	2	1		
Cash interest expense - Oncor	338	347		
Less: Interest expense – BondCo	(41)	(36)		
<b>Cash interest expense, excluding BondCo</b>	<b>297</b>	<b>311</b>	<b>A</b>	
<b>EBITDA, excluding BondCo</b>	<b>1,312</b>	<b>1,437</b>	<b>B</b>	<b>Table 5</b>
<b>Total debt, excluding BondCo</b>	<b>5,090</b>	<b>5,300</b>	<b>C</b>	<b>Table 6</b>
<b>EBITDA/interest – ratio (B / A)</b>	<b>4.4x</b>	<b>4.6x</b>		
<b>Debt/EBITDA – ratio (C / B)</b>	<b>3.9x</b>	<b>3.7x</b>		