



# **2009 Fourth Quarter And Year End Investor Call**

February 19, 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

- **Business and Operational Highlights**

**Bob Shapard**

**Chairman and CEO**

- **Financial Overview**

**David Davis**

**Chief Financial Officer**

- **Q&A**

# 2009 Highlights

- **Rate case completed and new rates put in place**
- **Advanced Metering met many major milestones:**
  - Ramped up AMS deployment, with ~660K installed at the end of 2009
  - Began collection of AMS surcharge
  - Now supports home area network, time of use rates, prepaid rates, and remote connections/disconnects
- **Work on the CREZ projects began:**
  - 9 of 14 CCNs filed to date with two CCNs approved
  - \$114M in capital expenditures for the year-ended December 31, 2009
- **Continued focus on ring-fencing and PUCT commitments**

# Oncor's Initiatives

## Investment

- Complete the CREZ investment on schedule working with all major stakeholders
- Investments in transmission technology including system protection and monitoring
- Complete deployment of advanced meters and other smart grid initiatives

## Operational Excellence

- Efficient maintenance, operation and outage response
- Grid operations enhanced through advanced technologies
- Congestion relief via investment in transmission infrastructure

## Environmental Stewardship

- Enabling delivery of renewable energy
- Empowering consumers ability to manage energy consumption
- Facilitate import of cleaner and more efficient power through FACTS technologies
- Aggressively pursue PHEV initiative in Texas

## Community/ Customer Focus

- Several customer focused education programs ongoing
- “Ask Oncor” meetings to be held across service territory over the next 18 months

## CCN Filing Date      Anticipated Award

### DEFAULT LINES

▪ Bowman – Jacksboro	5/29/2009 ✓	9/29/2009 ✓
▪ Jacksboro – Willow Creek – Parker	6/30/2009 ✓	12/28/2009 ✓

### PRIORITY LINES

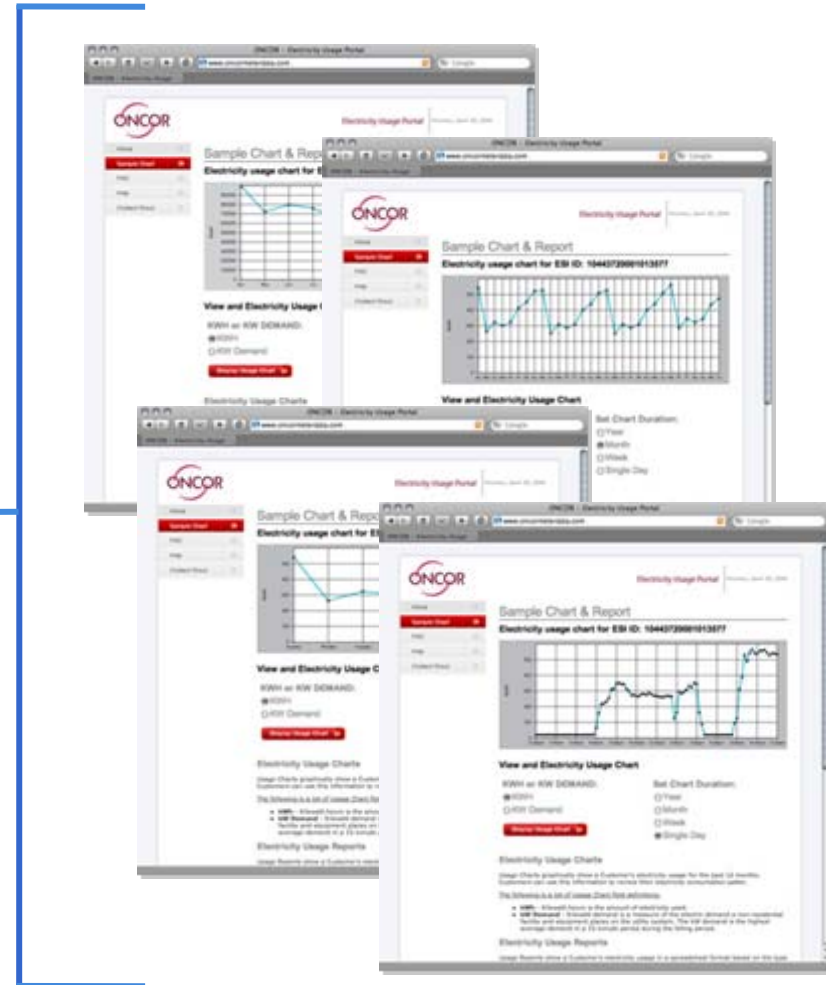
▪ Central B – Central A – Tonkawa	9/16/2009 ✓	3/15/2010
▪ Tonkawa – Sweetwater East – Central Bluff	9/16/2009 ✓	3/15/2010
▪ Oklaunion – Bowman	9/16/2009 ✓	3/15/2010
▪ Brown – Newton	10/07/2009 ✓	4/05/2010
▪ Newton – Killeen	10/07/2009 ✓	4/05/2010
▪ Central Bluff – Bluff Creek	10/28/2009 ✓	4/26/2010
▪ Bluff Creek – Brown	10/28/2009 ✓	4/26/2010

### SUBSEQUENT LINES

▪ Oklaunion – Krum West	tbd
▪ West B – Moss	tbd
▪ Willow Creek – Hicks	tbd
▪ Clear Crossing – Willow Creek	tbd
▪ Krum West – Anna	tbd

*Completed 6 CREZ projects and commenced construction on 7 of the 51 major projects*

# “Smart Meter Texas Portal”



- 15 minute usage data viewable on a day after basis
- Interactive signaling between REP and Consumer (HAN)
  - Direct Load Control signals
  - Communication of pricing signals

# Oncor uniquely positioned to tie all the pieces together...

Support for 18,000 MW of wind power by the end of 2013



3.4 million smart meters by the end of 2012



CREZ Build out



40 million cars in DFW, San Antonio, Houston and Austin areas

# Challenging Weather and Conditions Produce Oncor's Worst Winter Storm



Oncor Electric Delivery

# Texas Economic Overview

## Economic Outlook

- “Texas has been somewhat insulated from the worst of the recession...along with its lack of a major housing bubble.” *Global Insight*
- Texas economy continues to fare better than those of many other states. But Texas is feeling the effects of the worldwide recession.” *Texas Comptroller’s Economic Outlook*
- “Economic conditions...continued to firm up over the past six weeks. While conditions appeared to be recovering in many sectors and outlooks were becoming more positive, most contacts only expected a slow and modest improvement in the near term.” *Jan 2010 Beige Book, Federal Reserve*
- Texas unemployment rate has been at or below the national rate for 35 consecutive months. *Texas Comptroller’s Economic Outlook*
- “Texas foreclosures is 1 in 785 mortgages compared to Nevada (1 in 95), Florida (1 in 187) and California (1 in 187).” *Texas Comptroller’s Economic Outlook*

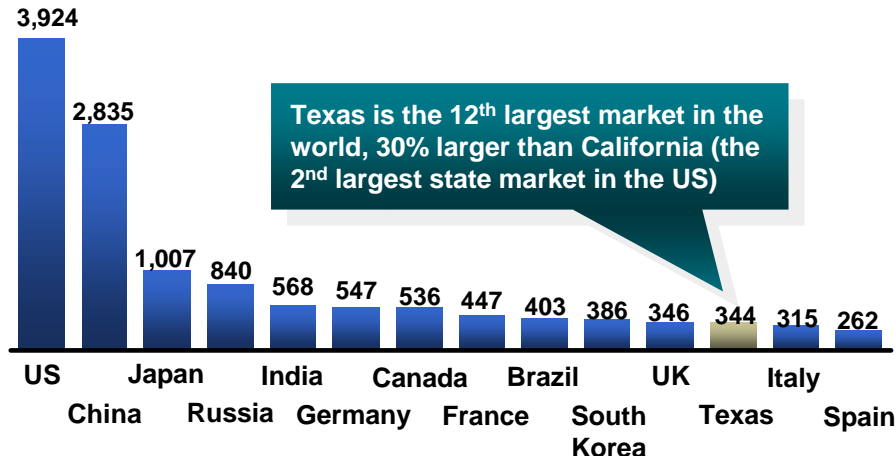
## Economic Indicators – Texas vs. US

Metric	Unit	Texas	US
1 Consumer Confidence Index	Percent	71.7	52.9
2 Unemployment Rate	Percent	8.3	9.7
3 Consumer Price Index	Percent	196.9	216.3
4 Industrial Production Index	Percent	112.3	99.4
5 Mortgage Foreclosures	Thousands	12.1	306.6
6 Job Losses	Thousands	276	4,000

Source: “Texas Ahead”, Texas Comptroller

## Texas is One of the Biggest Power Markets In The World

Electricity consumption  
08; Million MWh



## Least Affected States (Peak to Trough Employment Loss)

Metric	% Decline	Jobs (000s)	Duration of Decline (quarters)	Peak Unempl Rate
1 North Dakota	-0.7	-2.5	5	4.9
2 District of Columbia	-1.0	-7.3	4	10.5
3 Alaska	-1.1	-3.6	3	8.6
4 Louisiana	-2.0	-39.3	5	7.7
5 Montana	-2.2	-9.9	8	6.7
6 South Dakota	-2.5	-10.5	4	5.8
7 Nebraska	-2.6	-24.9	8	5.9
8 Texas	-2.9	-311.9	4	8.2
9 Kansas	-3.2	-44.7	8	7.8
10 Maryland	-3.2	-83.6	8	7.2

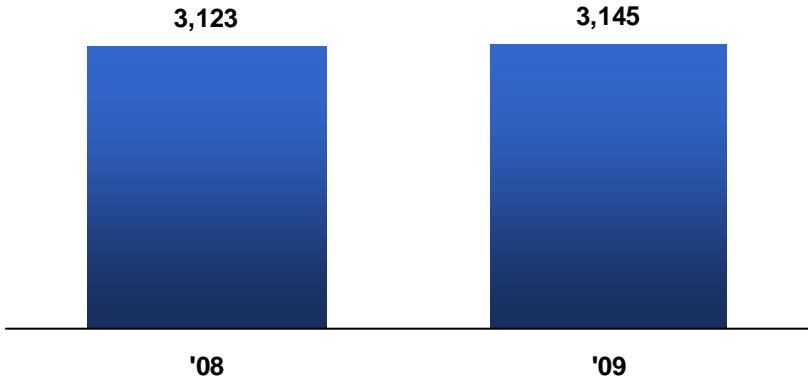
Source: Global Insight

# Today's Agenda

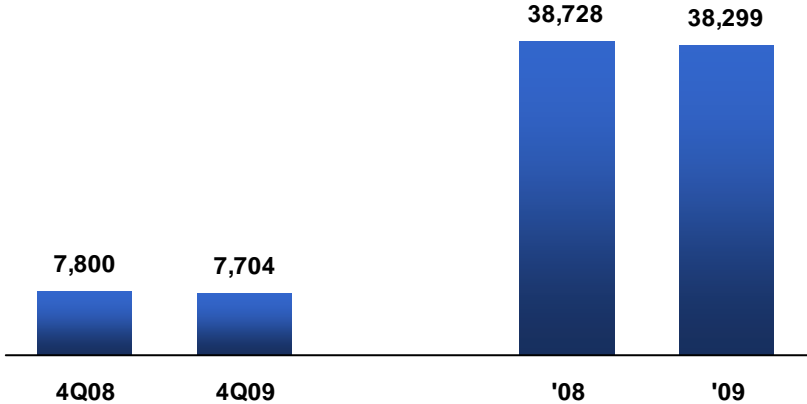
- **Business and Operational Highlights** **Bob Shapard**  
**Chairman and CEO**
- **Financial Overview** **David Davis**  
**Chief Financial Officer**
- **Q&A**

# Weather and Economy Affecting Usage

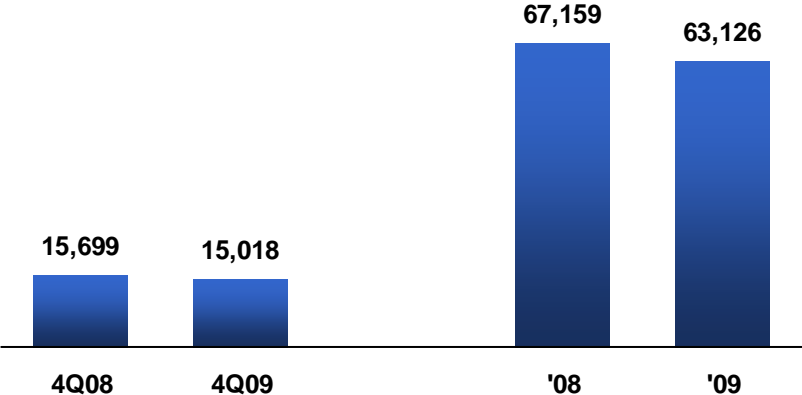
**Electricity Distribution Points of Delivery**  
 4Q08 vs. 4Q09 and '08 vs. '09; thousands of meters



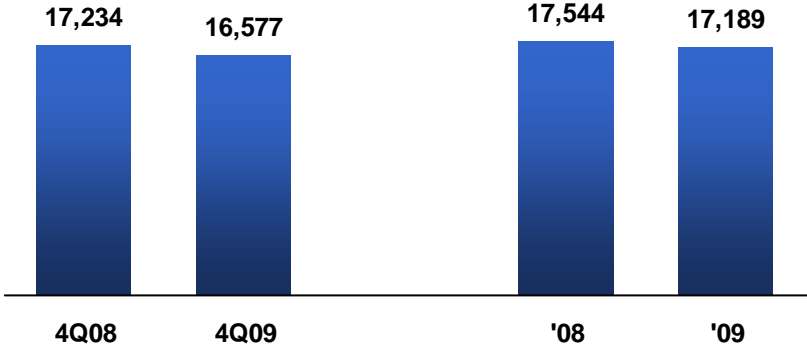
**Residential GWH Billed**  
 4Q08 vs. 4Q09 and '08 vs. '09



**Large C&I GWH <sup>1</sup>**  
 4Q08 vs. 4Q09 and '08 vs. '09



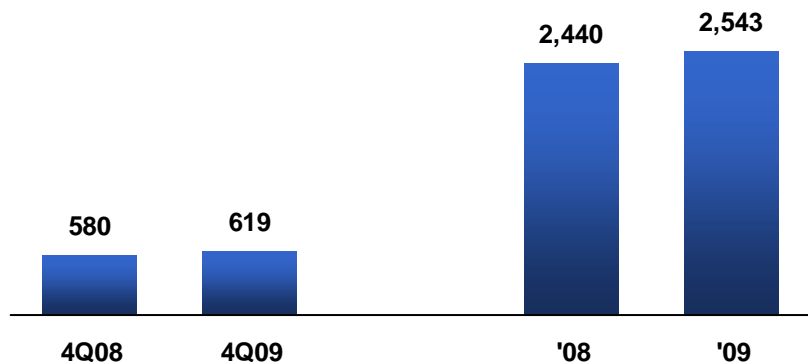
**Large C&I Billed MW Demand (Avg) <sup>1</sup>**  
 4Q08 vs. 4Q09 and '08 vs. '09



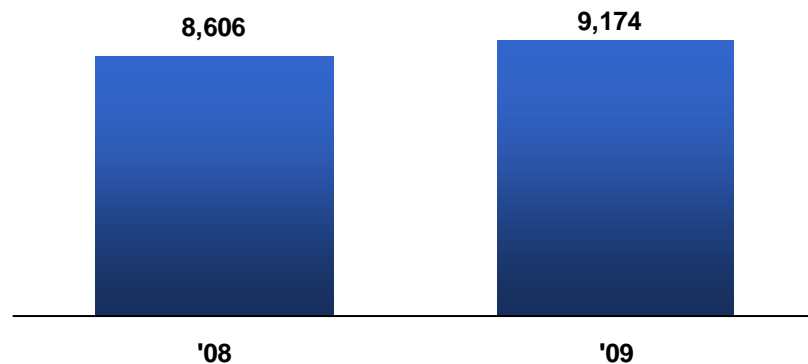
<sup>1</sup> C&I stands for Commercial and Industrial.

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

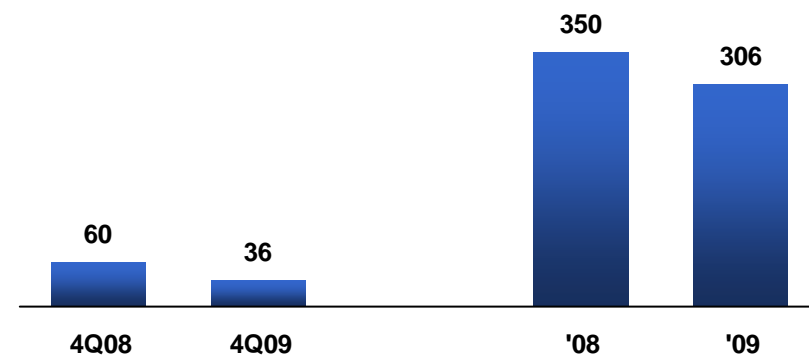
## Operating Revenues 4Q08 vs. 4Q09 and '08 vs. '09; \$ millions



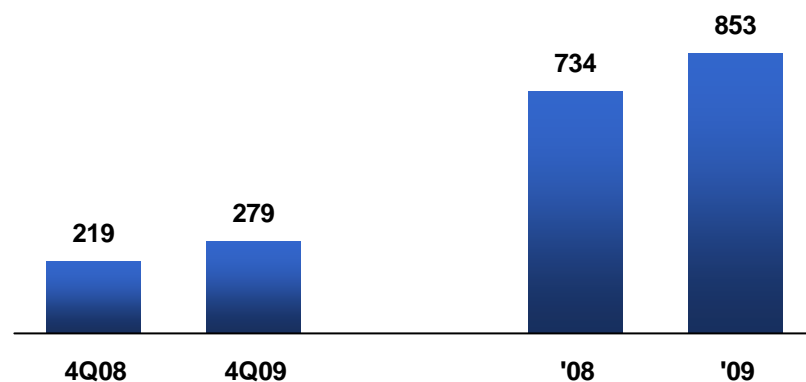
## PP&E, net '08 vs. '09; \$ millions



## Adjusted Net Income 4Q08 vs. 4Q09 and '08 vs. '09; \$ millions



## Operating Cash Flow <sup>2</sup> 4Q08 vs. 4Q09 and '08 vs. '09; \$ millions

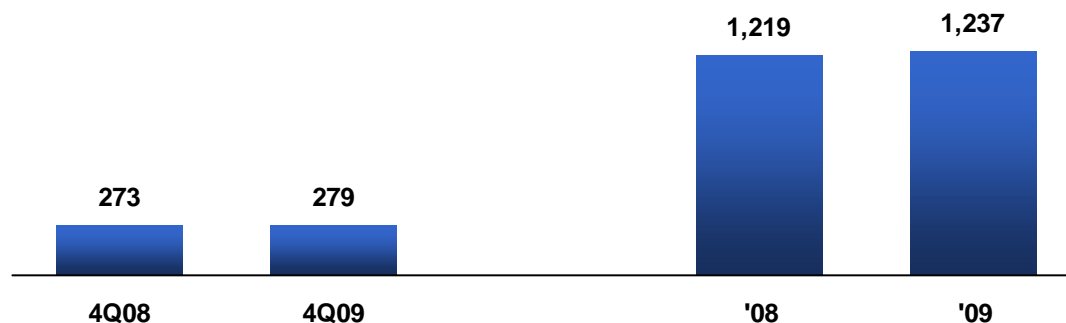


<sup>1</sup> Excludes impacts from transition bond debt, a one-time write-off of regulatory assets and fair value accounting adjustments associated with the October 2007 merger.

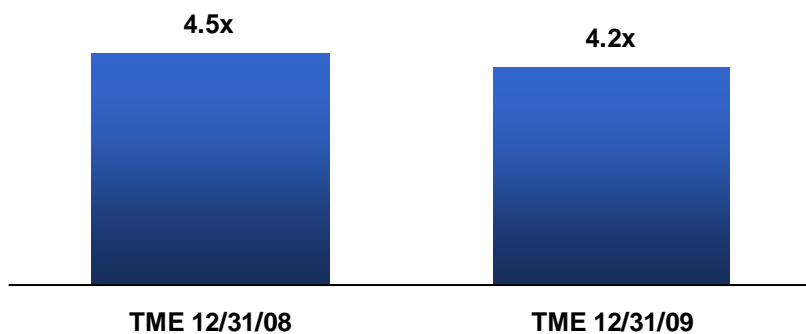
<sup>2</sup> Cash provided by operating activities, as adjusted by footnote 1.

# Credit Metrics Remained Strong

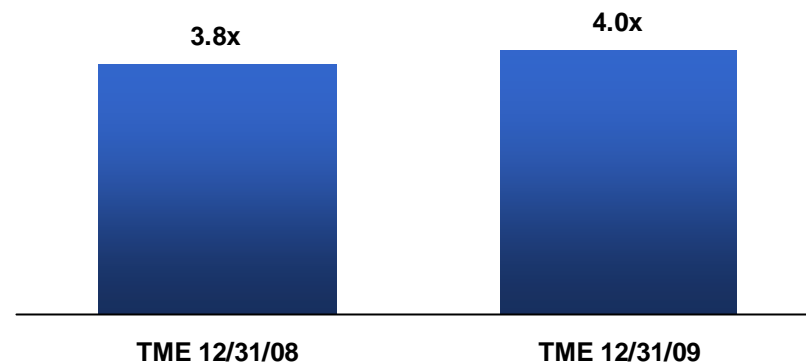
**EBITDA**  
4Q08 vs. 4Q09 and '08 vs. '09; \$ millions



**EBITDA/Cash Interest**  
TME 12/31/08 vs. TME 12/31/09; Ratio



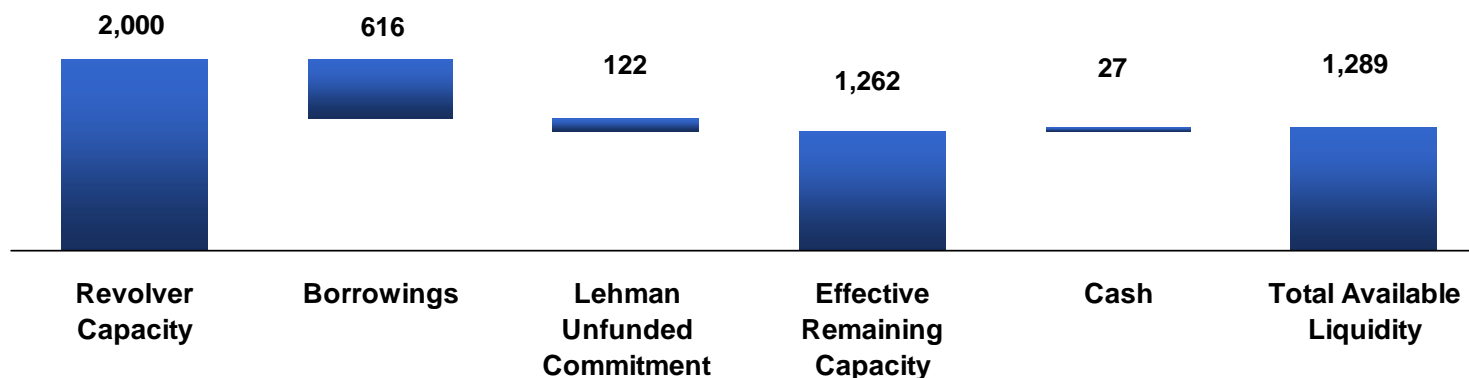
**Debt/EBITDA**  
TME 12/31/08 vs. TME 12/31/09; Ratio



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's Financial Condition is Strong

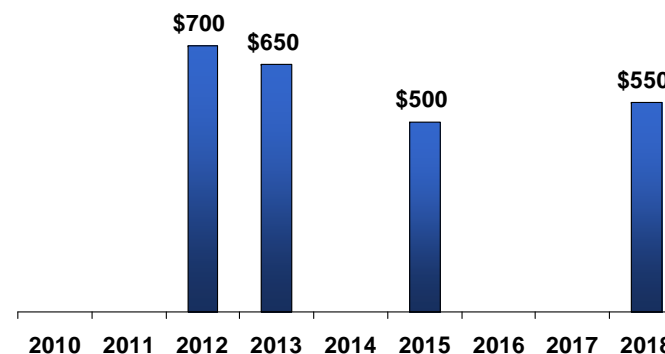
**\$2.0 billion Secured Revolving Credit Facility  
Balances at December 31, 2009; \$ millions**



## 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



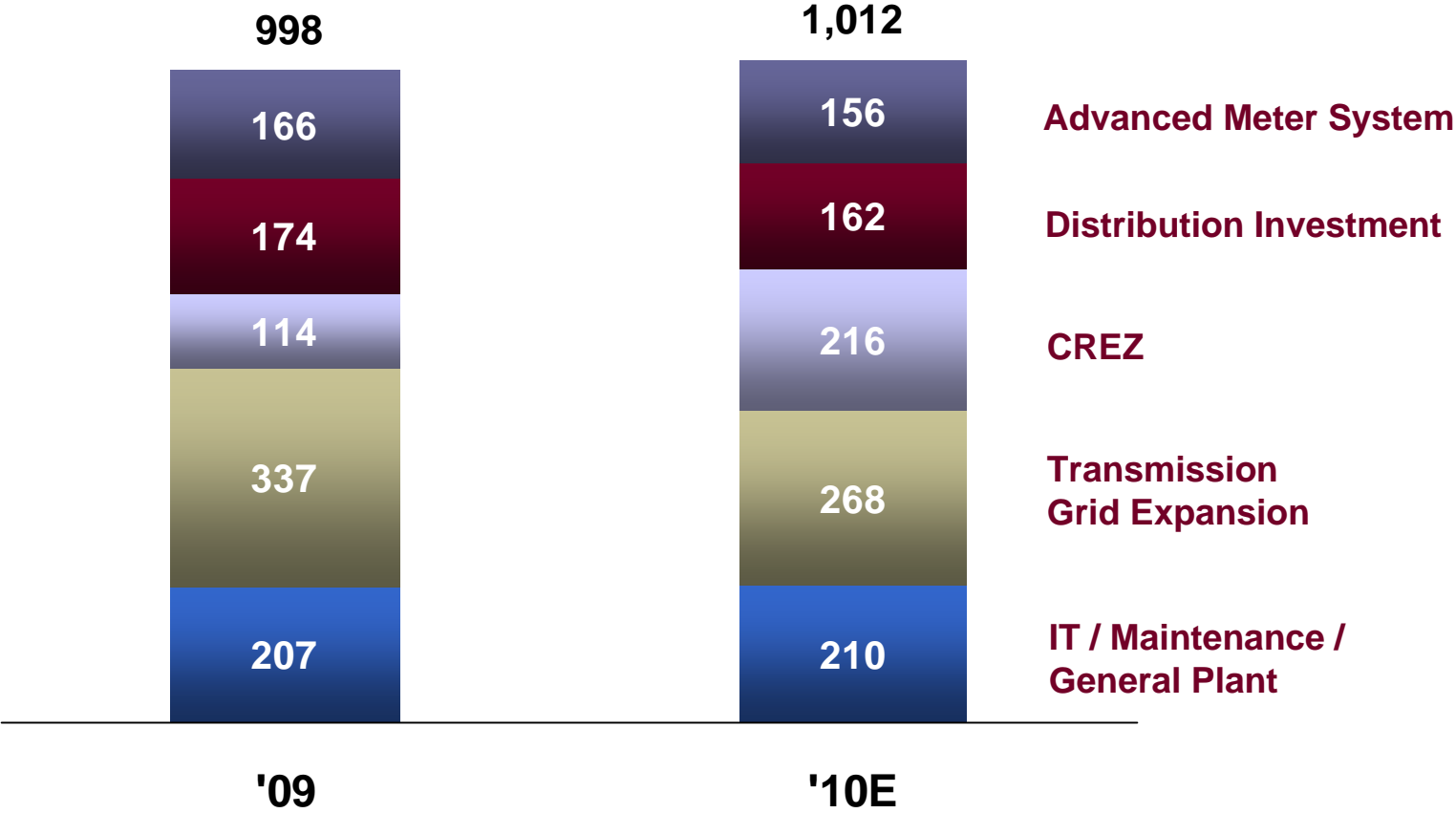
Excludes transition bond debt

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

# Oncor Is Administering The Largest Capital Program In Its History

## Actual and Forecasted Capital Expenditures

'08-'10E, \$ millions



***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</i>	Net income less effects of purchase accounting (including goodwill adjustments), write offs of regulatory assets 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 and Year Ended December 31, 2008 and 2009

\$ millions

	4Q08	4Q09	08	09
Net Income – Oncor	(796)	48	(487)	320
Less: Net Income – BondCo	-	-	-	-
Less: Effects of fair value accounting (after-tax)	856	(6)	837	(24)
Less: Write-Off of Regulatory Assets	-	0	-	16
Less: Adjustment of Goodwill Liability	-	(6)	-	(6)
Adjusted Net Income, excluding BondCo	60	36	350	306

Excludes impacts from transition bond debt and purchase accounting related adjustments associated with the October 2007 merger, including subsequent goodwill impairment.

## Table 2: Oncor Operating Revenues Reconciliation

Quarter and Year Ended December 31, 2008 and 2009

\$ millions

	4Q08	4Q09	08	09
Operating Revenues – Oncor	612	653	2,580	2,690
Less: Operating Revenues – BondCo	(32)	(34)	(140)	(147)
Operating Revenues, excluding BondCo	580	619	2,440	2,543

Excludes impacts from transition bond debt.

## Table 3: Oncor Operating Cash Flow Reconciliation

Quarter and Year Ended December 31, 2008 and 2009

\$ millions

	4Q08	4Q09	08	09
Operating Cash Flow – Oncor	238	296	828	950
Less: Operating Cash Flow – BondCo	(19)	(17)	(94)	(97)
Operating Cash Flow, excluding BondCo	219	279	734	853

Excludes impacts from transition bond debt.

## Table 4: Oncor EBITDA Reconciliation

Quarter and Year Ended December 31, 2008 and 2009

\$ millions

	4Q08	4Q09	08	09
Net Income – Oncor	(796)	48	(487)	320
Plus: Depreciation & Amortization – Oncor	123	152	492	557
Plus: Provision in lieu of Income Taxes – Oncor	41	33	221	173
Plus: Interest Expense – Oncor	87	88	316	346
Equals: EBITDA - Oncor, including BondCo	(545)	321	542	1,396
Less: Net Income – BondCo	-	-	-	-
Depreciation & Amortization – BondCo	(20)	(23)	(94)	(104)
Provision in lieu of Income Taxes – BondCo	-	-	-	-
Interest Expense – BondCo	(12)	(10)	(46)	(42)
Effects of fair value accounting	850	(9)	817	(39)
Write-off of regulatory assets	-	-	-	25
Regulatory Asset Amortization	-	10	-	11
Adjustment of Goodwill Liability	-	(10)	-	(10)
EBITDA, excluding BondCo	273	279	1,219	1,237

Excludes impacts from transition bond debt and purchase accounting related adjustments associated with the October 2007 merger, including subsequent goodwill impairment.

## Table 5: Oncor Total Debt Reconciliation

At December 31, 2008 and 2009

\$ millions

	2008	2009
Short-term debt- Oncor	337	616
Long-term debt due currently – Oncor	103	108
Long-term debt, less due currently – Oncor	5,101	4,996
Total debt - Oncor, including BondCo	5,541	5,720
Less: Short-term debt – BondCo	-	-
Long-term debt due currently – BondCo	(103)	(108)
Long-term debt, less due currently – BondCo	(775)	(667)
Fair Value adjustment – BondCo	9	6
Total Debt, excluding BondCo	4,672	4,951

Excludes impacts from transition bond debt and purchase accounting related adjustments associated with the October 2007 merger.

**Table 6: Oncor Interest And Debt Coverages**  
**Twelve Months Ended December 31, 2008 and 2009**  
**\$ millions**

	<b>08</b>	<b>09</b>	<b>Ref</b>	<b>Source</b>
Interest expense and related charges – Oncor	316	346		
Amortization of debt fair value discount – Oncor	(3)	(3)		
Amortization of debt discount – Oncor	(5)	(7)		
AFUDC – Oncor	6	2		
Cash interest expense - Oncor	314	338		
Less: Interest expense – BondCo	(46)	(42)		
<b>Cash interest expense, excluding BondCo</b>	<b>268</b>	<b>296</b>	<b>A</b>	
<b>EBITDA, excluding BondCo</b>	<b>1,219</b>	<b>1,237</b>	<b>B</b>	<b>Table 4</b>
<b>Total Debt, excluding BondCo</b>	<b>4,672</b>	<b>4,951</b>	<b>C</b>	<b>Table 5</b>
<b>EBITDA/Interest – ratio (B / A)</b>	<b>4.5x</b>	<b>4.2x</b>		
<b>Debt/EBITDA – ratio (C / B)</b>	<b>3.8x</b>	<b>4.0x</b>		

Excludes impacts from transition bond debt and purchase accounting related adjustments associated with the October 2007 merger.