



# 2008 First Quarter Earnings Call

May 16, 2008

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 Oncor Electric Delivery Company LLC’s filings 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; changes in business strategy, development plans or vendor relationships; commercial bank market and capital market conditions; unanticipated changes in interest rates or rates of inflation; unanticipated changes in operating expenses, liquidity needs and capital expenditures; changes in technology used by and services offered by Oncor; and significant changes in Oncor’s relationship with its employees. Any forward-looking statement speaks only as of the date on which it is made, and the company 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 either this presentation or the appendix of the version of the slides included on the company’s website at [www.oncor.com](http://www.oncor.com) under the ‘News’ tab in the Investor Information section or filed with the SEC.**

# Today's Agenda



- **Business and Operational Highlights**

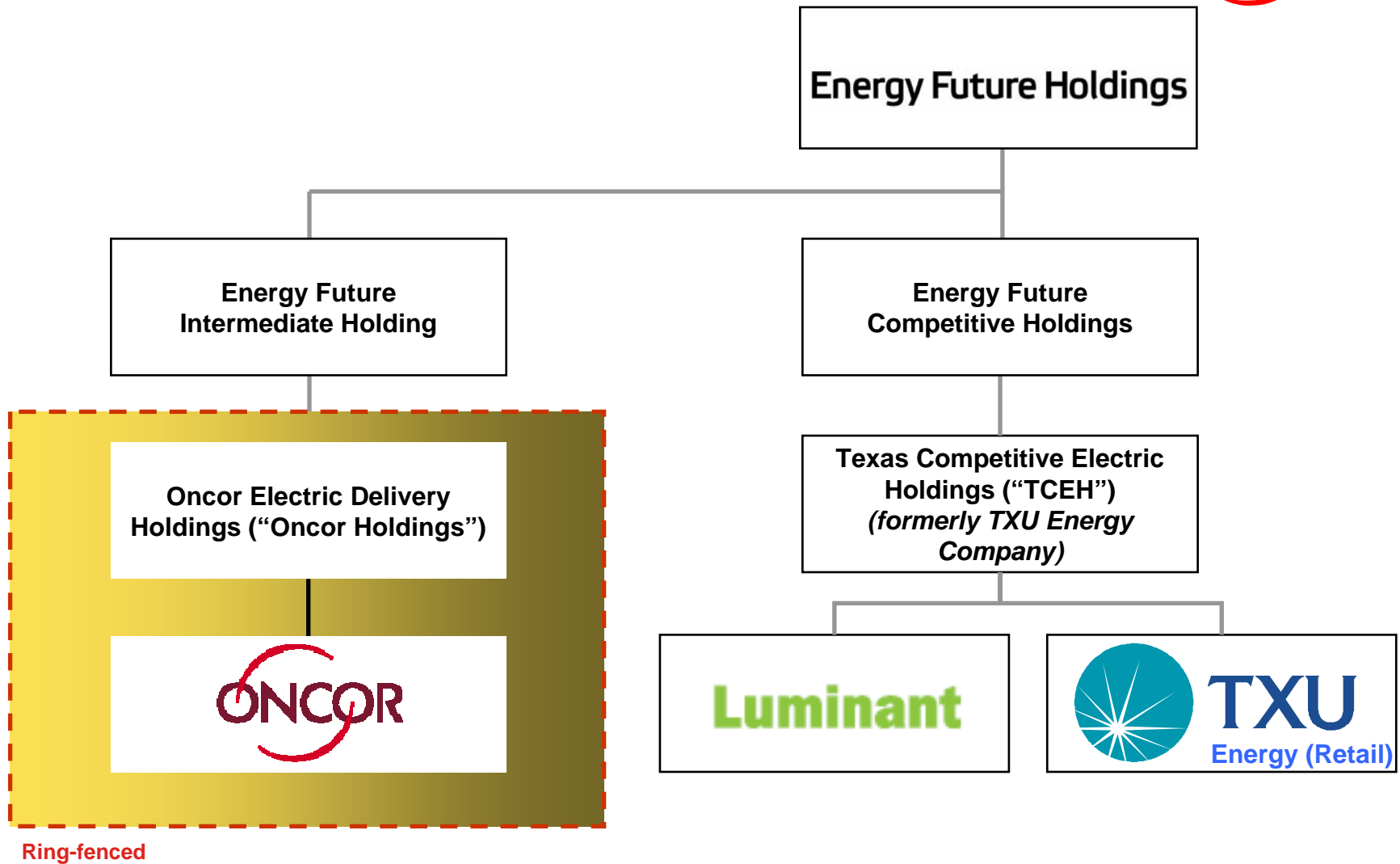
**Bob Shapard**  
**Chairman and CEO**

- **Financial Overview**

**David Davis**  
**Vice President and CFO**

- **Q&A**

# Post-Transaction Structure

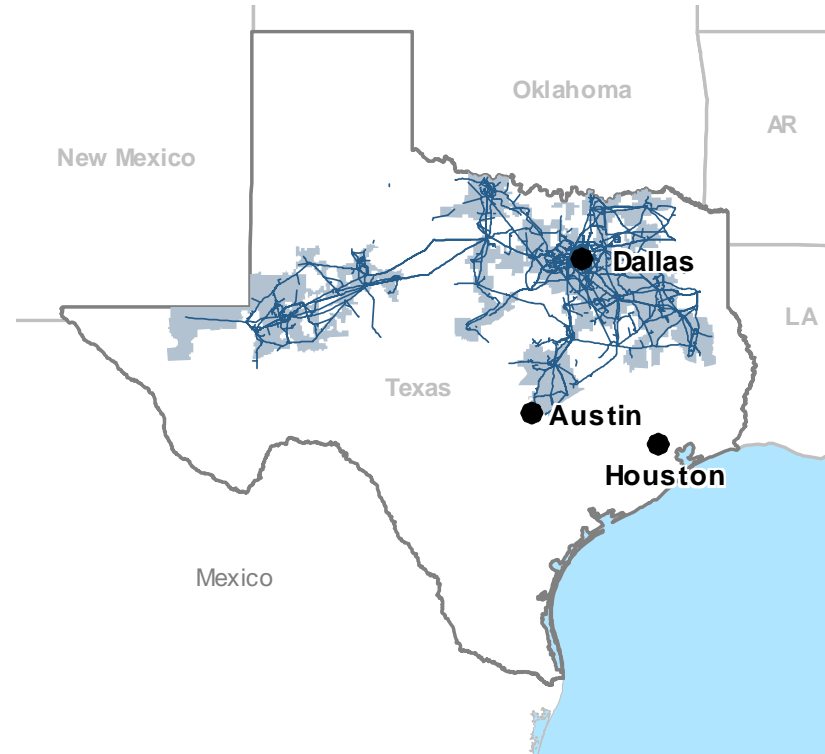


## Oncor Electric Delivery

# Service Territory



- 6<sup>th</sup> largest US transmission and distribution company
- Meter points of delivery – 3.1 million
- More than 116,000 miles of distribution and transmission lines
- Top quartile costs and reliability
- High growth region
- Efficient capital recovery
- No commodity exposure or retail customers



## Present Initiatives



- **Advanced Meter System**
- **Competitive Renewable Energy Zones**
- **Rate Case Filing**

# Advanced Meter System (“AMS”) Filing

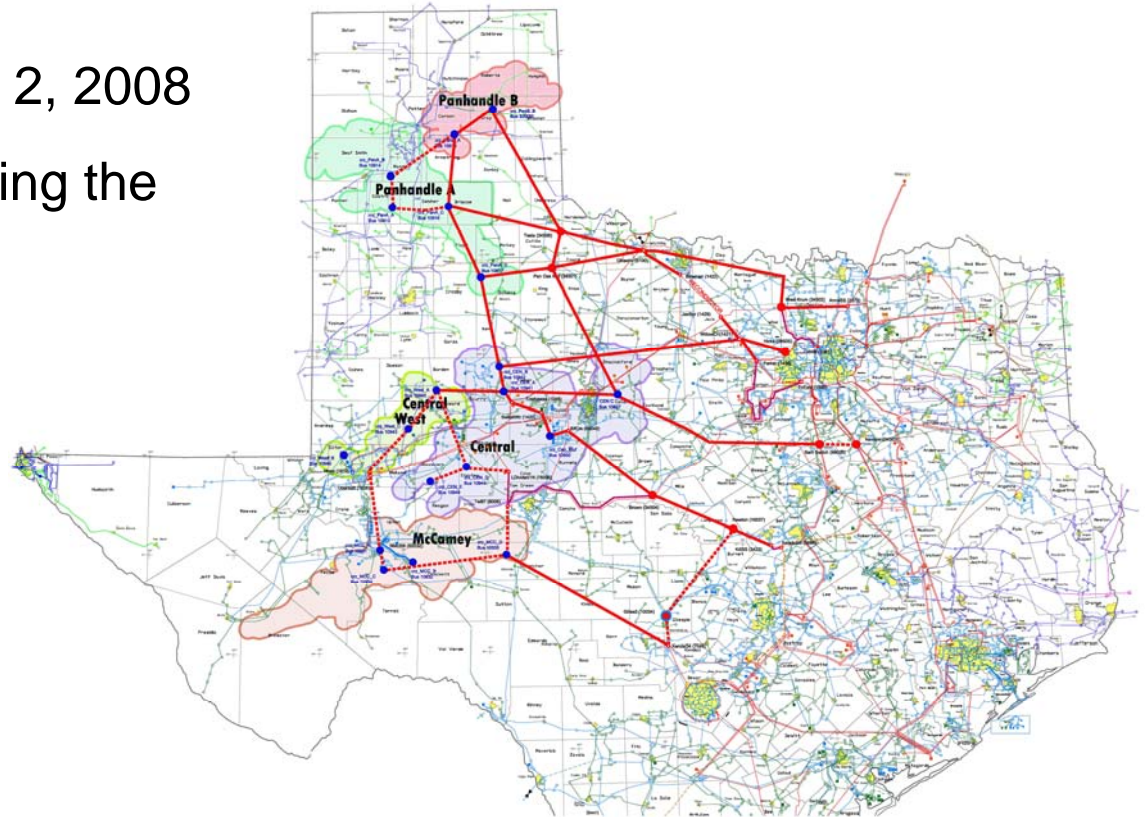


- In accordance with its commitment in the 14.101 proceeding, Oncor will file its AMS plan by July 1, 2008
- Oncor’s AMS plan is being filed in response to actions by both the Texas Legislature and the PUC to encourage rapid deployment of advanced meter technology
- The AMS filing will include an AMS Deployment Plan and request for surcharge for the recovery of costs associated with the deployment of advanced meters
- Over 3 million advanced meters will be installed providing advanced meter technology to approximately 7 million consumers in Oncor’s service territory

# Competitive Renewable Energy Zones (CREZ)



- Filed with PUC on April 2, 2008
- Identified 5 plans covering the 4 PUC scenarios



Plan 1A	12 GW
Plan 1B	12 GW
Plan 2	18 GW
Plan 3	24 GW
Plan 4	24 GW

## 2008 Rate Case



- **As a result of commitments in the 14.101 proceeding at the PUC and agreements with Cities, Oncor will file a system-wide rate case by July 1, 2008 at the PUC and with its cities who have regulatory jurisdiction**
- **The rate case will be based on a test year ending December 31, 2007**
- **Preparation of the case is in progress**

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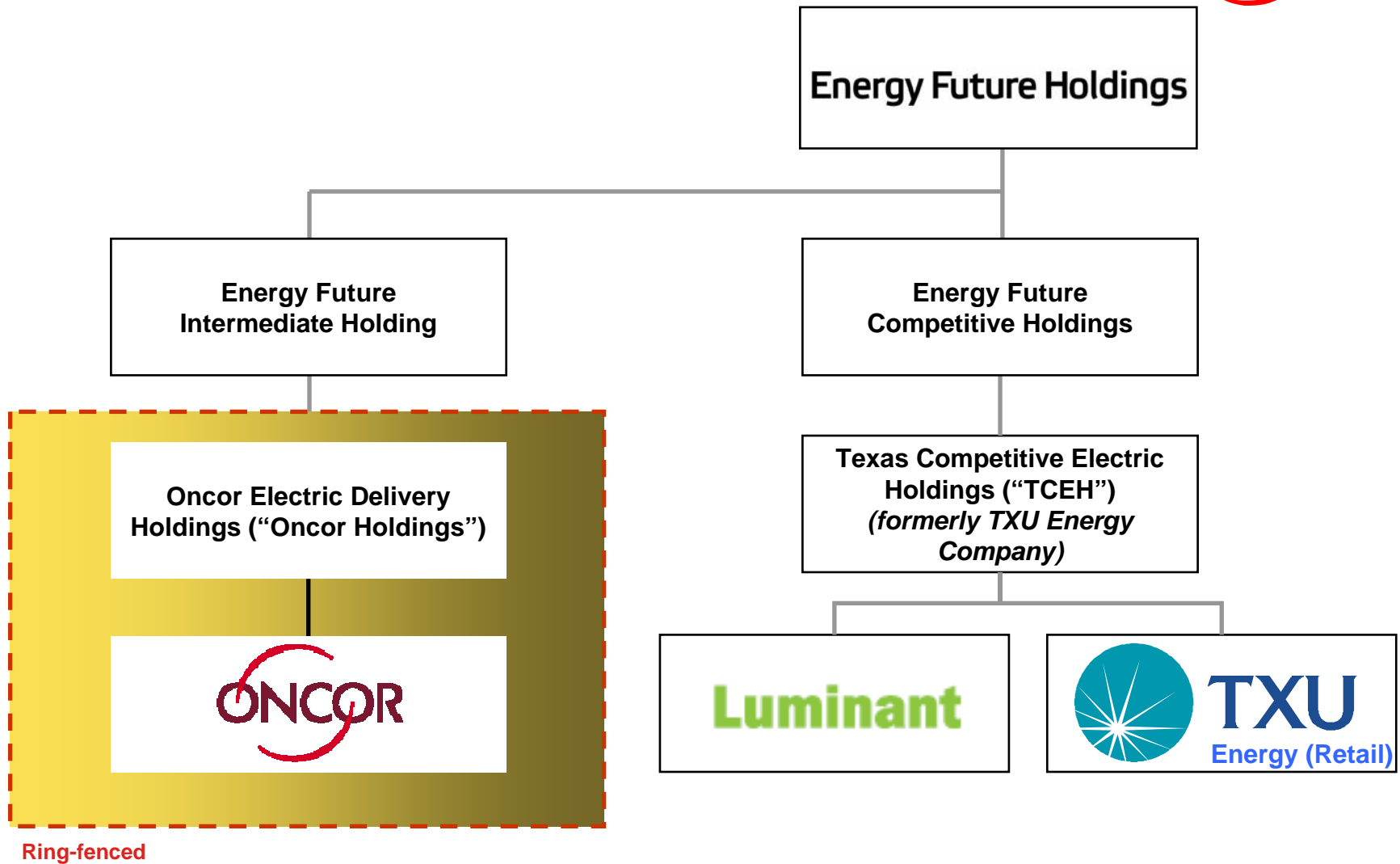
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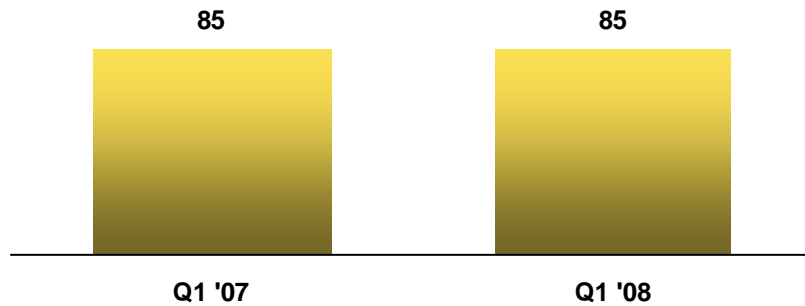


## Oncor Electric Delivery

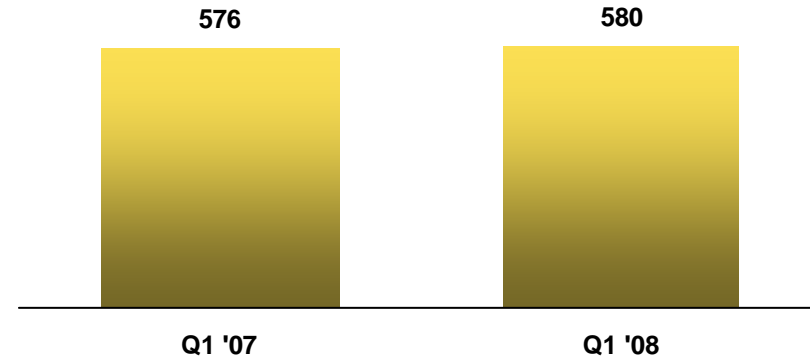


# Summary of Financial Results<sup>1</sup>

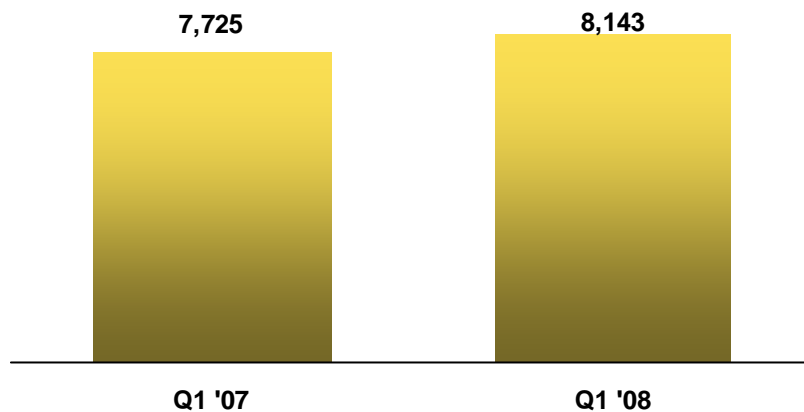
**Net Income**  
Q1 '07 vs. Q1 '08; \$ millions



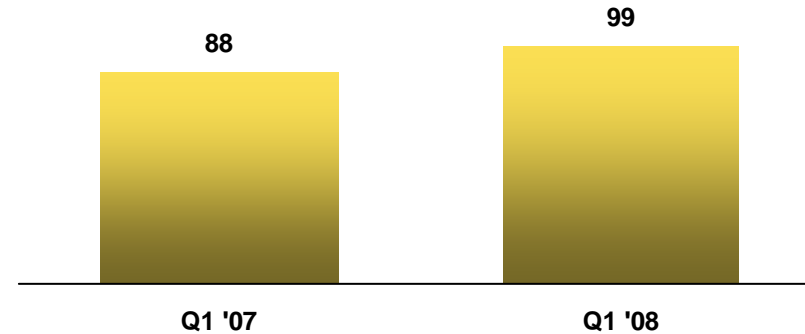
**Operating Revenues**  
Q1 '07 vs. Q1 '08; \$ millions



**PP&E**  
Q1 '07 vs. Q1 '08; \$ millions



**Operating Cash Flow <sup>2</sup>**  
Q1 '07 vs. Q1 '08; \$ millions



<sup>1</sup> Excludes impacts from transition bond debt

<sup>2</sup> Cash provided by operating activities

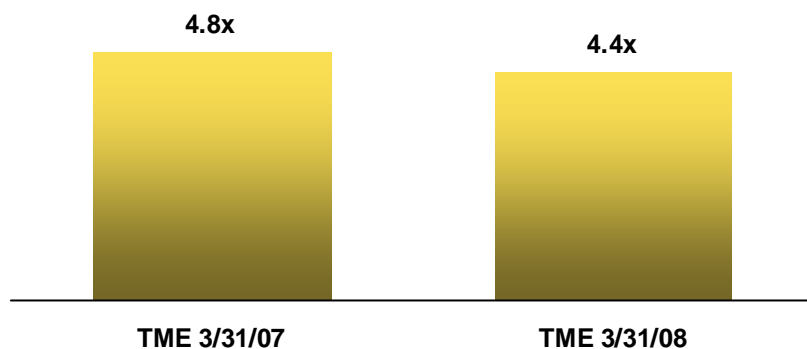


# Revenue<sup>1</sup> and Cash Flow<sup>1</sup> Generation Remained Steady

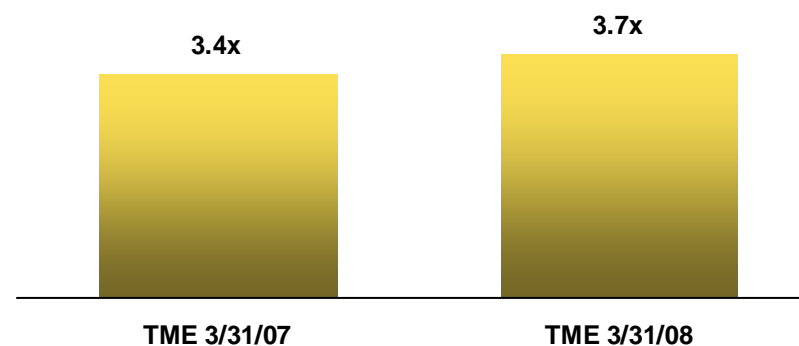
**EBITDA**  
Q1 '07 vs. Q1 '08; \$ millions



**EBITDA/Cash Interest**  
TME 3/31/07 vs. TME 3/31/08; Ratio



**Debt/EBITDA**  
TME 3/31/07 vs. TME 3/31/08; Ratio



<sup>1</sup> Excludes impacts from transition bond debt

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***Appendix -  
Regulation G Reconciliations***

# Financial Definitions



Measure	Definition
Operating Cash Flow (GAAP)	Cash provided by operating activities.
Debt (non-GAAP)	Total debt less transition bonds.
Total Debt (GAAP)	Long-term debt (including current portion) plus bank loans, advances from parent and commercial paper.
EBITDA (non-GAAP)	Income from continuing operations before interest expense and related charges, and income tax plus depreciation and amortization and special items. EBITDA is a measure used by Oncor to assess performance.
Debt/EBITDA (non-GAAP)	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.
EBITDA/Interest (non-GAAP)	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, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08
Net Income – Oncor	85	85
Less: Net Income – BondCo	-	-
Oncor Net Income, excluding BondCo	85	85



**Table 2: Oncor Operating Revenues Reconciliation**  
**Quarter Ended March 31, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08
Operating Revenues – Oncor	613	614
Less: Operating Revenues – BondCo	(37)	(34)
Oncor Operating Revenues, excluding BondCo	576	580



**Table 3: Oncor Operating Cash Flow Reconciliation**  
**Quarter Ended March 31, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08
Operating Cash Flow – Oncor	115	125
Less: Operating Cash Flow – BondCo	(27)	(26)
Oncor Operating Cash Flow, excluding BondCo	88	99



**Table 4: Oncor EBITDA Reconciliation**  
**Quarter Ended March 31, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08
Net Income – Oncor	85	85
Depreciation & Amortization – Oncor	119	120
Income Taxes – Oncor	46	48
Interest Expense – Oncor	76	76
EBITDA - Oncor, including BondCo	326	329
Less: Net Income – BondCo	-	-
Depreciation & Amortization – BondCo	(24)	(22)
Income Taxes – BondCo	-	-
Interest Expense – BondCo	(13)	(12)
Oncor EBITDA, excluding BondCo	289	295



**Table 5: Oncor EBITDA Reconciliation**  
**Twelve Months Ended March 31, 2007 and 2008**  
**\$ millions**

	3/31/07	3/31/08
Net Income – Oncor	364	327
Depreciation & Amortization – Oncor	482	463
Income Taxes – Oncor	187	192
Interest Expense – Oncor	294	312
EBITDA - Oncor, including BondCo	1,327	1,294
Less: Net Income – BondCo	-	-
Depreciation & Amortization – BondCo	(102)	(95)
Income Taxes – BondCo	-	-
Interest Expense – BondCo	(52)	(48)
Oncor EBITDA, excluding BondCo	1,173	1,151



**Table 6: Oncor Total Debt Reconciliation**  
**Quarter Ended March 31, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08
Short-term debt- Oncor	101	1,420
Long-term debt due currently – Oncor	297	100
Long-term debt, less due currently – Oncor	4,590	3,680
Long-term debt - Oncor, including BondCo	4,988	5,200
Less: Short-term debt – BondCo	-	-
Long-term debt due currently – BondCo	(97)	(100)
Income Taxes – BondCo	-	-
Long-term debt, less due currently – BondCo	(956)	(855)
Fair value adjustment – BondCo	-	11
Oncor Total Debt, excluding BondCo	3,935	4,256



**Table 7: Oncor Interest And Debt Coverages**  
**Twelve Months Ended March 31, 2007 and 2008**  
**\$ millions**

	Q1 07	Q1 08	Ref	Source
Interest expense and related charges – Oncor	294	312		
Amortization of debt fair value discount – Oncor	-	(1)		
Amortization of debt discount – Oncor	(5)	(8)		
AFUDC – Oncor	6	8		
Cash interest expense - Oncor	295	311		
Less: Interest expense – BondCo	(52)	(48)		
<b>Oncor cash interest expense, excluding BondCo</b>	<b>243</b>	<b>263</b>	<b>A</b>	
<b>Oncor EBITDA, excluding BondCo</b>	<b>1,173</b>	<b>1,151</b>	<b>B</b>	<b>Table 5</b>
<b>Oncor Total Debt, excluding BondCo</b>	<b>3,935</b>	<b>4,256</b>	<b>C</b>	<b>Table 6</b>
<b>EBITDA/Interest – ratio (B / A)</b>	<b>4.8x</b>	<b>4.4x</b>		
<b>Debt/EBITDA – ratio (C / A)</b>	<b>3.4x</b>	<b>3.7x</b>		