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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008**

— OR —

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

Commission File Number 333-91935

**Oncor Electric Delivery Transition Bond Company LLC**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State of organization)

75-2851358  
(I.R.S. Employer Identification No.)

1601 Bryan Street, Dallas, TX 75201  
(Address of Principal Executive Offices)

(214) 486-2000  
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 14, 2008, all outstanding membership interests in Oncor Electric Delivery Transition Bond Company LLC were held by Oncor Electric Delivery Company LLC.

**Oncor Electric Delivery Transition Bond Company LLC meets the conditions set forth in General Instructions (H) (1) (a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format.**

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Oncor Electric Delivery Transition Bond Company LLC’s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports are made available to the public, free of charge, on the Oncor Electric Delivery Company LLC website at <http://www.oncor.com>, as soon as reasonably practicable after they have been filed with or furnished to the Securities and Exchange Commission. Oncor Electric Delivery Transition Bond Company LLC will provide copies of current reports not posted on the website upon request. The information on Oncor Electric Delivery Company LLC’s website shall not be deemed a part of, or incorporated by reference into, this report on Form 10-Q.

## GLOSSARY

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

|                             |   |
|-----------------------------|---|
| <b>2003 Bonds</b>           | Refers collectively to the four series of securitization bonds issued in August 2003.   |
| <b>2004 Bonds</b>           | Refers collectively to the three series of securitization bonds issued in June 2004.  |
| <b>2007 Form 10-K</b>       | Oncor Electric Delivery Transition Bond Company LLC's Annual Report on Form 10-K for the year ended December 31, 2007   |
| <b>Company</b>              | Oncor Electric Delivery Transition Bond Company LLC, a wholly-owned bankruptcy remote financing subsidiary of Oncor   |
| <b>EFC Holdings</b>         | Refers to Energy Future Competitive Holdings Company, a subsidiary of EFH Corp. and the parent of TCEH.   |
| <b>EFH Corp.</b>            | Refers to Energy Future Holdings Corp., a holding company, and/or its subsidiaries, depending on context.   |
| <b>ERCOT</b>                | Electric Reliability Council of Texas, the independent system operator and the regional coordinator of various electricity systems within Texas   |
| <b>Financing Order</b>      | The financing order issued by the PUCT on August 5, 2002 to Oncor, its successors and assignees that provide transmission and distribution service  |
| <b>GAAP</b>                 | generally accepted accounting principles  |
| <b>Indenture</b>            | The agreement (dated as of August 21, 2003 as appended) between the Company, as issuer, and the Indenture Trustee, which describes the governing terms of, and secures payment of, the Transition Bonds   |
| <b>Indenture Trustee</b>    | The Bank of New York, a New York banking corporation  |
| <b>Intermediate Holding</b> | Refers to Energy Future Intermediate Holding Company LLC, a wholly-owned subsidiary of EFH Corp. that owns 100% of Oncor Holdings.  |
| <b>Luminant</b>             | Refers to wholly-owned subsidiaries of TCEH engaged in competitive market activities consisting of electricity generation, development and construction of new generation facilities, wholesale energy sales and purchases as well as commodity risk management and trading activities, all largely in Texas. |
| <b>Merger</b>               | The transaction referred to in "Merger Agreement" (defined immediately below) that was completed on October 10, 2007.   |
| <b>Merger Agreement</b>     | Agreement and Plan of Merger, dated February 25, 2007, under which Texas Holdings agreed to acquire TXU Corp. (now EFH Corp.)   |

|                                   |  |
|-----------------------------------|--|
| <b>Oncor</b>                      | Refers to Oncor Electric Delivery Company LLC, a wholly-owned subsidiary of Oncor Holdings, and/or its consolidated bankruptcy-remote financing subsidiary, Oncor Electric Delivery Transition Bond Company LLC, depending on context. This Form 10-Q and other SEC filings of Oncor and its subsidiaries occasionally make references to Oncor when describing actions, rights or obligations of its subsidiary. These references reflect the fact that the subsidiary is consolidated with Oncor for financial reporting purposes. However, these references should not be interpreted to imply that Oncor is actually undertaking the action or has the rights or obligations of its subsidiary or that the subsidiary company is undertaking an action or has the rights or obligations of its parent company or of any other affiliate. |
| <b>Oncor Holdings</b>             | Refers to Oncor Electric Delivery Holdings Company LLC, a wholly-owned subsidiary of Intermediate Holding and the parent of Oncor.   |
| <b>Oncor Ring-Fenced Entities</b> | Refers to Oncor Holdings and its direct and indirect subsidiaries.   |
| <b>PUCT</b>                       | Public Utility Commission of Texas   |
| <b>REP</b>                        | retail electric provider   |
| <b>SEC</b>                        | US Securities and Exchange Commission  |
| <b>Sponsor Group</b>              | Collectively, the investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., TPG Capital, L.P. and GS Capital Partners, an affiliate of Goldman Sachs & Co.  |
| <b>TCEH</b>                       | Refers to Texas Competitive Electric Holdings Company LLC, a direct subsidiary of EFC Holdings and an indirect subsidiary of EFH Corp., and/or its subsidiaries, depending on context  |
| <b>Texas Holdings</b>             | Refers to Texas Energy Future Holdings Limited Partnership, a Delaware limited partnership controlled by the Sponsor Group, which is the parent of EFH Corp.   |
| <b>Texas Holdings Group</b>       | Refers to Texas Holdings and its direct and indirect subsidiaries other than the Oncor Ring-Fenced Entities.   |
| <b>Transition Bonds</b>           | Refers collectively to the 2003 Bonds and the 2004 Bonds.  |
| <b>TXU Energy</b>                 | Refers to TXU Energy Retail Company LLC, a subsidiary of TCEH engaged in the retail sale of electricity to residential and business customers. TXU Energy is a REP in competitive areas of ERCOT.  |
| <b>US</b>                         | United States of America   |

**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ONCOR ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC  
CONDENSED STATEMENTS OF INCOME  
(Unaudited)**

|   | Three Months Ended<br>June 30, |                   | Six Months Ended<br>June 30, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2008                           | 2007              | 2008                         | 2007              |
| Operating revenues:                                       |                                |                   |                              |                   |
| Transition charge revenues.....                           | \$ 34,112,302                  | \$ 33,539,521     | \$ 68,133,527                | \$ 70,284,889     |
| Investment income.....                                    | <u>234,184</u>                 | <u>756,715</u>    | <u>580,508</u>               | <u>1,536,531</u>  |
| Total operating revenues .....                            | 34,346,486                     | 34,296,236        | 68,714,035                   | 71,821,420        |
| Operating expenses:                                       |                                |                   |                              |                   |
| Interest expense .....                                    | 11,524,557                     | 12,434,501        | 23,284,039                   | 25,077,606        |
| Amortization of transition property.....                  | 23,537,820                     | 22,849,084        | 47,308,604                   | 45,762,045        |
| Over (under)-recovery of transition charges .....         | (1,011,357)                    | (1,409,933)       | (2,489,107)                  | 171,422           |
| Servicing fees, administrative and general expenses ..... | <u>207,472</u>                 | <u>207,472</u>    | <u>414,944</u>               | <u>414,944</u>    |
| Total operating expenses .....                            | <u>34,258,492</u>              | <u>34,081,124</u> | <u>68,518,480</u>            | <u>71,426,017</u> |
| Net income .....  | <u>\$ 87,994</u>               | <u>\$ 215,112</u> | <u>\$ 195,555</u>            | <u>\$ 395,403</u> |

See Notes to Financial Statements.

**ONCOR ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

|   | Six Months Ended<br>June 30, |                  |
|---|------------------------------|------------------|
|   | 2008                         | 2007             |
| Cash flows – operating activities:  |                              |                  |
| Net income.....   | \$ 195,555                   | \$ 395,403       |
| Adjustments to reconcile net income to cash provided by operating activities: |                              |                  |
| Amortization of transition property .....                                     | 47,308,604                   | 45,762,045       |
| Over (under)-recovery of transition charges .....                             | (2,489,107)                  | 171,422          |
| Changes in operating assets .....   | (2,580,284)                  | (1,255,246)      |
| Changes in operating liabilities.....   | <u>(328,770)</u>             | <u>1,082,888</u> |
| Cash provided by operating activities .....                                   | 42,105,998                   | 46,156,512       |
| Cash flows – financing activities:  |                              |                  |
| Repayment of debt .....   | (50,182,623)                 | (48,402,044)     |
| Distribution paid to parent .....   | <u>(409,825)</u>             | <u>(397,159)</u> |
| Cash used in financing activities .....                                       | (50,592,448)                 | (48,799,203)     |
| Cash flows – investing activities:  |                              |                  |
| Change in restricted funds .....  | <u>8,290,935</u>             | <u>2,642,691</u> |
| Cash provided by investing activities .....                                   | 8,290,935                    | 2,642,691        |
| Net change in cash and cash equivalents.....                                  | (195,515)                    | —                |
| Cash and cash equivalents, beginning of period .....                          | <u>196,515</u>               | <u>1,000</u>     |
| Cash and cash equivalents, end of period.....                                 | <u>\$ 1,000</u>              | <u>\$ 1,000</u>  |
| Supplemental cash flow disclosures:   |                              |                  |
| Cash interest payments.....   | \$ 23,742,156                | \$ 25,465,212    |

See Notes to Financial Statements.

**ONCOR ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC**  
**CONDENSED BALANCE SHEETS**  
**(Unaudited)**

|  | <b>June 30,<br/>2008</b> | <b>December 31,<br/>2007</b> |
|--|--------------------------|------------------------------|
| <b>ASSETS</b>  |                          |                              |
| Current assets:  |                          |                              |
| Cash and cash equivalents .....  | \$ 1,000                 | \$ 196,515                   |
| Restricted cash (Note 5) .....   | 48,160,672               | 56,394,287                   |
| Transition charge receivable:  |                          |                              |
| Affiliates .....   | 10,609,693               | 9,564,885                    |
| All other .....  | 12,969,456               | 11,433,980                   |
| Total current assets .....   | 71,740,821               | 77,589,667                   |
| Investments:   |                          |                              |
| Restricted funds held in trust (Note 5) .....  | 16,488,766               | 16,546,086                   |
| Transition property, net of accumulated amortization<br>of \$382,921,689 and \$335,613,085 ..... | 906,855,311              | 954,163,915                  |
| Total assets .....   | <u>\$ 995,084,898</u>    | <u>\$ 1,048,299,668</u>      |
| <b>LIABILITIES AND MEMBER'S INTEREST</b>   |                          |                              |
| Current liabilities:   |                          |                              |
| Long-term debt due currently .....   | \$ 100,808,972           | \$ 99,433,390                |
| Accounts payable - affiliate .....   | 265,240                  | 265,240                      |
| Accrued interest .....   | 9,983,924                | 10,442,041                   |
| Other current liabilities .....  | 9,469,768                | 9,340,421                    |
| Total current liabilities .....  | 120,527,904              | 119,481,092                  |
| Transition bonds (Note 3) .....  | 826,794,440              | 878,352,645                  |
| Regulatory liability .....   | 31,300,948               | 33,790,055                   |
| Total liabilities .....  | 978,623,292              | 1,031,623,792                |
| Member's interest (Note 4) .....   | 16,461,606               | 16,675,876                   |
| Total liabilities and member's interest .....  | <u>\$ 995,084,898</u>    | <u>\$ 1,048,299,668</u>      |

See Notes to Financial Statements.

**ONCOR ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Business** — The Company is a bankruptcy-remote, special-purpose Delaware limited liability company, wholly-owned by Oncor. The Company was organized for the limited purpose of purchasing and owning transition property and issuing securitization (transition) bonds to recover generation-related regulatory assets and other qualified costs. Oncor is a regulated electricity transmission and distribution company, principally engaged in providing transmission services to other electricity distribution companies, cooperatives, and municipalities and delivery services to REPs that sell electricity in the north-central, eastern and western parts of Texas. Oncor is a wholly-owned subsidiary of Oncor Holdings, which is a wholly-owned subsidiary of Intermediate Holding, which is a wholly-owned subsidiary of EFH Corp.

With the closing of the Merger on October 10, 2007, EFH Corp. became a subsidiary of Texas Holdings, which is controlled by the Sponsor Group. In connection with the Merger, Oncor was converted from a Texas corporation to a Delaware limited liability company under the laws of the States of Texas and Delaware.

As part of the Merger, EFH Corp. and Oncor implemented certain structural and operational "ring-fencing" measures based on commitments made by Texas Holdings and Oncor to the PUCT that are intended to further separate Oncor from Texas Holdings and its other subsidiaries. The assets and liabilities of the Oncor Ring-Fenced Entities are separate and distinct from those of the Texas Holdings Group, including TXU Energy and Luminant, and none of the assets of the Oncor Ring-Fenced Entities are available to satisfy the debt or other obligations of any member of the Texas Holdings Group. These measures also serve to mitigate Oncor's credit exposure to those entities. Moreover, the cash flows of the Oncor Ring-Fenced Entities and their results of operations are separate from those of the Texas Holdings Group. Additional measures to enhance Oncor's separateness are discussed in the 2007 Form 10-K.

**Basis of Presentation** — The condensed financial statements of the Company have been prepared in accordance with US GAAP and on the same basis as the audited financial statements included in its 2007 Form 10-K. All adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations and financial position have been included therein. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with US GAAP have been omitted pursuant to the rules and regulations of the SEC. Because the condensed interim financial statements do not include all of the information and footnotes required by US GAAP, they should be read in conjunction with the audited financial statements and related notes included in the 2007 Form 10-K. The results of operations for an interim period may not give a true indication of results for a full year.

**Use of Estimates** — The preparation of the Company's financial statements requires management to make estimates and assumptions about future events that affect the reporting and disclosure of assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses. In the event estimates and/or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. No material adjustments, other than those disclosed elsewhere herein, were made to previous estimates or assumptions during the current year.

**Over/under-recovery of transition charges** — The Company accounts for the difference between transition charge revenues and the total of interest expense, amortization of the transition property and other fees and expenses as an over/under-recovery of transition charges. To the extent revenues exceed expenses, the Company records an increase to expense with a corresponding increase to a regulatory liability. To the extent revenues are less than expenses, the Company records a decrease to expense with a corresponding decrease to the regulatory liability.

**Annual and interim true-up adjustments** — Variations in customer usage impact transition charge revenues resulting in temporary over/under-recovery of transition charges. In such instances where sufficient funds are not collected through transition charges, the over-collateralization and the capital subaccounts are drawn down to make scheduled payments on the Transition Bonds. Oncor files, on behalf of the Company, an annual true-up adjustment with the PUCT with respect to each series of Transition Bonds. The annual true-up adjustments for the 2003 Bonds and the 2004 Bonds are filed in August and May, respectively. In the filing, Oncor requests the PUCT to increase or decrease the authorized transition charges such that, based on the then current forecast of customer usage, sufficient funds will be collected during the following period to meet the scheduled debt service payments and replenish the over-collateralization and capital subaccounts to their required levels. The Company also has the right, under certain circumstances, to file interim true-up adjustment requests semi-annually, if needed, to make scheduled payments.

## 2. RELATED-PARTY TRANSACTIONS

Pursuant to administration and servicing agreements between the Company and Oncor, Oncor furnishes to the Company, at a fixed fee per year, billing, payment processing, collection, accounting, clerical, secretarial and other administrative services, which are reflected as administrative and general expenses in the income statement. The Company's expenses for servicing and administration activities performed by Oncor totaled \$206,472 for both the three months ended June 30, 2008 and 2007 and \$412,944 for both the six months ended June 30, 2008 and 2007.

Transition charges billed to the REP subsidiaries of TCEH, which are included in operating revenues, totaled \$14,018,372 and \$14,100,510 for the three months ended June 30, 2008 and 2007, respectively, and \$28,458,299 and \$30,664,751 for the six months ended June 30, 2008 and 2007, respectively. The balance of the transition charge receivable due from the REP subsidiaries of TCEH totaled \$10,609,693 at June 30, 2008 and \$9,564,885 at December 31, 2007.

Oncor, as servicer of the Transition Bonds, collects security deposits from REPs for payment of the REPs' transition charges and remits these amounts to the Company. There were no amounts outstanding from Oncor at June 30, 2008 or December 31, 2007. Oncor reviews the security amount for the REPs quarterly and requests increases when required.

Also see discussion in Note 4 regarding cash distributions.

## 3. FINANCING ARRANGEMENTS

**Long-term debt** — At June 30, 2008 and December 31, 2007, the Company's long-term debt consisted of the following:

|   | <u>June 30,<br/>2008</u> | <u>December 31,<br/>2007</u> |
|---|--------------------------|------------------------------|
| 4.030% Fixed Series 2003 Bonds due in semi-annual installments through February 15, 2010 .... | \$ 70,452,767            | \$ 92,605,693                |
| 4.950% Fixed Series 2003 Bonds due in semi-annual installments through February 15, 2013 .... | 130,000,000              | 130,000,000                  |
| 5.420% Fixed Series 2003 Bonds due in semi-annual installments through August 15, 2015 .....  | 145,000,000              | 145,000,000                  |
| 3.520% Fixed Series 2004 Bonds due in semi-annual installments through November 15, 2009..    | 71,373,645               | 99,403,342                   |
| 4.810% Fixed Series 2004 Bonds due in semi-annual installments through November 15, 2012..    | 221,000,000              | 221,000,000                  |
| 5.290% Fixed Series 2004 Bonds due in semi-annual installments through May 15, 2016 .....     | <u>289,777,000</u>       | <u>289,777,000</u>           |
| Total .....   | 927,603,412              | 977,786,035                  |
| Less amount due currently .....   | <u>100,808,972</u>       | <u>99,433,390</u>            |
| Total long-term debt .....  | <u>\$ 826,794,440</u>    | <u>\$ 878,352,645</u>        |

The transition property sold to the Company, as well as restricted cash of \$6,477,045 in the capital subaccount at June 30, 2008, are pledged as collateral for the Transition Bonds. Collections of transition charges will be used to pay the principal, interest and associated costs of the Transition Bonds. The Company is required to maintain restricted cash pledged as collateral for the Transition Bonds in an amount equal to 0.50% of the initial aggregate principal amount of Transition Bonds outstanding. Should the transition charges collected through the specified payment dates listed above not provide adequate funds to make the scheduled payments of principal, the transition charges can continue to be collected for approximately two years before the Transition Bonds go into default for nonpayment of principal.

**Financial Covenants** — The terms of the Indenture contain financial covenants that require maintenance of specified collateral deposits in proportion to the aggregate principal amount of the Transition Bonds outstanding. As of June 30, 2008, the Company was in compliance with such covenants.

#### 4. MEMBER'S INTEREST

The Company receives interest income with respect to the Indenture Trustee reserve account and capital subaccounts. Cash distributions to Oncor, the amounts of which represent interest income released by the Indenture Trustee, totaled \$89,556 and \$409,825 in the three month and six month periods ended June 30, 2008. The distributions are recorded as a reduction in Member's Interest.

The following table presents the changes in Member's Interest for the six months ended June 30, 2008:

|                                    | <b>Total<br/>Member's<br/>Interest</b> |
|------------------------------------|--|
| Balance at December 31, 2007 ..... | \$ 16,675,876                          |
| Distributions paid to parent.....  | (409,825)                              |
| Net income.....                    | <u>195,555</u>                         |
| Balance at June 30, 2008 .....     | <u>\$ 16,461,606</u>                   |

#### 5. RESTRICTED CASH

|  | <b>Balance Sheet Classification</b> |                      |                             |                      |
|--|-------------------------------------|----------------------|-----------------------------|----------------------|
|  | <b>At June 30, 2008</b>             |                      | <b>At December 31, 2007</b> |                      |
|  | <b>Current Assets</b>               | <b>Investment</b>    | <b>Current Assets</b>       | <b>Investment</b>    |
| Collections related to Transition Bonds used only to service debt and pay expenses (includes over-collateralization subaccount of \$2,263,404, \$—, \$2,005,591 and \$—) ..... | \$ 48,160,672                       | \$ —                 | \$ 56,394,287               | \$ —                 |
| Funds for payment of fees associated with Transition Bonds (Indenture Trustee reserve account).....  | —                                   | 10,011,721           | —                           | 10,030,476           |
| Reserve for shortfalls of Transition Bond charges (capital subaccount) .....   | —                                   | <u>6,477,045</u>     | —                           | <u>6,515,610</u>     |
| Total .....  | <u>\$ 48,160,672</u>                | <u>\$ 16,488,766</u> | <u>\$ 56,394,287</u>        | <u>\$ 16,546,086</u> |

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Managers and Member of  
Oncor Electric Delivery Transition Bond Company LLC:

We have reviewed the accompanying condensed balance sheet of Oncor Electric Delivery Transition Bond Company LLC (the "Company") as of June 30, 2008, and the related condensed statements of income for the three-month and six-month periods ended June 30, 2008 and 2007, and of cash flows for the six-month periods ended June 30, 2008 and 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of the Company as of December 31, 2007, and the related statements of income, member's interest and cash flows for the year then ended (not presented herein); and in our report dated March 31, 2008, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2007 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Dallas, Texas  
August 14, 2008

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### BUSINESS

The Company is a bankruptcy-remote, special-purpose Delaware limited liability company, wholly-owned by Oncor. The Company was organized for the limited purpose of purchasing and owning transition property and issuing securitization (transition) bonds to recover generation-related regulatory assets and other qualified costs. Oncor is a regulated electricity transmission and distribution company, principally engaged in providing transmission services to other electricity distribution companies, cooperatives, and municipalities and delivery services to REPs that sell electricity in the north-central, eastern and western parts of Texas. Oncor is a wholly-owned subsidiary of Oncor Holdings, which is a wholly-owned subsidiary of Intermediate Holding, which is a wholly-owned subsidiary of EFH Corp.

With the closing of the Merger on October 10, 2007, EFH Corp. became a subsidiary of Texas Holdings, which is controlled by the Sponsor Group. In connection with the Merger, Oncor was converted from a Texas corporation to a Delaware limited liability company.

As part of the Merger, EFH Corp. and Oncor implemented certain structural and operational "ring-fencing" measures based on commitments made by Texas Holdings and Oncor to the PUCT that are intended to further separate Oncor from Texas Holdings and its other subsidiaries. The assets and liabilities of the Oncor Ring-Fenced Entities are separate and distinct from those of the Texas Holdings Group, including TXU Energy and Luminant, and none of the assets of the Oncor Ring-Fenced Entities are available to satisfy the debt or other obligations of any member of the Texas Holdings Group. These measures also serve to mitigate Oncor's credit exposure to those entities. Moreover, the cash flows of the Oncor Ring-Fenced Entities and their results of operations are separate from those of the Texas Holdings Group. Additional measures to enhance Oncor's separateness are discussed in the 2007 Form 10-K.

### RESULTS OF OPERATIONS

Operating revenue increased \$50,250, or less than 1%, to \$34,346,486 for the three months ended June 30, 2008 and decreased \$3,107,385, or 4%, to \$68,714,035 for the six months ended June 30, 2008.

#### *Operating Revenues*

|                                  | Three Months Ended<br>June 30, |                      | Six Months Ended<br>June 30, |                      |
|----------------------------------|--------------------------------|----------------------|------------------------------|----------------------|
|                                  | 2008                           | 2007                 | 2008                         | 2007                 |
| Transition charge revenues ..... | \$ 34,112,302                  | \$ 33,539,521        | \$ 68,133,527                | \$ 70,284,889        |
| Investment income .....          | <u>234,184</u>                 | <u>756,715</u>       | <u>580,508</u>               | <u>1,536,531</u>     |
| Total operating revenues .....   | <u>\$ 34,346,486</u>           | <u>\$ 34,296,236</u> | <u>\$ 68,714,035</u>         | <u>\$ 71,821,420</u> |

- Transition charge revenues increased \$572,781 to \$34,112,302 for the three months ended June 30, 2008 driven by higher delivered volumes due to warmer than normal weather in 2008 and cooler than normal weather in 2007, partially offset by a decrease in the transition charge tariff. Transition charge revenues decreased \$2,151,362 to \$68,133,527 for the six months ended June 30, 2008 driven by a decrease in the transition charge tariff reflecting the May and August 2007 and May 2008 annual true-up adjustments (see Note 1 to Financial Statements).
- Investment income decreased \$522,531 to \$234,184 for the three months ended June 30, 2008 and \$956,023 to \$580,508 for the six months ended June 30, 2008 primarily due to lower interest rates. Investment income represents earnings on restricted cash balances. The restricted cash is invested in short-term US government securities.

Interest expense decreased \$909,944 to \$11,524,557 for the three months ended June 30, 2008 and \$1,793,567 to \$23,284,039 for the six months ended June 30, 2008 reflecting scheduled principal payments on the Transition Bonds.

Amortization of transition property increased \$688,736 to \$23,537,820 for the three months ended June 30, 2008 and \$1,546,559 to \$47,308,604 for the six months ended June 30, 2008 reflecting increased principal payments on the Transition Bonds.

The Company recorded a decrease to expense for the under-recovery of transition charges of \$1,011,357 and \$1,409,933 for the three months ended June 30, 2008 and 2007, respectively. The Company recorded a decrease to expense for the under-recovery of transition charges of \$2,489,107 for the six months ended June 30, 2008 and an increase to expense for the over-recovery of transition charges of \$171,422 in the six months ended June 30, 2007. See discussion under “Over/under-recovery of transition charges” in Note 1 to the Financial Statements.

Net income totaled \$87,994 and \$215,112 for the three months ended June 30, 2008 and 2007, respectively, and \$195,555 and \$395,403 for the six months ended June 30, 2008 and 2007, respectively. Net income includes interest earned on the Indenture Trustee reserve account and capital subaccounts, which the Company expects to periodically distribute to Oncor as released by the Indenture Trustee. See Note 4 to the Financial Statements.

## FINANCIAL CONDITION

**Cash Flows** — Cash flows provided by operating activities decreased \$4,050,514, or 9%, to \$42,105,998 for the six months ended June 30, 2008 driven by:

- lower transition charge revenues of \$2,151,362 and the relative increase in transition charge receivables of \$1,335,412, reflecting the May and August 2007 and May 2008 annual true-up adjustments;
- a decrease of \$956,023 in investment income primarily due to lower interest rates; and
- the receipt of \$1,341,146 more net customer deposits (reported in other current liabilities on the balance sheet) in the 2007 period,

somewhat offset by a \$1,723,056 decrease in cash interest payments as a result of principal payments on the Transition Bonds.

Financing activities used cash flows of \$50,592,448 and \$48,799,203 for the six months ended June 30, 2008 and 2007, respectively, representing scheduled principal payments on the Transition Bonds and distributions to parent of interest income earned on the Indenture Trustee reserve account and capital subaccount.

Cash flows provided by investing activities totaled \$8,290,935 and \$2,642,691 for the six months ended June 30, 2008 and 2007, respectively. The change in investing activity represents changes in the balances of restricted cash accounts.

As discussed in Note 1 to the Financial Statements, Oncor, as servicer, files for increases or decreases (true-ups) in transition charges with the PUCT to ensure sufficient funds will be collected during the following period to meet scheduled payments on the Transition Bonds and to maintain the capital and over-collateralization subaccounts at the required levels. The latest filings of the annual true-ups for the Transition Bonds were in May 2008 and August 2007. Based on the approved transition charges and current forecast of customer usage, the Company expects that revenues collected will be sufficient to make the scheduled payments.

As of June 30, 2008, restricted cash included the balance in the capital subaccount of \$2,517,869 compared to the required level of \$2,500,000 for the 2003 Bonds and \$3,959,176 compared to the required level of \$3,948,885 for the 2004 Bonds. Additionally, as of June 30, 2008, the balance in the over-collateralization subaccount for the 2003 Bonds was \$943,767, compared to the required level of \$937,498, and for the 2004 Bonds was \$1,319,637, compared to the required level of \$1,316,296. There are no penalties as a result of being above or below the required levels in the capital and over-collateralization subaccounts. Any future shortfalls in the subaccounts for either series of Transition Bonds would be addressed in future true-up filings.

**Member's Interest** — During 2008, the Company declared and paid the following cash distributions to Oncor.

| <u>Declaration Date</u> | <u>Payment Date</u> | <u>Amount</u> |
|-------------------------|---------------------|---------------|
| June 26, 2008           | June 26, 2008       | \$ 89,556     |
| March 27, 2008          | March 27, 2008      | \$124,754     |
| January 3, 2008         | January 10, 2008    | \$195,515     |

The distributions represent interest income released by the Indenture Trustee and were recorded as reductions in Member's Interest.

## **FINANCING ACTIVITIES**

The Company's financing needs are limited to issuance of the Transition Bonds. There is no provision to allow for any other borrowings.

**Financial Covenants, Credit Rating Provisions and Cross Default Provisions** — The terms of the Indenture contain financial covenants that require maintenance of specified collateral deposits in proportion to the aggregate principal amount of the Transition Bonds outstanding. As of June 30, 2008, the Company was in compliance with such covenants.

## **CHANGES IN ACCOUNTING STANDARDS**

There have been no recently issued accounting standards effective after June 30, 2008 that are expected to materially impact the Company.

## **FORWARD-LOOKING STATEMENTS**

This report and other presentations made by the Company contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although the Company believes that in making any such statement its expectations are based on reasonable assumptions, any such statement involves uncertainties and is qualified in its entirety by reference to the risks discussed under "Risk Factors" in the 2007 Form 10-K and the following important factors, among others that could cause the actual results of the Company to differ materially from those projected in such forward-looking statements:

- state or federal legislative or regulatory developments or judicial actions;
- national or regional economic conditions;
- the accuracy of the servicer's estimates of market demand and prices for electricity;
- the accuracy of the servicer's estimates of industrial, commercial and residential growth in Oncor's service territory, including related estimates of conservation and electricity usage efficiency;
- weather conditions and other natural phenomena affecting retail customer electricity usage;
- acts of sabotage, terrorist activities or other catastrophic events;
- the speed, degree and effect of continued electricity industry restructuring;
- the operating performance of Oncor's facilities and third-party suppliers of electricity in Oncor's service territory;
- the accuracy of the servicer's estimates of the payment patterns of retail electricity customers, including the rate of delinquencies and any collections curves, and
- the operational and financial ability of REPs to bill and collect transition charges and make timely payments of amounts billed by the servicer to the REPs for transition charges.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for the Company to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

## ITEM 4T. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures in effect as of the end of the current period including in this quarterly report. Based on the evaluation performed, the Company's management, including the principal executive officer and principal financial officer, concluded that the disclosure controls and procedures were effective. During the most recent fiscal quarter covered by this quarterly report, there has been no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### REQUIRED REPORTS

The Company has included in this quarterly report on Form 10-Q or furnished on its website at [www.oncor.com](http://www.oncor.com), as indicated, the following information in respect of each series of outstanding Transition Bonds, as required by the terms of the indenture relating to the Transition Bonds. Exhibits that are filed as a part of this Form 10-Q are listed below.

| <b>Required Item</b>   | <b>Filed as Exhibit<br/>or Furnished on<br/>Website</b> |
|--|---|
| Monthly Servicer Report (Series 2004-1 for April 2008).....  | Exhibit 99(a)(1)  |
| Monthly Servicer Report (Series 2004-1 for May 2008).....  | Exhibit 99(a)(2)  |
| Monthly Servicer Report (Series 2004-1 for June 2008).....   | Exhibit 99(a)(3)  |
| Monthly Servicer Report (Series 2003-1 for April 2008).....  | Exhibit 99(a)(4)  |
| Monthly Servicer Report (Series 2003-1 for May 2008).....  | Exhibit 99(a)(5)  |
| Monthly Servicer Report (Series 2003-1 for June 2008).....   | Exhibit 99(a)(6)  |
| Statement of Collection Account Balances as of June 30, 2008.....  | Exhibit 99(b)   |
| A quarterly statement affirming that, in all material respects, for each materially significant REP, (a) each REP has been billed in compliance with the requirements outlined in the Financing Order, (b) each REP has made payments in compliance with the requirements outlined in the Financing Order, and (c) each REP satisfies the creditworthiness requirements of the Financing Order. .... | Exhibit 99(c)   |
| Annual True-up of Transition Charges for the Series 2004-1 Transition Bonds .....  | Exhibit 99(d)   |
| Statement of Outstanding Bond Balances Series 2003-1.....  | Exhibit 99(e)(1)  |
| Statement of Outstanding Bond Balances Series 2004-1.....  | Exhibit 99(e)(2)  |
| Semi Annual Servicer's Certificate (Series 2004-1 for May 2008).....   | Exhibit 99(f)   |

## **Item 1A. RISK FACTORS**

There have been no significant changes in risk factors of the Company since December 31, 2007 as disclosed in the 2007 Form 10-K.

## **ITEM 5. OTHER INFORMATION**

In response to a comment letter that the Company has received from the SEC, the Company expects to file an amendment to each of its Annual Reports on Forms 10-K for the years ended December 31, 2006 and December 31, 2007 (the "Annual Reports") to include a certification prescribed by the SEC's February 21, 2003 Revised Statement: Compliance by Asset-Backed Issuers with Exchange Act Rules 13a-14 and 15d-14. This Revised Statement requires that the Company certify that the Annual Reports disclose all significant deficiencies relating to Oncor's compliance, as servicer, with the minimum servicing standards set forth in the servicing agreement. The certification is based upon a report provided by an independent public accountant, after conducting a review in compliance with the Uniform Single Attestation Program for Mortgage Bankers or similar procedure. The Company's independent registered public accounting firm has conducted the procedures necessary for the Company to provide the applicable certification. The Company expects to receive the accountant's report in August 2008 and to file an amendment to each Annual Report as soon as practicable thereafter. Since the independent registered public accounting firm has not completed its report, the Company cannot predict the outcome of this review.

## ITEM 6. EXHIBITS

### (a) Exhibits:

| <u>Exhibits</u> | <u>Previously Filed<br/>With File<br/>Number*</u> | <u>As<br/>Exhibit</u>   |
|-----------------|---|---|
| (15)            | <b>Letter re: Unaudited Financial Information</b> |   |
| 15              |   | — Letter from independent registered accounting firm as to unaudited interim financial information.   |
| (99)            | <b>Additional Exhibits</b>                        |   |
| 99(a)(1)        |   | — Monthly Servicer Report (Series 2004-1 for April 2008)  |
| 99(a)(2)        |   | — Monthly Servicer Report (Series 2004-1 for May 2008)  |
| 99(a)(3)        |   | — Monthly Servicer Report (Series 2004-1 for June 2008)   |
| 99(a)(4)        |   | — Monthly Servicer Report (Series 2003-1 for April 2008)  |
| 99(a)(5)        |   | — Monthly Servicer Report (Series 2003-1 for May 2008)  |
| 99(a)(6)        |   | — Monthly Servicer Report (Series 2003-1 for June 2008)   |
| 99(b)           |   | — Statement of Collection Account Balances as of June 30, 2008  |
| 99(c)           |   | — A quarterly statement affirming that, in all material respects, for each materially significant REP, (a) each REP has been billed in compliance with the requirements outlined in the Financing Order; (b) each REP has made payments in compliance with the requirements outlined in the Financing Order, and (c) each REP satisfies the creditworthiness requirements of the Financing Order. |
| 99(d)           |   | — Annual True-up of Transition Charges for the Series 2004-1 Transition Bonds filed May 15, 2008  |
| 99(e) (1)       |   | — Statement of Outstanding Bond Balances Series 2003-1  |
| 99(e) (2)       |   | — Statement of Outstanding Bond Balances Series 2004-1  |
| 99(f)           |   | — Semi-Annual Servicer's Certificate (Series 2004-1 for May 2008)   |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ONCOR ELECTRIC DELIVERY TRANSITION BOND COMPANY LLC**

By           /s/ David M. Davis            
David M. Davis  
Vice President and Chief Financial  
Officer

Date: August 14, 2008