
5. Limitations and Conditions.

(a) The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection (c).

(b) Powers of the Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

- (1) To determine from time to time which of the persons providing services to the Company or its affiliates shall be granted Class B Membership Interests, the time or times when a person shall be permitted to purchase Class B Membership Interests; and the value with respect to which a Class B Membership Interest shall be sold to each such person.
- (2) To construe and interpret the Plan and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.
- (3) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and/or its affiliates which are not in conflict with the provisions of the Plan or the LLC Agreement.

(c) Delegation to Committee. The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board hereunder, including the power to delegate to a subcommittee any of the administrative powers the Board is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Board, the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan.

(d) Effect of Board's Decision. The Plan and all determinations, interpretations and constructions of the Plan made by the Board in its sole discretion and reasonable good faith determination shall not, absent manifest error, be subject to review by any person and shall be final, binding and conclusive on all persons, including all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors. Except as otherwise provided herein, the terms and conditions of Grants need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

6. Transfers and Leaves of Absence

For purposes of the Plan, unless the Board determines otherwise: (a) a transfer of a Participant's employment without an intervening period of separation among the Company and

any other Service Recipient shall not be deemed a termination of employment, and (b) a Participant who is granted in writing a leave of absence or who is entitled to a statutory leave of absence shall be deemed to have remained in the employ of the Company (and other Service Recipient) during such leave of absence.

7. Amendment and Termination

(a) The Board shall have the authority to make such amendments to any terms and conditions applicable to outstanding Grants as are consistent with this Plan.

(b) The Board may amend, suspend or terminate the Plan at any time.

(c) This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's termination of employment with any Service Recipient the Participant is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company and Investment LLC will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months and one day following the Participant's termination of employment with all Service Recipients (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment and (ii) if any other payments of money or other benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred, if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, reasonably determined by the Board in consultation with the Participant, that does not cause such an accelerated or additional tax or result in an additional cost to the Company or Investment LLC (without any reduction in such payments or benefits ultimately paid or provided to the Participant).

8. Applicability of Plan, Management Stockholder's Agreement and Sale Participation Agreement

The Class B Membership Interests offered to the Participants hereunder shall be subject to all of the terms and provisions of the Plan, the LLC Agreement, the Management Stockholder's Agreement and the Sale Participation Agreement, to the extent applicable to such Class B Membership Interests.

9. Governing Law

This Plan shall be governed by and construed in accordance with the laws of the State of Texas applicable thereto.

10. Withholding Taxes

The Company shall have the right to deduct from any payment made under the Plan any federal, state or local income or other taxes required by law to be withheld with respect to such payment.

11. Effect of Grant

Nothing in the Plan shall supersede the provisions of the LLC Agreement.

12. Effective Date and Termination Dates

The Plan shall be effective on November 5, 2008 and shall terminate ten years later; provided, however, the Plan may be subject to such earlier or later termination as determined by the Board pursuant to this Section 12.

SALE PARTICIPATION AGREEMENT
(Management Form)

Oncor Electric Delivery Company LLC

November 5, 2008

To: The Person whose name is
set forth on the signature page hereof

Dear Sir or Madam:

Concurrently with entering into this letter agreement (this "Agreement"), you are entering into a Management Stockholder's Agreement (the "Stockholder's Agreement") with Oncor Management Investment LLC (the "Company"), a Delaware limited liability company, and Oncor Electric Delivery Company LLC ("Oncor"), a Delaware limited liability company, relating to (i) your acquisition and continued ownership of Class B membership interests of the Company ("Management Units"), (ii) any membership interests in Oncor (including any successor common equity of an IPO Vehicle, "Oncor Units") you may subsequently receive or acquire in respect of Stock Appreciation Rights, as defined below, pursuant to a distribution made by the Company or otherwise, and/or (iii) the grant by Oncor to you of certain stock appreciation rights each representing the approximate economic equivalent of one Oncor Unit subject to a Base Price equal to the current fair market value of an Oncor Unit on the date of grant as determined by the Board of Directors of Oncor (the "Stock Appreciation Rights").

Oncor Electric Delivery Holdings Company LLC, a Delaware limited liability company (together with any of its current or future Affiliates that hold a direct interest in Oncor or an IPO Vehicle, other than Oncor Management Investment LLC, "Oncor Holdings"), hereby agrees with you as follows:

1. (a) In the event that at any time on or after a Public Offering of Oncor or an IPO Vehicle (the "Public Entity"), Oncor Holdings proposes to sell directly for cash or any other consideration units or shares of common equity of the Public Entity ("Oncor Units") owned by Oncor Holdings, in any transaction other than a Public Offering or a sale, directly or indirectly, to an Affiliate of Oncor Holdings, then, unless Oncor Holdings is entitled to and does exercise the drag-along rights pursuant to Paragraph 7 below and a Drag Transaction (as defined below) is consummated, Oncor Holdings will notify you or your Management Stockholder's Estate, Stockholder's Estate, Management Stockholder's Trust or Stockholder's Trust, as applicable (as such terms are defined in the Stockholder's Agreement, and collectively with you, the "Stockholder Entities"), as the case may be, in writing (a "Notice") of such proposed sale (a "Proposed Sale") specifying the principal terms and conditions of the Proposed Sale (the "Material Terms") including (A) the number of Oncor Units proposed to be included in the

Proposed Sale, (B) the percentage of the outstanding Oncor Units at the time the Notice is given that is represented by the number of Oncor Units proposed to be included in the Proposed Sale, (C) the price per Oncor Unit subject to the Proposed Sale, including a description of any pricing formulae and of any non-cash consideration, (D) the Sale Percentage (as defined below) of Oncor Holdings and (E) the name and address of the Person to whom Oncor Units are proposed to be sold.

(b) If, within ten (10) Business Days after the delivery of a Notice under Paragraph 1(a), Oncor Holdings and Oncor receive from a Stockholder Entity a written request (a "Request") to include Oncor Units held by such Stockholder Entity in the Proposed Sale (which Request shall be irrevocable except (A) as set forth in clauses (c) and (d) of this Paragraph 1 below or (B) if otherwise mutually agreed to in writing by the Stockholder Entity and Oncor Holdings), Oncor Units held by such Stockholder Entity (not in any event to exceed the Sale Percentage of Oncor Holdings *multiplied by* the total number of Oncor Units held by the Stockholder Entity in the aggregate) will be so included as provided herein. Promptly after the execution of the definitive sale agreement, if any, for such Proposed Sale (the "Sale Agreement"), Oncor Holdings will furnish each Stockholder Entity with a copy of the Sale Agreement, if any. For purposes of this Agreement, the "Sale Percentage" shall mean the fraction, expressed as a percentage, determined by dividing the number of Oncor Units to be purchased from Oncor Holdings by the total number of Oncor Units owned directly by Oncor Holdings.

(c) Notwithstanding anything to the contrary contained in this Agreement, if any of the economic terms of the Proposed Sale change, including without limitation if the per unit price will be less than the per unit price disclosed in the Notice, or any of the other principal terms or conditions will be materially less favorable to the selling Stockholder Entities than those described in the Notice, Oncor Holdings will provide written notice thereof to each Stockholder Entity who has made a Request and each such Stockholder Entity will then be given an opportunity to withdraw the offer contained in such holder's Request (by providing prompt (and in any event within five (5) Business Days; provided that, notwithstanding the foregoing, if the proposed closing with respect to the Proposed Sale is to occur within five (5) Business Days or less, no later than three (3) Business Days prior to such closing) written notice of such withdrawal to Oncor Holdings and Oncor), whereupon such withdrawing Stockholder Entity will be released from all obligations thereunder.

(d) If Oncor Holdings does not complete the Proposed Sale by the end of the 180th day following the date of the effectiveness of the Notice, each selling Stockholder Entity shall be released on and after such date from all obligations under the applicable Request and the Notice of the relevant Stockholder Entity shall be null and void, and it will then be necessary for a separate Notice to be furnished, and the terms and provisions of clauses (a) and (b) of this Paragraph 1 separately complied with, in order to consummate such Proposed Sale pursuant to this Paragraph 1, unless the failure to complete such Proposed Sale resulted from any failure by any selling Stockholder Entity to comply with the terms of this Paragraph 1.

(e) Notwithstanding anything to the contrary in the foregoing provisions of this Paragraph 1, Oncor Holdings may, in its sole discretion, decide whether or not to pursue, consummate, postpone or abandon the Proposed Sale and the terms and conditions thereof.

None of the Company, the Public Entity, Oncor Holdings or any of their respective Affiliates shall have any liability to any Stockholder Entity arising from, relating to or in connection with the pursuit, consummation, postponement, abandonment or terms and conditions of any such Proposed Sale.

2. (a) If the aggregate number of Oncor Units to be sold by Oncor Holdings together with Oncor Units to be sold by you and all other Persons participating in such sale as tag-along sellers (all such other participants, the "Tag Along Sellers"), exceeds the total number of Oncor Units specified in the Notice to be included in the Proposed Sale, then you and each exercising Tag Along Seller shall each reduce, on a *pro rata* basis (such *pro rata* share of ownership calculated by a fraction the numerator of which is the number of Oncor Units owned by you or the Tag Along Seller, as applicable, and the denominator of which is the total number of Oncor Units owned by you, Oncor Holdings and the Tag Along Sellers) the Oncor Units that each otherwise would have sold so as to permit Oncor Holdings, you and the Tag Along Sellers to sell the amount of Oncor Units specified in the Notice.

(b) If one or more Tag Along Sellers elect not to include the maximum number of Oncor Units which such Tag Along Seller would have been permitted to include in a Proposed Sale pursuant to Paragraph 2(a) (such non-included units, the "Eligible Units"), then after Oncor Holdings has sold any additional Oncor Units pursuant to this paragraph, you and each of the remaining Tag Along Sellers will have the right to sell in the Proposed Sale a number of additional Oncor Units equal to your *pro rata* portion of the number of Eligible Units remaining after such sale of additional units, based on the relative number of Oncor Units then held by you and each such Tag Along Seller. Such additional Oncor Units which you and such Tag Along Seller propose to sell shall not be included in any calculation made pursuant to Paragraph 2(a) for the purpose of determining the number of Oncor Units which you will be permitted to include in a Proposed Sale; provided that, notwithstanding any of the foregoing, Oncor Holdings will have the right to sell in the Proposed Sale additional Oncor Units owned by it equal to the number, if any, of the total remaining Eligible Units, which will not be included in any calculation made pursuant to Paragraph 2(a) for the purpose of determining the number of Oncor Units which you will be permitted to include in a Proposed Sale.

3. Except as may otherwise be provided herein, Oncor Units subject to a Request will be included in a Proposed Sale pursuant hereto and in any agreements with purchasers relating thereto on the same terms and subject to the same conditions applicable to the Oncor Units which Oncor Holdings proposes to sell in the Proposed Sale. Such terms and conditions shall include, without limitation: the sale price; the payment of fees, commissions and expenses; the provision of, and customary representations and warranties as to, information reasonably requested by Oncor Holdings covering matters regarding the Stockholder Entities' ownership of Oncor Units; and the provision of requisite indemnification; provided that any indemnification provided by the Stockholder Entities shall be *pro rata* in proportion with the number of Oncor Units to be sold by the Stockholder Entity; provided, further, that no Stockholder Entity shall be required to (x) indemnify any Person for an amount, in the aggregate, in excess of the gross proceeds received in such Proposed Sale, or (y) agree to any non-compete or non-solicit provisions that are more restrictive than such similar agreement between the Public Entity, Oncor Holdings, Oncor, the Company, any other Management Stockholder Employer, if applicable, or their Affiliates and the applicable Stockholder Entity. Notwithstanding anything to the contrary

in the foregoing, if the consideration payable for Oncor Units is securities and the acquisition of such securities by a Stockholder Entity would reasonably be expected to be prohibited under U.S., foreign or state securities laws, such Stockholder Entity shall be entitled to receive an amount in cash equal to the value of any such securities such Person would otherwise be entitled to receive.

4. Upon delivering a Request, the Stockholder Entities will, if requested by Oncor Holdings, execute and deliver a custody agreement and power of attorney in form and substance reasonably satisfactory to Oncor Holdings with respect to the Oncor Units which are to be sold by the Stockholder Entities pursuant hereto (a "Custody Agreement and Power of Attorney"). The Custody Agreement and Power of Attorney will contain customary provisions and will provide, among other things, that the Stockholder Entities will deliver to and deposit in custody with the custodian and attorney-in-fact named therein a certificate or certificates (if such units are certificated) representing such Oncor Units (duly endorsed in blank by the registered owner or owners thereof) and irrevocably appoint said custodian and attorney-in-fact as the Stockholder Entities' agent and attorney-in-fact with full power and authority to act under the Custody Agreement and Power of Attorney on the Stockholder Entities' behalf with respect to the matters specified therein.

5. Your right pursuant hereto to participate in a Proposed Sale shall be contingent on your material compliance with each of the provisions hereof and your willingness to execute such documents in connection therewith as may be reasonably requested by Oncor Holdings.

6. If the consideration to be paid in exchange for Oncor Units in a Proposed Sale pursuant to Paragraph 1 includes any securities, and the receipt thereof by Oncor Holdings and a Stockholder Entity would require under applicable law (a) the registration or qualification of such securities or of any Person as a broker or dealer or agent with respect to such securities or (b) the provision to any selling Stockholder Entity of any information regarding the Public Entity, Oncor Holdings, Energy Future Holdings Corp. or their respective Subsidiaries, such securities or the issuer thereof that would not be required to be delivered in an offering solely to a limited number of "accredited investors" under Regulation D promulgated under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder, Oncor Holdings and such Stockholder Entity shall not, subject to the following sentence, have the right to sell Units in such proposed sale. In such event Oncor Holdings shall have the right to cause to be paid to such selling Stockholder Entity in lieu thereof, against surrender of the Oncor Units which would have otherwise been sold by such selling Stockholder Entity to the prospective buyer in the proposed sale, an amount in cash equal to the Fair Market Value of such Oncor Units as of the date such securities would have been issued in exchange for such Oncor Units.

7. (a) If Oncor Holdings proposes to transfer to any Person, directly or indirectly (whether by means of a merger, consolidation, reorganization or recapitalization, sale, transfer or otherwise), a number of Oncor Units equal to 50% or more of the outstanding Oncor Units (such Person, the "Drag-Along Purchaser"), then if requested by Oncor Holdings, each Stockholder Entity shall be required to sell a number of Oncor Units equal to the aggregate number of Oncor Units held by the Stockholder Entities *multiplied by* the Sale Percentage (such transaction, a "Drag Transaction").

(b) Oncor Units held by the Stockholder Entities included in a Drag Transaction will be included in any agreements with the Drag-Along Purchaser relating thereto on the same terms and subject to the same conditions applicable to the Oncor Units which Oncor Holdings proposes to sell in the Drag Transaction. Such terms and conditions shall include, without limitation: the sale price; the payment of fees, commissions and expenses; the provision of, and representation and warranty as to, information reasonably requested by the Drag-Along Purchaser covering matters regarding the Stockholder Entities' ownership of Oncor Units; and the provision of requisite indemnification; provided that any indemnification provided by the Stockholder Entities shall be pro rata in proportion with the number of Oncor Units to be sold by such Stockholder Entity; provided, further, that the Stockholder Entity shall not be required to (x) indemnify any Person for an amount, in the aggregate, in excess of the gross proceeds received in such Proposed Sale, or (y) agree to any non-compete or non-solicit provisions that are more restrictive than such similar agreement between Oncor, Oncor Holdings, any other Management Stockholder Employer, the Company or their Affiliates and the applicable Stockholder Entity.

(c) Your pro rata share of any amount to be paid pursuant to Paragraph 3 or 7(b) shall be based upon the number of Oncor Units intended to be transferred by the Stockholder Entities.

(d) Notwithstanding anything to the contrary in the foregoing, if the consideration payable to the Stockholder Entities for Oncor Units is securities and the acquisition of such securities by a Stockholder Entity would reasonably be expected to be prohibited under U.S., foreign or state securities laws, such Stockholder Entity shall be entitled to receive an amount in cash equal to the value of any such securities such Person would otherwise be entitled to receive.

8. The obligations of Oncor Holdings hereunder shall extend only to you and your transferees who (a) are party to a Stockholder's Agreement with the Company or Oncor, as applicable, and (b) have acquired Oncor Units or Stock Appreciation Rights pursuant to clause (ii) of the definition of a Permitted Transfer (as set forth in Section 3(a) of the Stockholder's Agreement) (such transferees, "Permitted Transferees"), and none of the Stockholder Entities' successors or assigns, with the exception of any such Permitted Transferee and only with respect to Oncor Units or Stock Appreciation Rights acquired by such Permitted Transferee pursuant to a Permitted Transfer, shall have any rights pursuant hereto.

9. This Agreement shall terminate and be of no further force and effect on the occurrence of the earlier of (A) a Change in Control and (B) the later of (x) October 10, 2012 and (y) the consummation of a Qualified Public Offering of Oncor Units.

10. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next Business Day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid or (d) one (1) Business Day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to such party's address as set forth below or at such other address or to such other person as the party shall have furnished to each other party in writing in accordance with this provision:

If to Oncor Holdings, at the following address:

Oncor Electric Delivery Holdings Company LLC
c/o Oncor Electric Delivery Company LLC
Energy Plaza
1601 Bryan Street
Dallas, Texas 75201-3411
Facsimile: (214) 486-2067
Attention: Legal Department, 22nd Floor

with a copy to:

Baker & McKenzie LLP
One Prudential Plaza
130 East Randolph Drive
Chicago, Illinois 60601
Facsimile: (312) 861-7588
Attention: James P. O'Brien

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Facsimile: (212) 455-2502
Attention: Alvin H. Brown
Andrew W. Smith

If to you, to you at the address set forth on the signature page hereto;

If to a Stockholder Entity, to the address provided to Oncor Holdings by such entity in writing.

11. In determining the applicable ownership thresholds and ownership percentages referenced in the Paragraphs above, appropriate adjustments shall be made for any stock or unit dividends, splits, combinations, recapitalizations or any other adjustment in the number of outstanding Oncor Units, as applicable, in order to maintain, as nearly as practicable, the intended operation of the provisions herein.

12. The laws of the State of Texas shall govern the interpretation, validity and performance of the terms of this Agreement. In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory

arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place in Dallas, Texas. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator; provided that if the Stockholder Entity substantially prevails on any of his or her substantive legal claims, Oncor Holdings shall reimburse all legal fees and arbitration fees incurred by the Stockholder Entity to arbitrate the dispute. Each party hereto hereby irrevocably waives any right that it may have had to bring an action in any court, domestic or foreign, or before any similar domestic or foreign authority with respect to this Agreement.

13. This Agreement may be executed in counterparts, and by different parties on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

14. This Agreement may be amended by Oncor Holdings at any time upon notice to a Stockholder Entity thereof; provided that any amendment (i) that materially disadvantages a Stockholder Entity, shall not be effective unless and until such Stockholder Entity has consented thereto in writing and (ii) that disadvantages a Stockholder Entity in more than a de minimis way but less than a material way shall require the consent of the holders of a majority of the equity interests held by such Stockholder Entities.

15. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Stockholder's Agreement.

[Signatures on following pages]

If the foregoing accurately sets forth our agreement, please acknowledge your acceptance thereof in the space provided below for that purpose.

Very truly yours,

**ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY
LLC**

By: _____
Name:
Title:

Accepted and agreed as of the date first written above.

Name: _____

Address: _____

[Signature page to Sale Participation Agreement]

**Oncor Electric Delivery Company LLC
Stock Appreciation Rights Plan**

SECTION 1. Purpose. The Oncor Electric Delivery Company LLC Stock Appreciation Rights Plan (the "Plan") is designed:

(a) to promote the long term financial interests and growth of Oncor Electric Delivery Company LLC (the "Company", an indirect subsidiary of Energy Future Holdings Corp., "EFH") by attracting and retaining management and other personnel and key service providers, and motivating such personnel by means of growth-related incentives to achieve long-range goals; and

(b) to further the alignment of interests of participants with those of the equity holders of the Company through opportunities for participation in the appreciation of the Company.

SECTION 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"Affiliate" means with respect to any Person, any entity directly or indirectly controlling, controlled by or under common control with such Person.

"Award" means any award of SARs made under Section 5 of the Plan.

"Award Letter" means any written notice, agreement, or other document evidencing any Award.

"Base Price" means the Fair Market Value per equity unit of the Company on the date of grant.

"Cause" means such term as may be defined in any employment agreement or change-in-control agreement in effect at the time of termination of employment between the Participant and the Company or any of its Subsidiaries or Affiliates, or, if there is no such employment or change-in-control agreement, "Cause" means, with respect to a Participant: (i) if, in carrying out his or her duties to the Company, Participant engages in conduct that constitutes (a) a breach of his or her fiduciary duty to the Company, its Subsidiaries or its shareholders (including, without limitation a breach or attempted breach of the restrictive covenants described in Section 6 below), (b) gross neglect or (c) gross misconduct resulting in material economic harm to the Company and its Subsidiaries, taken as a whole, or (ii) upon the indictment of the Participant, or the plea of guilty or nolo contendere by Participant to, a felony or a misdemeanor involving moral turpitude.

"Change in Control" means, in one or a series of related transactions, (i) the sale of all or substantially all of the consolidated assets or capital stock of EFH, Oncor Electric Delivery Holdings Company LLC ("Oncor Holdings"), or the Company to a person (or group of persons acting in concert) who is not an Affiliate of any member of the Sponsor Group; (ii) a merger, recapitalization or other sale by EFH, any member of the Sponsor Group or their Affiliates, to a person (or group of persons acting in concert) of EFH Common Stock that results in more than 50% of EFH Common Stock (or any resulting company after a merger) being held by a person (or group of persons acting in concert) that does not include any member of the Sponsor Group or any of their respective Affiliates; or (iii) a merger, recapitalization or other sale of common stock by EFH, any member of the Sponsor Group or their Affiliates, after which the Sponsor Group owns less than 20% of the common stock of, and has the ability to appoint less than a majority of the directors to the board of directors of, EFH (or any resulting company after a merger); and with respect to any of the events described in clauses (i) and (ii) above, such event results in any person (or group of persons acting in concert) gaining control of more seats on the board of directors of EFH than the Sponsor Group; provided, however, that notwithstanding the

foregoing, (x) clause (i) above shall be deemed not to include any reference to EFH, and clauses (ii) and (iii) shall not apply, in each case, for the purposes of interpreting the termination or applicability of any puts, calls or release from transfer restrictions upon Transfers of Units or equity units of Oncor Holdings, (y) clause (i) above shall be deemed not to include any reference to Oncor Holdings for the purposes of interpreting the termination or applicability of any puts, calls or release from transfer restrictions upon Transfers of Units and (z) clause (i) above shall be deemed not to include any reference to the Company for the purposes of interpreting the termination or applicability of any puts, calls or release from transfer restrictions upon Transfers of equity units of Oncor Holdings.

"Closing Date" means October 10, 2007.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Committee" means the Organization and Compensation Committee of the Oncor Board, any other committee of the Oncor Board specified by the Oncor Board as the "Committee" hereunder, or, if no such committee is appointed, the Oncor Board.

"Competing Business" means any business that directly or indirectly competes, at the relevant determination date, with one or more of the businesses of EFH, the Company, an IPO Vehicle or their Subsidiaries in any geographic area where EFH, the Company, an IPO Vehicle or their respective Subsidiaries operates.

"Confidential Information" means all non-public information concerning trade secret, know-how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media, including any of the foregoing relating to research, operations, finances, current and proposed products and services, customers, advertising and marketing, and other non-public, proprietary, and confidential information of the Restricted Group, excluding any such non-public information that (i) is required by court or administrative order to be disclosed or (ii) becomes generally available to the public other than as a result of a disclosure or failure to safeguard in violation of Section 6.

"Disability" means "Disability" as such term is defined in any employment agreement between the Participant and the Company or any of its Subsidiaries, or, if there is no such employment agreement, "Disability" as defined in the then current long-term disability plan of EFH.

"Drag Transaction" means "Drag Transaction" as such term is defined in the Sale Participation Agreement.

"EFH Common Stock" means shares of common stock, no par value, of EFH.

"EFH Drag Transaction" means "EFH Drag Transaction" as such term is defined in the Management Stockholder's Agreement.

"EFH Management Stockholder" means an individual Senior Leadership Team management stockholder who is party to a management stockholder's agreement with EFH and Texas Energy Future Holdings Limited Partnership.

"EFH Realization Event" means any transaction or completion of a series of transactions that results, directly or indirectly, in (1) the EFH Management Stockholders being entitled to realize in respect of their EFH Common Stock, cash and/or publicly traded securities after the Oncor Closing Date, but excluding any ordinary course repurchases of EFH Common Stock from any particular EFH Management Stockholder(s) or (2) EFH realizing in respect of its Units, cash and/or publicly traded securities (including Units held by EFH, if then publicly traded and freely marketable securities) after the Oncor Closing Date, but excluding any sale of Units to any director, Employee or other Person having a relationship with the Company or any other Service Provider.

“Employee” means a person, including an officer, in the regular employment of the Company or any other Service Recipient who, in the opinion of the Committee, is, or is expected to have involvement in the management, growth or protection of some part or all of the business of the Company or any other Service Recipient.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, with respect to a Participant, the fair market value of a corresponding number of Units (or any successor common equity of an IPO Vehicle) on the date of determination as calculated pursuant to the following provisions: (i) if there is a public market for Units (or any successor common equity of an IPO Vehicle) on such date, the average of the high and low closing bid prices of Units (or any successor common equity of an IPO Vehicle), as applicable, on such stock exchange on which the shares are principally trading on the date in question, or, if there were no sales on such date, on the closest preceding date on which there were sales of shares or, (ii) if there is no public market for the Units (or any successor common equity of an IPO Vehicle), on a per share basis, the Fair Market Value of the Units (or any successor entity of an IPO Vehicle), as applicable, on any given date, as determined reasonably and in good faith by the Oncor Board, which shall not take into account any minority interest discount and shall not take into account a discount for illiquidity of Units (or any successor common equity of an IPO Vehicle) or SARs, as applicable, in excess of any illiquidity discount applicable to Units (or any successor common equity of an IPO Vehicle), generally.

“Fiscal Year” means each of the 2008, 2009, 2010, 2011, 2012, 2013 and 2014 fiscal years of the Company.

“Good Reason” means such term may be defined in any employment agreement or change-in-control agreement in effect at the time of termination of employment between the Participant and the Company or any of its Subsidiaries or Affiliates, or, if there is no such employment or change-in-control agreement, “Good Reason” means, with respect to a Participant: (i) a reduction in the Participant’s base salary or the Participant’s annual incentive compensation opportunity (other than a general reduction in base salary or annual incentive compensation opportunities that affects all salaried employees of the Company equally); (ii) a transfer of the Participant’s primary workplace by more than thirty-five (35) miles from the current workplace; (iii) a substantial and sustained adverse change in the Participant’s duties and responsibilities; or (iv) a material breach by the Company of this Agreement; provided, however, that any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith and is cured within ten (10) business days after the Participant gives the Company written notice of any such event set forth above, shall not constitute Good Reason.

“Group” means, “group” as such term is used for purposes of Sections 13(d) or 14(d) of the Exchange Act.

“IPO Vehicle” means an Affiliate of the Company (the material assets of which consist only of its direct or indirect interest in the Company, or the assets of the Company) used for the purposes of effecting a Public Offering (as defined in the Management Stockholder’s Agreement) of the vehicle holding the assets of the Company.

“Liquidity Event” means the first to occur of any transaction or completion of a series of transactions that results, directly or indirectly (including indirectly in an Indirect Valuation Event), in EFH realizing in respect of its Units, cash and/or publicly traded securities (including Units held by EFH, if then publicly traded and freely marketable securities) having a market value that at least equals the Oncor Return or the Oncor IRR, provided that if more than 25% of the aggregate amount realized is

in the form of publicly traded securities, no portion of such excess may be taken into account in determining the Oncor Return or Oncor IRR until such securities are sold for cash in accordance with the terms of the Plan. An “Indirect Valuation Event”, for purposes of this definition, means transactions pursuant to which the Sponsor Group realizes return in respect of their shares of EFH common stock, in which case “Liquidity Event” shall be determined based upon consideration so realized that is indirectly attributable to the Units held by EFH, as determined in good faith by the Committee.

“Management Stockholder’s Agreement” means that certain Management Stockholder’s Agreement between the Participant, the Company and Oncor Management Investment LLC.

“Management Unit” means such term as defined in the Management Stockholder’s Agreement.

“Marketable Securities” means (i) prior to a public offering, the equity securities of any acquiring entity that gains control of EFH or (ii) the registered EFH Common Stock following a public offering.

“Measurement Date” means any date upon which a Liquidity Event occurs.

“Oncor Board” means the Board of Directors of the Company.

“Oncor Closing Date” means the closing date of the minority sale of outstanding membership interests in the Company to Texas Transmission Investment LLC pursuant to the Contribution and Subscription Agreement, dated as of August 12, 2008.

“Oncor Drag Transaction” means “Oncor Drag Transaction” as such term is defined in the Management Stockholder’s Agreement.

“Oncor IRR” means an amount equal to a pretax compounded annual internal rate of return of at least 12% on the approximately \$7.5 billion value of the equity in Oncor Holdings held by EFH on the Closing Date. For the avoidance of doubt, any calculation of Oncor IRR will take into account cash dividends or other cash distributions paid on such equity in Oncor Holdings, as well as the value of equity if and when it becomes publicly traded.

“Oncor Return” means on any given date, an amount equal to the product of 2.0 (2.5 in respect of Fiscal Years 2016 and 2017) times the approximately \$7.5 billion value of the equity in Oncor Holdings held by EFH on the Closing Date. For the avoidance of doubt, any calculation of Oncor Return will take into account cash dividends or other cash distributions paid on such equity in Oncor Holdings, as well as the value of equity if and when it becomes publicly traded.

“Participant” means any individual designated in Section 4 as being eligible for an Award, and selected by the Committee, to receive an Award under the Plan.

“Person” means “person,” as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

“Plan Account” means a notional account maintained by the Company for each Participant for purposes of determining amounts that will be payable to such Participant.

“Qualified Public Offering” means a firm underwritten public offering of Units (or any successor common equity of an IPO Vehicle) (as applicable, the “Subject Stock”) (or series of related offerings) pursuant to an effective registration statement under the Act (other than a registration statement on Form S-4 or S-8 or any other similar form) pursuant to which at least 25% of the outstanding Subject Stock are or have been sold to the public.

“Qualifying Termination” means a termination of a Participant’s employment by the Company or any Service Recipient without Cause or by the Participant with Good Reason.

“Restricted Group” means, collectively, EFH and any of its direct or indirect Subsidiaries, the members of the Sponsor Group and their respective Affiliates.

“Retirement” means the Participant’s retirement at age 55 or over after having been employed by EFH, the Company, an IPO Vehicle or any of their Subsidiaries for at least ten (10) consecutive years (with at least five consecutive years of employment with the Company following the Closing Date); provided that such ten (10) consecutive years may include years of service with a service provider to any of the foregoing entities so long as substantially all of the Participant’s work with such service provider related to such entity.

“Sale Participation Agreement” means that certain sale participation agreement entered into by and between the Participant and Oncor Holdings.

“Service Recipient” means the Company, any Subsidiary of the Company, or any Affiliate of the Company that satisfies the definition of “service recipient” within the meaning of Treasury Regulation Section 1.409A-1 (or any successor regulation), with respect to which the person is a “service provider” within the meaning of Treasury Regulation Section 1.409A-1 (or any successor regulation).

“Sponsor Group” means the investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., TPG Capital, L.P. and Goldman, Sachs & Co.

“Stock Appreciation Right” or “SAR” means the right to receive a cash payment (except as otherwise provided in Section 5(f)(i) hereof) equal to the increase in the Fair Market Value on the date of exercise of one Unit over the Base Price of such Unit.

“Subsidiary” means any corporation or other entity in an unbroken chain of corporations or other entities beginning with the Company if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other stock interests possessing 50% or more of the total combined voting power of all classes of stock or other stock interests in one of the other corporations or other entities in such chain.

“Unit” means equity units of the Company or any successor IPO Vehicle, which may be authorized but unissued, or issued and reacquired, and including any successor equity security.

“Unitholders” means any individual who hold Units.

SECTION 3. Administration of the Plan.

The Committee shall have the power and authority to administer, construe and interpret the Plan, to make rules for carrying it out, to make changes in such rules and to waive any terms or conditions of an Award (including without limitation, accelerating or waiving any vesting conditions). Any such interpretations, rules, and administration shall be consistent with the basic purposes of the Plan. Any action of a majority of the members of the Committee taken at a meeting, or action taken without a meeting by unanimous written consent, shall constitute action by the Committee.

The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under the Plan, subject to applicable law and such conditions and limitations as the Committee shall prescribe, except that only the Committee may designate and make Awards to Participants.

The Committee may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company, and the officers and directors of the Company shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee, nor employee or representative of the Company shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Awards, and all such members of the Committee, employees and representatives shall be fully protected and indemnified to the greatest extent permitted by applicable law by the Company with respect to any such action, determination or interpretation.

SECTION 4. Eligibility. The Committee may from time to time make Awards under the Plan to such Employees, or other persons having a relationship with Company or any other Service Recipient, and in such form and having such terms, conditions and limitations as the Committee may determine.

SECTION 5. Awards.

(a) **Grant and Form of Awards.** From time to time, prior to the termination of this Plan pursuant to Section 11, the Committee may make Awards to Participants under the Plan, which shall be evidenced by an Award Letter. The terms, conditions and limitations of each Award shall be set forth in the Award Letter, consistent with the terms of the Plan. A Participant may be granted multiple Awards, having different Base Prices.

(b) **Establishment of Plan Account.** The Company shall establish a Plan Account for each Participant. At the time an Award is granted to a Participant, his or her Plan Account shall be credited with a number of SARs, which number of SARs shall be determined at the discretion of the Committee at the time of grant of such Award. A Participant shall not be vested in any Award by reason of having SARs credited to his or her Plan Account unless the vesting conditions as set forth in Section 5(c) of this Plan and vesting conditions set forth in the Participant's Award Letter are deemed satisfied by the Committee.

(c) **Vesting and Exercisability.**

(i) Unless otherwise set forth in the Award Letter, so long as the Participant continues to be employed by the Company or any other Service Recipients, the SARs shall become vested (but not exercisable) pursuant to the following schedules:

- A. **Time SARs.** The time-vesting SARs ("**Time SARs**") shall become vested with respect to 20% of the Units subject to such SARs on each of the first five anniversaries of the Closing Date.
- B. **Performance SARs.** The performance-vesting SARs ("**Performance SARs**") shall be eligible to become vested as to 20% of the Units subject to such SARs at the end of each of the five Fiscal Years if the Company, on a consolidated basis, achieves its annual EBITDA targets as set forth in Appendix A attached hereto (each an "**EBITDA Target**") for the given Fiscal Year. Notwithstanding the foregoing, in the event that an EBITDA Target is not achieved in a particular Fiscal Year, then that portion of the Performance SARs that were eligible to vest but failed to vest due to the Company's failure to achieve its EBITDA Target shall nevertheless vest at the end of either of the two immediately subsequent Fiscal Years if the applicable two- or three-year

cumulative EBITDA Target (each a "Cumulative EBITDA Target") set forth on Appendix A attached hereto is achieved on a cumulative basis for the particular Fiscal Year in question and either the one or two immediately subsequent Fiscal Years; provided that, in the event that an EBITDA Target is not achieved in either of Fiscal Years 2011 or 2012, then that portion of the Performance SARs that were eligible to vest but failed to vest due to the Company's failure to achieve its EBITDA Target or the applicable Cumulative EBITDA Target shall nevertheless vest at the end of either of the two immediately subsequent Fiscal Years of the Company *if* the budgeted EBITDA Target set by the Oncor Board or the Committee in respect of such Fiscal Year of the Company is achieved and the excess over such budgeted amount is sufficient to satisfy the shortfall from Fiscal Year 2011 or 2012.

(ii) All vested SARs shall become exercisable pursuant to Sections 5(c)(ii)(A) through (D) below (but only to the extent not previously terminated pursuant to Section 5(e))

- A. Unless otherwise provided in an Award Letter, upon the occurrence of a Qualifying Termination following the occurrence of a Change in Control, any unvested Time SARs shall immediately vest and the vested Time SARs shall become immediately exercisable as to 100% of the Units subject to such SARs immediately prior to the Change in Control.
- B. Unless otherwise provided in an Award Letter, upon the occurrence of an EFH Realization Event, subject to the Participant's employment on the date of the event, the vested Time SARs and the vested Performance SARs shall become immediately exercisable as to the Units subject to such vested SARs immediately prior to the EFH Realization Event in connection with such EFH Realization Event in the same proportion as, as applicable, (1) the EFH Management Stockholders are entitled in such EFH Realization Event to realize liquidity in respect of their EFH Common Stock held on the Oncor Closing Date or (2) EFH realizes liquidity in such EFH Realization Event in respect of the equity in Oncor Holdings held by EFH on the Oncor Closing Date, in each case unless the Committee shall determine otherwise.
- C. Unless otherwise provided in an Award Letter, upon the occurrence of each Liquidity Event, subject to the Participant's employment on the date of the event, any unvested Performance SARs shall immediately vest and the Performance SARs shall become immediately exercisable as to 100% of the Units subject to such Performance SARs immediately prior to such Liquidity Event. If immediate exercisability as to 100% of the Units subject to the Performance SARs pursuant to the preceding sentence would cause the Oncor IRR and Oncor Return not to be achieved, "100%" in the preceding sentence shall be replaced with the maximum percentage so that either the Oncor IRR or Oncor Return is achieved. Such percentage exercisability shall be tested and applied iteratively upon each successive Liquidity Event. After giving effect to the immediate vesting of Performance SARs pursuant to this Section 5(c)(ii)(C), if the Participant is entitled to exercise more Performance SARs pursuant to Section 5(c)(ii)(B) than pursuant to this Section 5(c)(ii)(C), then Section 5(c)(ii)(B) shall apply to such Participant's right to exercise vested Performance SARs.
- D. Notwithstanding anything herein to the contrary, and unless otherwise provided in an Award Letter, upon the occurrence of a Qualifying Termination, a Participant's Retirement or a Participant's termination without Good Reason, in

each case prior to the exercisability of the then vested SARs, the Participant's vested SARs as of the Participant's date of termination shall remain outstanding and shall become exercisable as follows (x) with respect to (i) vested Time SARs, upon a Change in Control, then 100% of the Units subject to such vested Time SARs shall become exercisable and (ii) with respect to vested Time SARs and vested Performance SARs, upon an EFH Realization Event, then a percentage of the Units subject to such vested SARs shall become exercisable in the same proportion as, as applicable (1) the EFH Management Stockholders are entitled in such EFH Realization Event to realize liquidity in respect of their EFH Common Stock held on the Oncor Closing Date or (2) EFH realizes liquidity in such EFH Realization Event in respect of the equity in Oncor Holdings held by EFH on the Oncor Closing Date, in each case unless the Committee shall determine otherwise and (y) with respect to vested Performance SARs, then 100% of the Units subject to such vested Performance SARs upon the occurrence of a Liquidity Event (provided, if immediate exercisability as to 100% of the Units subject to the Performance SARs pursuant to subclause (y) would cause the Oncor IRR and Oncor Return not to be achieved, "100%" in subclause (y) shall be replaced with the maximum percentage so that either the Oncor IRR or Oncor Return is achieved; provided further, if the Participant is entitled to exercise more Performance SARs pursuant to Section 5(c)(ii)(D)(x)(ii) than pursuant to this subclause (y), then Section 5(c)(ii)(D)(x)(ii) shall apply to such Participant's right to exercise vested Performance SARs). Such percentage exercisability in subclause (y) shall be tested and applied iteratively upon each successive Liquidity Event.

(iii) In the event that the Sponsor Group receives Marketable Securities in an event constituting a Measurement Date (including, following a public offering, shares of EFH Common Stock) in excess of more than 25% of the aggregate amount realized in such event, (1) Oncor IRR and Oncor Return shall be initially calculated at the time of the Measurement Date without regard to the value of such Marketable Securities so received and such resulting Oncor Return and Oncor IRR shall be used to determine vesting of Units subject to Performance SARs in accordance with Section 5(c)(ii)(C) above; and (2) if the Oncor Return and/or Oncor IRR as calculated in (1) above do not result in 100% vesting of the outstanding exercisable Units subject to such SARs immediately prior to the Measurement Date, Oncor Return and Oncor IRR shall be recalculated upon each direct or indirect disposition of such Marketable Securities by the Sponsor Group for cash, discounting the cash received to determine its present value at the time of the Measurement Date. If such recalculated Oncor IRR and/or Oncor Return would have resulted in 100% vesting of all Units subject to Performance SARs at the time of the Measurement Date, then all such SARs shall immediately vest; provided, however, that any Participant whose employment terminated without Cause or for Good Reason, such Participant's Performance SARs having been forfeited or cancelled between the Measurement Date and the subsequent vesting of such Performance SARs, in accordance with this Section 5(c)(iii), shall be entitled to the difference between the price per Unit paid on the Measurement Date and the Base Price of the performance-vesting SARs that were so cancelled or forfeited.

(iv) Notwithstanding the foregoing, the Board or the Committee reserves the right to accelerate vesting and exercisability of a Participant's award under this Plan.

(v) Any Participant who holds SARs shall have the right to have credited to a bookkeeping account of the Company an amount to reflect any cash dividends that are paid in respect of Units held by Unitholders, as if the Participant had actually been issued Units, rather than SARs, on the date the SARs were granted. Such amounts shall be distributed on the earliest to occur of death, disability, separation from service, unforeseeable emergency or a change in control, in each case as defined in the final regulations under Section 409A issued by the Internal Revenue Service ("Section 409A of the Code") (a "Permissible Payment Event"). Amounts shall be credited under this paragraph only to the extent such cash dividends are declared during the period beginning on the date the SARs are granted and ending on the Permissible Payment Event or, if earlier, the date the Participant exercised the SARs.

(d)Exercise of SARs.

(i)Person Eligible to Exercise. During the lifetime of the Participant, only the Participant (or his or her duly authorized legal representative) may exercise the SARs or any portion thereof. After the death of the Participant, any exercisable portion of the SARs may, prior to the time when the SARs become unexercisable under Section 5(e) below, be exercised by his personal representative or by any person empowered to do so under the Participant's will or under the then applicable laws of descent and distribution.

(ii)Partial Exercise. Any exercisable portion of the SARs, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the SARs or portion thereof becomes unexercisable under Section 5(e) below.

(iii)Manner of Exercise. The SARs, or any exercisable portion thereof, may be exercised solely by delivering to the office of the Corporate Secretary all of the following prior to the time when the SARs or such portion becomes unexercisable under Section 5(e) below:

- A. Notice in writing signed by the Participant or the other person then entitled to exercise the SARs or portion thereof, stating that the SARs or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee;
- B. In the event the SARs or portion thereof shall be exercised pursuant to Section 5(d)(i) by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the SARs.

(e)Effect of Termination. Except as otherwise provided in Section 5 or 6 of the Management Stockholder's Agreement, the Participant may not exercise the vested SARs to any extent after the first to occur of the following events:

- (i) The tenth anniversary of the date of grant;
- (ii) The later of (x) the first anniversary of the date of the Participant's termination of employment with the Company and all Service Recipients and (y) ninety (90) days after the date such vested SARs become exercisable, if the Participant's employment is terminated by reason of death or Disability;
- (iii) Immediately upon the date of a Participant's termination of employment by the Company and all Service Recipients for Cause;
- (iv) Thirty (30) days after the later of (x) the date such vested SARs become exercisable and (y) date of a Participant's resignation from employment with the Company and all Service Recipients without Good Reason (except due to death or Disability);
- (v) One hundred and eighty (180) days after the date of: (A) a Participant's resignation from employment with the Company and all Service Recipients for Good Reason; (B) a Participant's Retirement; or (C) a Participant's termination of employment by the Company and all Service Recipients without Cause (for any reason other than death or Disability as set forth in Section 5(e)(ii)); provided, however, in the event a Participant's resignation from employment with the Company and all Service Recipients for Good Reason, a Participant's Retirement or a Participant's termination of employment by the Company and all Service Recipients without Cause (for any reason other than death or Disability as set forth in Sections 5(e)(ii)) prior to the exercisability of the then vested SARs, ninety (90) days after the date the vested SARs become exercisable in accordance with Section 5(c)(ii)(D) hereof.

(vi) Immediately upon the date of a Participant's breach of the provisions Section 6(a)(ii) hereof; or

(vii) At the discretion of the Company, if the Committee so determines, pursuant to Section 7 hereof.

Notwithstanding the foregoing, the time periods set forth in this Section 5(e) shall not begin to run with respect to Performance SARs that vest in accordance with Section 5(c)(ii) above until the time at which the Oncor Board certifies the financial statements for the Company for the Fiscal Year immediately preceding the Fiscal Year in which, or for the Fiscal Year in which, termination of employment occurs; provided, however, that the Oncor Board, in its sole discretion, may extend the period set forth in Section 5(e)(i) above in accordance with Section 9(b) herein.

(f) Calculation of Payment of Awards: Form of Payment.

(i) Any Award not previously forfeited shall entitle the Participant, upon the valid exercise of the Award in respect of exercisable SARs, to receive a cash payment equal to the product of (A) the difference between the Fair Market Value of one equity unit of the Company on the date of the event giving rise to the payment minus the Base Price, and (B) the number of SARs exercised by the Participant; provided, however, that upon the initial public offering ("IPO") of Units or a successor IPO vehicle, at the election of the Oncor Board, SARs shall be payable solely in Units, cash, or a combination thereof, having a Fair Market Value equivalent to the number of SARs held by such Participant and calculated herein.

(ii) Payment of any SARs will be made no later than thirty (30) days following the date of exercise.

SECTION 6. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of the Company entering into the terms of this Plan with the Participant and hereby promising and committing itself to provide Participant with Confidential Information and/or specialized training after Participant executes this Agreement, unless there exists any covenant that pertains to the same subject matter as set forth in this Section 6 in any employment agreement or change-in-control agreement in effect at the time of termination of employment between Participant and the Company or any other Service Recipient, in which case such covenants shall supersede the covenants contained in this Section 6; then Participant shall be subject to the covenants contained in this Section 6. Subject to the preceding sentence, Participant shall not, directly or indirectly:

(i) at any time during or after Participant's employment with the Company, Oncor Holdings or any other Service Recipient, disclose any Confidential Information pertaining to the business of the Company or the Sponsor Group or any of their respective Subsidiaries or Affiliates, except when required to perform his or her duties to the Company or one of its Subsidiaries, by law or judicial process;

(ii) at any time during Participant's employment with the Company or any other Service Recipient and for a period of twelve months thereafter (the "Non-Compete Period"), directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any Competing Business in Texas or any other geographic area in which the Company, Oncor Holdings or any of their Subsidiaries operates or conducts business; or

(iii) at any time during Participant's employment with EFH, the Company an IPO Vehicle or any of their Subsidiaries and for a period of twelve months thereafter, directly or indirectly (A) solicit customers or clients of EFH, the Company, an IPO Vehicle or any of their Subsidiaries to terminate their relationship with EFH, the Company, an IPO Vehicle or any of their Subsidiaries or otherwise solicit such customers or clients to compete with any business of EFH, the Company, an IPO Vehicle or any of their Subsidiaries, or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of Participant's employment employed by EFH, the Company, an IPO Vehicle or any of their Subsidiaries.

If Participant is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Agreement shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information. Notwithstanding the foregoing, for the purposes of Section 6(a)(ii), (A) Participant may, directly or indirectly own, solely as an investment, securities of any Person engaged in the business of EFH, the Company, an IPO Vehicle or any of their Affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if Participant (I) is not a controlling person of, or a member of a group which controls, such person and (II) does not, directly or indirectly, own 5% or more of any class of securities of such Person, and (B) the Non-Compete Period shall not be triggered by any exercise of tag-along rights under the Sale Participation Agreement or Drag Transaction, EFH Drag Transaction or Oncor Drag Transaction that may occur after the Closing Date.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because Participant's services are unique and because Participant has had access to Confidential Information, the parties hereto agree that money damages will be an inadequate remedy for any breach of this Agreement (except with respect to any violation of provisions of Section 6(a)(ii)). In the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that Participant engages in activity giving rise to a breach of any of the provisions of Sections 6(a)(ii) or 6(a)(iii), Participant shall be required to pay to the Company any amounts actually paid (including any dividends) to him or her in respect of any SARs and will forfeit the cash payments not yet received, and any Units received, in respect of any SARs held by such Participant; provided further, in the event Participant engages in activity giving rise to a breach of any of the provisions of Section 6(a)(ii), the provisions of this Section 6(c) shall be the Company's sole remedy.

SECTION 7. Adjustments

In the event of any stock split, spin-off, share combination, reclassification, recapitalization, liquidation, dissolution, reorganization, merger, Change in Control, payment of a dividend (other than a cash dividend paid as part of a regular dividend program) or other similar transaction or occurrence which affects the equity securities of the Company or the value thereof, the Committee shall (i) adjust the number and kind of shares subject to the Plan and available for or covered by Awards, (ii) adjust the share prices related to outstanding Awards, and/or (iii) take such other action (including, without limitation providing for payment of a cash amount to holders of outstanding Awards), in each case as is reasonably necessary to address, on an equitable basis, the effect of the applicable corporate event on the Plan and any outstanding Awards, without adverse tax consequences under Section 409A of the Code. Any such adjustment made or action taken by the Committee, in good faith, in accordance with the preceding sentence shall be final and binding upon holders of Awards and upon the Company.

SECTION 8. Change in Control

In the event of a Change in Control: (a) if determined by the Committee under this Plan or otherwise determined by the Committee in its sole discretion, any outstanding Awards then held by Participants which are unexercisable or otherwise unvested may automatically be deemed exercisable or otherwise vested as of immediately prior to such Change in Control and (b) the Committee may, to the extent determined by the Committee to be permitted under Section 409A of the Code, but shall not be obligated to: (i) cancel such Awards for fair value (as determined in the sole discretion of the Committee), which shall equal the excess, if any, of the value of the consideration to be paid in the Change in Control transaction to holders of the same number of shares subject to such SARs (or, if no consideration is paid in any such transaction, the Fair Market Value of the shares subject to such SARs) over the aggregate Base Price of such SARs; (ii) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder, as determined by the Committee in its sole discretion; or (iii) provide that for a period of at least ten business days prior to the Change in Control, any SARs shall be exercisable as to all shares subject thereto and that upon the occurrence of the Change in Control, such SARs shall terminate and be of no further force and effect.

SECTION 9 Amendment and Termination

(a) The Committee shall have the authority to make such amendments to any terms and conditions applicable to outstanding Awards as are consistent with this Plan, provided that any amendment (i) that materially disadvantages the Participant shall not be effective, unless and until the Participant has consented thereto in writing and (ii) that disadvantages the Participant in more than a de minimis way but less than a material way shall require the consent of Participants holding a majority of the equity interests held by the Participants, except in each case as such modification is provided for or contemplated in the terms of the Award or this Plan.

(b) The Oncor Board may amend, suspend or terminate the Plan, ~~except~~ that no such action, other than an action under Section 7, 8 or 9(c) hereof, may be taken which would, without shareholder approval, decrease the price of outstanding Awards or change the requirements relating to the Committee. However, any such action (i) that materially disadvantages the Participant shall not be effective, unless and until the Participant has consented thereto in writing and (ii) that disadvantages the Participant in more than a de minimis way but less than a material way shall require the consent of Participants holding a majority of the equity interests held by the Participants, except as such modification is provided for or contemplated in the terms of the Award or this Plan.

(c) This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's termination of employment with any Service Recipient the Participant is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months and one day following the Participant's termination of employment with all Service Recipients (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment and (ii) if any other payments of money or other benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred, if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, reasonably determined by the Oncor Board in consultation with the Participant, that does not cause such an accelerated or additional tax or result in an additional cost to the Company (without any reduction in such payments or benefits ultimately paid or provided to the Participant).

SECTION 10. General Provisions.

(a)Nontransferability. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(b)No Rights to Awards. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

(c)Withholding. The Company shall have the right to deduct from any payment made under the Plan any federal, state or local income or other taxes required by law to be withheld with respect to such payment. To the extent permitted under applicable tax laws, Participants will receive a cash dividend equivalent payment sufficient to satisfy any minimum withholding taxes associated with Participant's SARs.

(d)No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate.

(e)Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Texas applicable therein.

(f)Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(g)No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h)Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 11. Term of the Plan. The Plan shall be effective on the Oncor Closing Date and shall terminate upon the later of (x) the tenth anniversary of the Oncor Closing Date or (y) such other date determined by the Oncor Board pursuant to Section 5(e) hereof, in each case, subject to earlier termination by the Oncor Board pursuant to Section 9.

**[Form of Stock Appreciation Rights Award Letter Pursuant to the
Oncor Electric Delivery Company LLC Stock Appreciation Rights Plan]**

[DATE]

[Name]
[Address]

Re: SARs Award Letter

Dear []:

Oncor Electric Delivery Company LLC (the "Company") considers it essential to continue to provide incentives for key personnel of the Company to remain employed with the Company and focused on achieving a high level of performance. In order to provide sufficient incentives to key personnel to continue to use their best efforts to perform their duties and responsibilities diligently and in the best interests of the Company and the Company's shareholders, the Company has elected to establish the Oncor Electric Delivery Company LLC Stock Appreciation Rights Plan (the "Plan"). All capitalized terms not defined in this letter are defined in the Plan.

On behalf of the Company's Board of Directors, I am pleased to inform you that you have been selected as being eligible to participate in the Plan. This letter constitutes your Award Letter under the Plan. Subject in all instances to the terms and conditions of the Plan, and if applicable, to the consummation of your investment of at least \$[] in Oncor Management Investment LLC (the "Investment"), and to your agreement to be bound by the covenants contained in paragraph 4 below, you and the Company agree to the following:

1. Award. The Company hereby grants you, effective as of the later of [DATE] and the date of your Investment, to the extent applicable, a number of Stock Appreciation Rights equal to [NUMBER], having a Base Price of \$[] per Stock Appreciation Right.

2. Vesting of Award. You will become vested in this Award in accordance with the terms of Section 5 of the Plan; provided that, in accordance with Section 5(c)(i)(A) of the Plan, twenty percent (20%) of your Time SARs will be vested as of the date hereof.

3. Calculation and Payment of Award. The amount that will be payable to you under this Award will be calculated, and any amounts payable in respect of this Award will be paid, in accordance with Section 5 of the Plan, subject to your agreement to be bound by the covenants contained in paragraph 4 of this Award Letter.

4. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit. The provisions of Section 6 of the Plan are hereby incorporated by reference into this Award Letter.

5. Miscellaneous. This Award and any payments in respect hereof will not be taken into account for purposes of determining any benefits you are eligible to receive under any benefit plan. The terms of this Award Letter may not be amended or modified other than by a written agreement executed by the parties hereto (or their respective successors). The provisions of Section 8 of the Plan are hereby incorporated by reference into this Award Letter.

If you accept this Award on the terms and conditions contained in this Award Letter, please sign below where indicated and return an executed copy of this Award Letter to [NAME] by no later than [DATE].

Very truly yours,

[NAME]
[TITLE]
On behalf of Oncor Electric Delivery Company LLC

Accepted and agreed this ____ day of _____, 20__, by

[NAME]

ONCOR ELECTRIC DELIVERY COMPANY LLC
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Successor		Predecessor			
	Year Ended December 31, 2008	Period from October 11, 2007 through December 31, 2007	Period from January 1, 2007 through October 10, 2007	Year Ended December 31,		
				2006	2005	2004
(millions of dollars, except ratios)						
EARNINGS:						
Income from continuing operations	\$ (487)	\$ 64	\$ 263	\$ 344	\$ 351	\$ 255
Add: Total federal income taxes	221	31	159	170	174	116
Fixed charges (see detail below)	326	73	251	295	281	287
Total earnings	\$ 60	\$ 168	\$ 673	\$ 809	\$ 806	\$ 658
FIXED CHARGES:						
Interest expense, excluding capitalized interest	\$ 322	\$ 72	\$ 248	\$ 292	\$ 275	\$ 283
Rentals representative of the interest factor	4	1	3	3	6	4
Total fixed charges	\$ 326	\$ 73	\$ 251	\$ 295	\$ 281	\$ 287
RATIO OF EARNINGS TO FIXED CHARGES(a)	—	2.30	2.68	2.74	2.87	2.29

(a) Fixed charges exceeded earnings by \$266 million for the year ended December 31, 2008.

ONCOR ELECTRIC DELIVERY COMPANY LLC
SUBSIDIARY LIST
Effective March 2, 2009

Oncor Electric Delivery Transition Bond Company LLC

Jurisdiction
Delaware

ONCOR ELECTRIC DELIVERY COMPANY LLC
Certificate Pursuant to Section 302
of Sarbanes – Oxley Act of 2002

I, Robert S. Shapard, certify that:

1. I have reviewed this annual report on Form 10-K of Oncor Electric Delivery Company LLC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

/s/ ROBERT S. SHAPARD

Signature: Robert S. Shapard
 Title: Chairman of the Board and Chief Executive

ONCOR ELECTRIC DELIVERY COMPANY LLC
Certificate Pursuant to Section 302
of Sarbanes – Oxley Act of 2002

I, David M. Davis, certify that:

1. I have reviewed this annual report on Form 10-K of Oncor Electric Delivery Company LLC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

/s/ DAVID M. DAVIS

Signature: David M. Davis
 Title: Vice President and Chief Financial Officer

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