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Safe Harbor Statement



This presentation contains forward looking statements, which are subject to various risks and uncertainties. Discussion of factors that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in the company's SEC filings. In addition to the factors set forth in the company's SEC filings, other factors which could affect the forward looking statements contained in this presentation include prevailing government policies on environmental, tax or accounting matters, regulatory actions, weather conditions, unanticipated population growth or decline and changes in market demand and demographic patterns, changing competition for customers including the deregulation of the U.S. electric utility industry and the entry of new competitors, pricing and transportation of crude oil, natural gas and other commodities, financial market conditions including unanticipated changes in interest rates, rates of inflation, or foreign exchange rates, unanticipated changes in operating expenses and capital expenditures, legal and administrative proceedings and settlements, inability of the various counterparties to meet their obligations with respect to financial instruments, and changes in technology used and services offered by TXU Corp.

Industry Restructure



- **Texas advantages:**
 - An ample supply of power
 - Independence from out-of-state resources
 - Continued utility ownership of power plants, although limited to prevent market power
 - Streamlined plant siting process
 - Price-to-Beat rate stability
 - Ability to hedge and sign long-term power contracts
 - Diversity in fuel resources
 - Good progress on adding transmission capacity

“I feel very comfortable that Texas will not experience what's happened in California.”

- **Sen. David Sibley**



“...we took every single mistake we saw they had made and corrected it.”

- **Rep. Steve Wolens**



“Unlike California, Texas has an ample and growing supply of power transmission lines under construction and a proposed market structure that will not allow price gouging.”

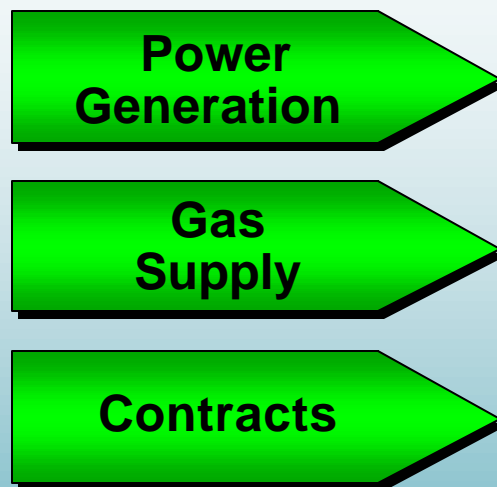
- **PUC Chairman Pat Wood**



Merchant Energy Model



Upstream



Portfolio Optimization



Downstream



Strategy: TXU will achieve excellent operations of significant scale in selected regions, which optimize a portfolio of assets, capabilities and customer relationships across multiple products and services.

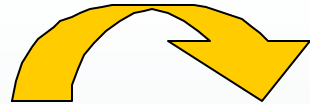
Portfolio Growth Stages



TRADING

- market information
- low risk (when properly managed)
- allows provision of risk management services

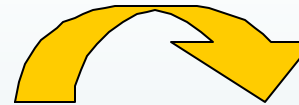
Stage
1



ACQUIRE BUSINESS INTERESTS

- market presence
- market knowledge
- experience
- buy balanced positions
- build portfolio of physical and contractual assets
- flexibility

Stage
2



CONSOLIDATE AND GROW

- optimize position in value chain
- focus on core sectors
- market knowledge
- maintain flexibility
- divest non-core assets

Stage
3

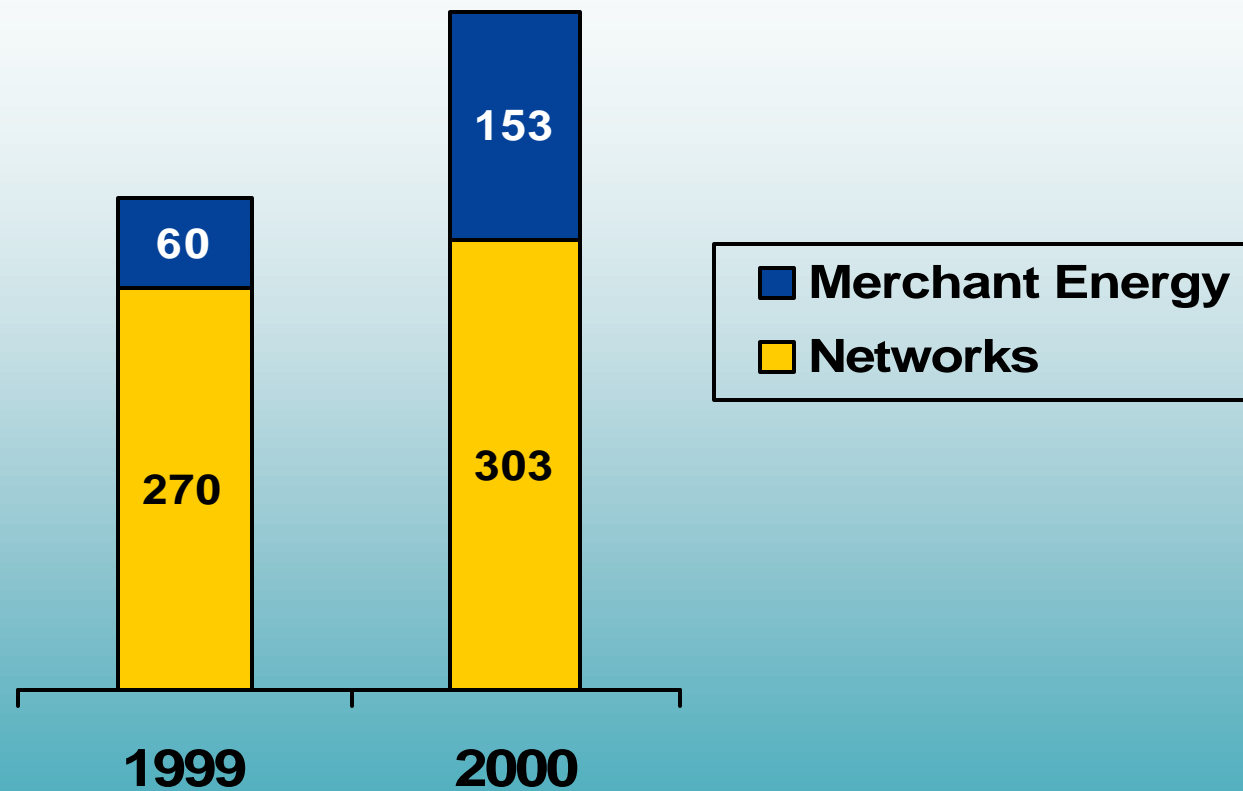


Vision and Strategies

1. Build and dynamically manage integrated energy portfolios in Texas, the Northeast and Mid-continent.
2. Be the leader in energy retailing in Texas and leverage Texas capabilities to enter new markets.
3. Operate the premier generating fleet in Texas and selected other markets.
4. Be a national leader in C&I Energy Solutions.

Australia

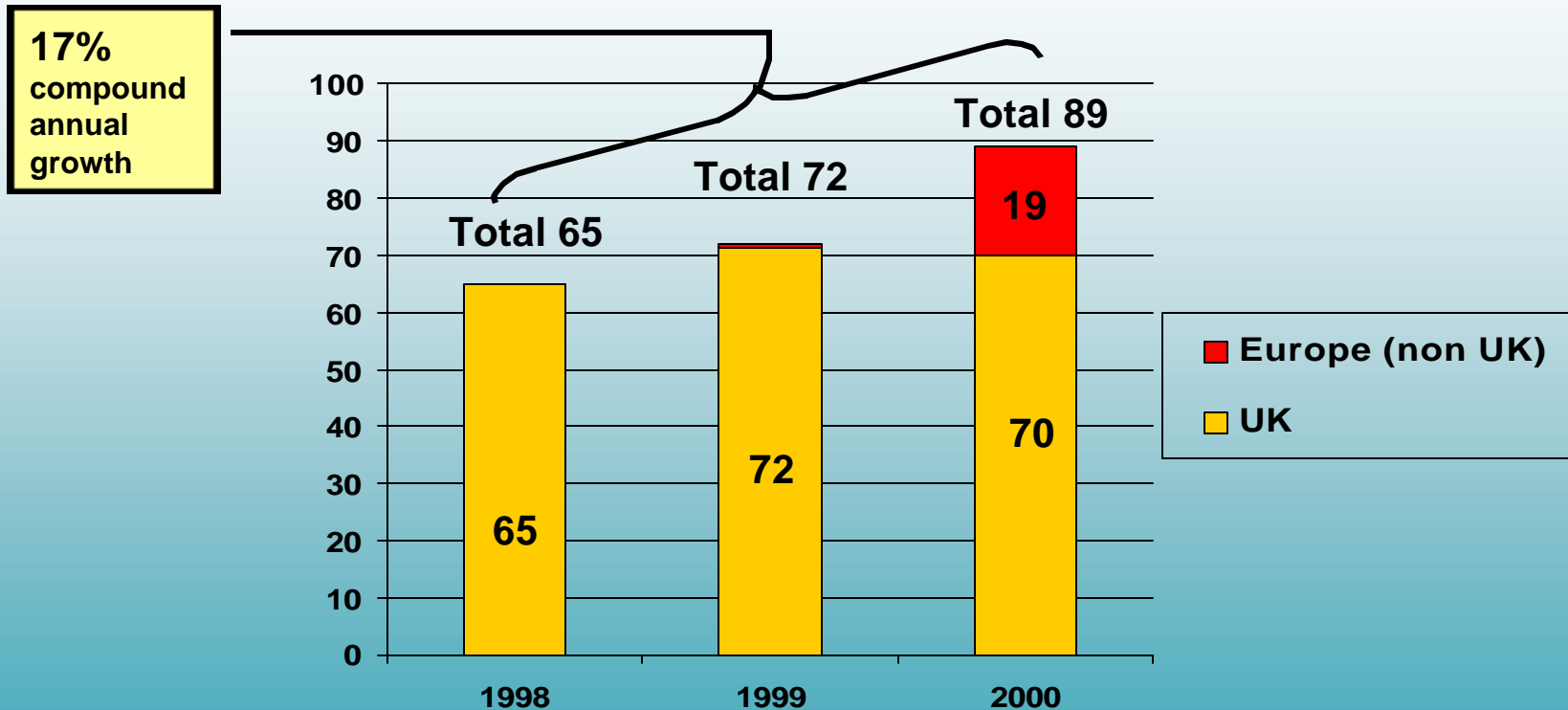
EBITDA by Business (A\$)



Europe Merchant Energy Earnings Growth



(£ m US GAAP; pre-restructuring)



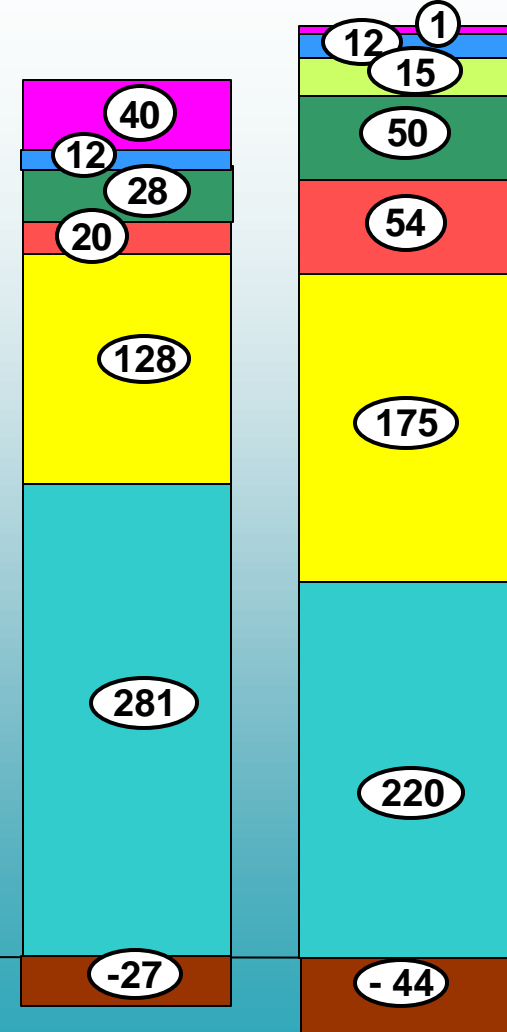
UK Energy Portfolio EBITDA Breakdown



UK Electricity

£ 482 m

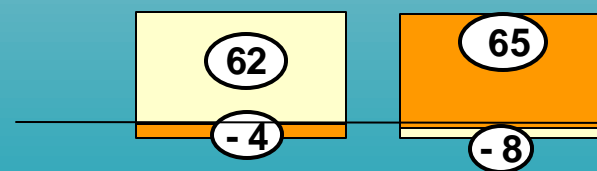
£ 483 m



UK Gas

£ 58 m

£ 57 m



1999

2000

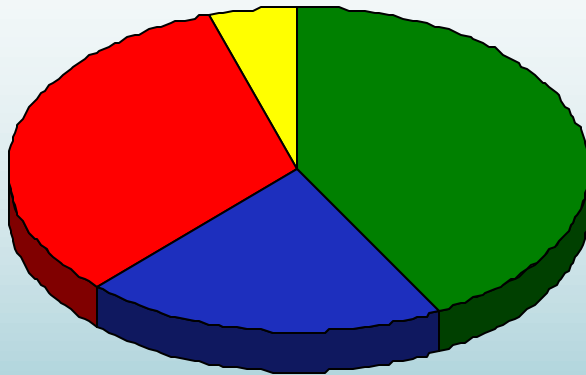
1999

2000

TXU Corp. - 2002



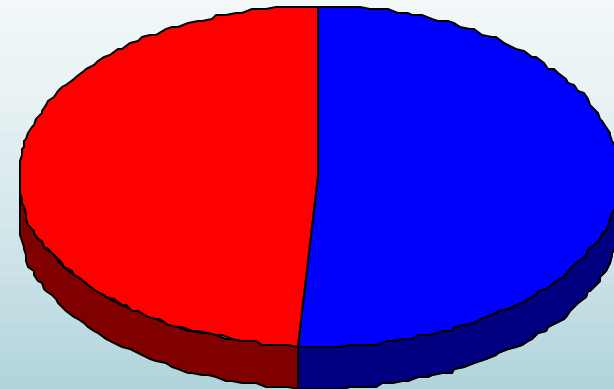
EBIT



Projected 2002

- US Electric & Gas
- US Energy
- TXU Europe
- TXU Australia

EBIT



Projected 2002

- Unregulated
- Regulated

Enhancing Shareholder Value



- **Deliver growth from existing businesses**
- **Further reduce regulatory uncertainty in Texas**
- **Strengthen balance sheet**
- **Grow unregulated merchant energy business**