



Morgan Stanley Global Electricity & Energy Conference

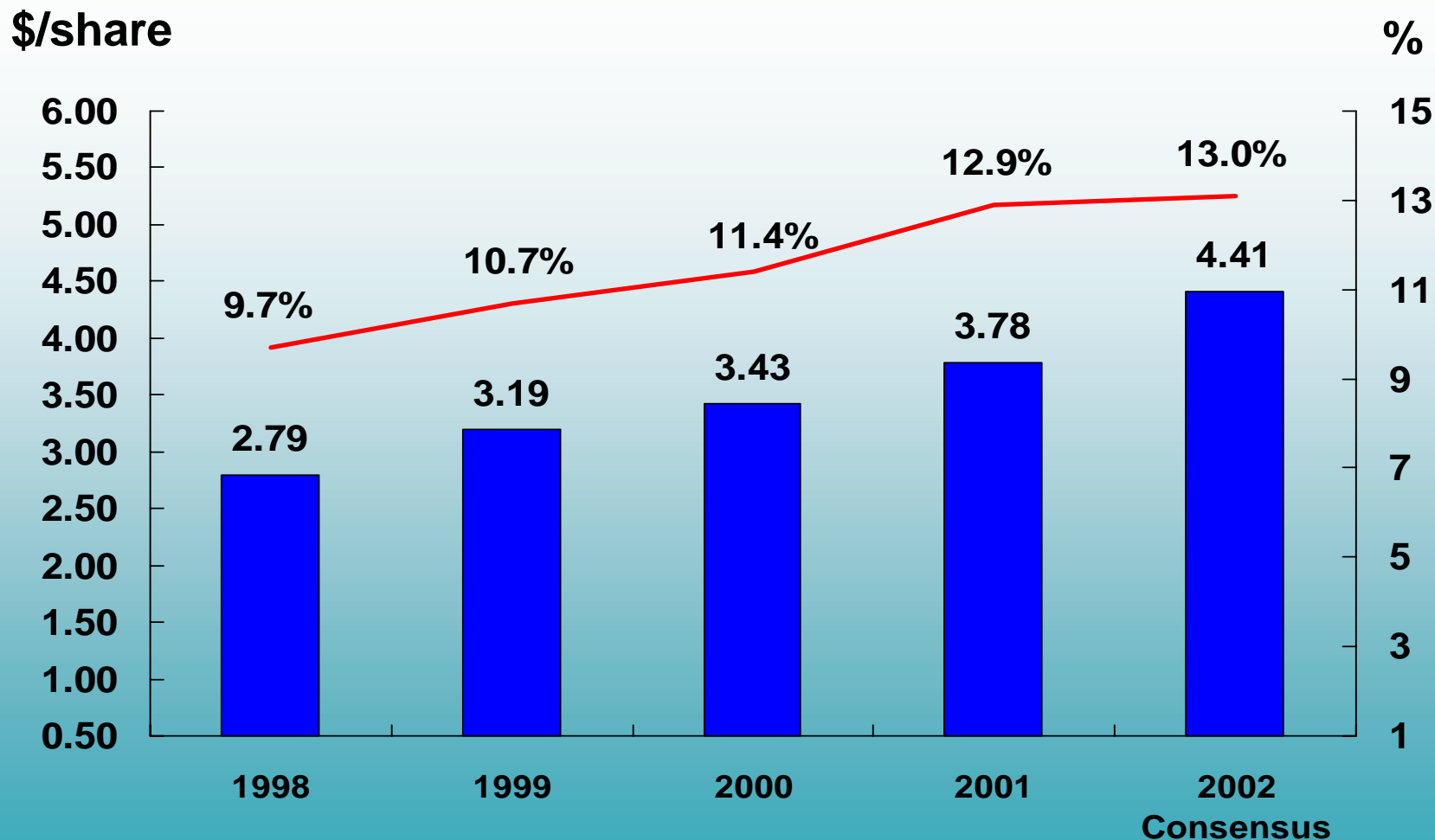
*Mike McNally, Chief Financial Officer
March 5, 2002*

Safe Harbor Statement



This presentation and other reports made by TXU Corp. contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although TXU Corp. believes that in making any such statement their expectations are based on reasonable assumptions, any such statement involves uncertainties and is qualified in its entirety by reference to factors contained in the Forward-Looking Statements section of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the TXU Corp. 2000 Form 10-K and 2001 10Q's, as well as general industry trends; implementation of the 1999 Texas electric industry restructuring legislation and other legislation; changes in business strategy or development plans; changes in, or failure or inability to comply with, governmental regulations, including, without limitation, environmental regulations; changes in tax laws; among others, that could cause the actual restructuring or other results of TXU Corp. to differ materially from those projected in such forward-looking statements.

Track Record of Financial Success



* Excludes unusual items

■ EPS* — ROE*

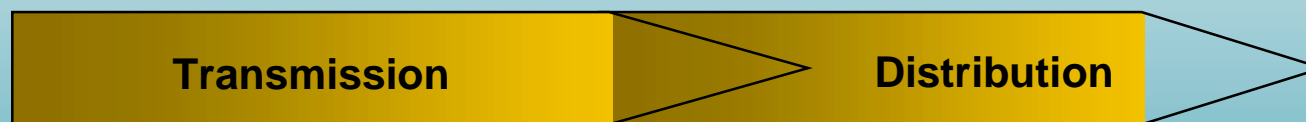
Business Model & Strategy



MERCHANT ENERGY



ENERGY DELIVERY

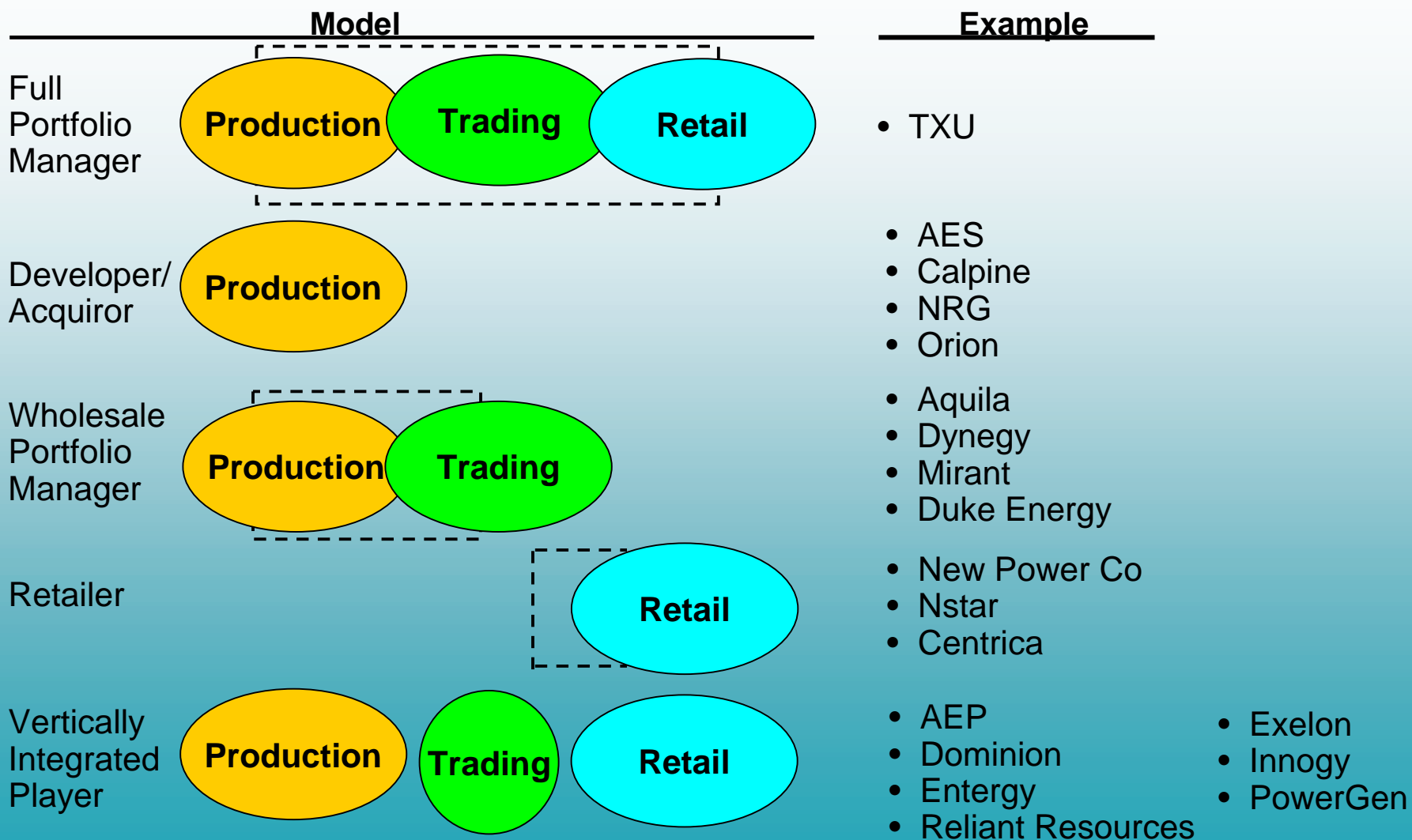


Strategy: TXU will achieve **excellent operations** of **significant scale** in **selected regions**, which **optimize a portfolio** of assets, capabilities and customer relationships across multiple products and services.

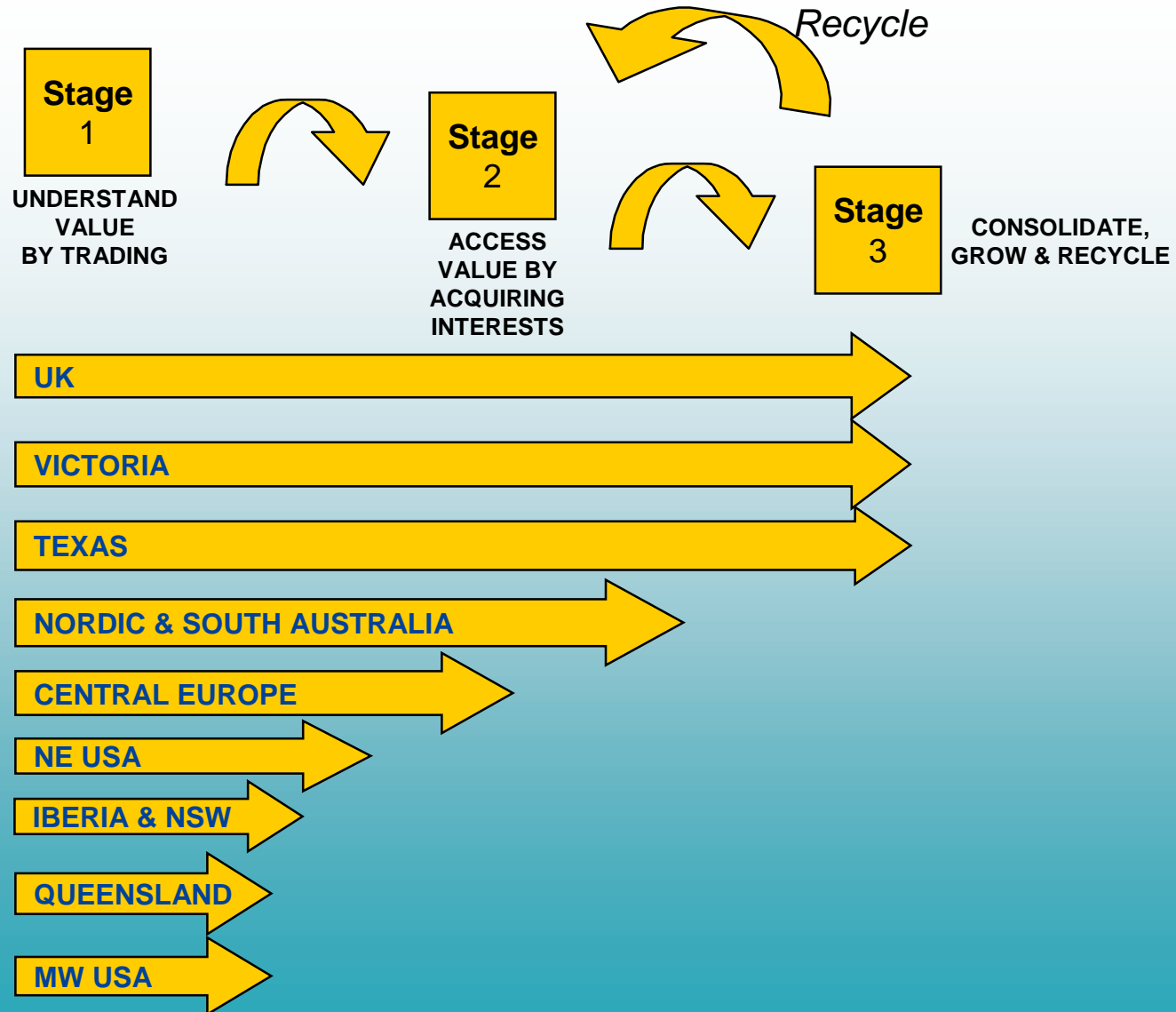
Distinctive Business Model



TXU's Approach is Differentiated from Other Merchant Companies Through its Integration of Production, Trading and Retail Activities



Disciplined Portfolio Development



Achievements



Year End Report Card

12.2% Total Return

Outperformed the S&P Electrics and the S&P 500

\$3.78 Operating EPS

Earnings per share growth of 10% over 2000

12.9% Return on Equity

Increase of 11% over 2000

55% Debt

On target to reach by mid - year

- Two great businesses created by structural separation of the merchant energy & energy delivery businesses
- Disposition of power plants in UK and US and networks in UK
- Acquired/developed talent and developed retail/wholesale capabilities required for success in competitive markets
- Successfully implemented processes and systems to manage a competitive market in ERCOT
- Successfully transitioned into the deregulated Texas electricity market
- Introduced Oncor Utility Solutions

Highlights 2001 - International



Europe

- Major transformational disposal program complete
- Underlying business performing well
- Acquisitions in Germany well integrated & growing
- UK portfolio fundamentally re-positioned & balance sheet strengthened

Australia

- Continued strong earnings & cash flow growth
- Retail competition going well (Jan 2002 electric, Oct 2002 gas)
- Electricity retail price increases of 15.5% from January 1, 2002

Highlights 2001 – North America



- **Comprehensive settlement reached in Texas**
- **Achieved successful market opening:**

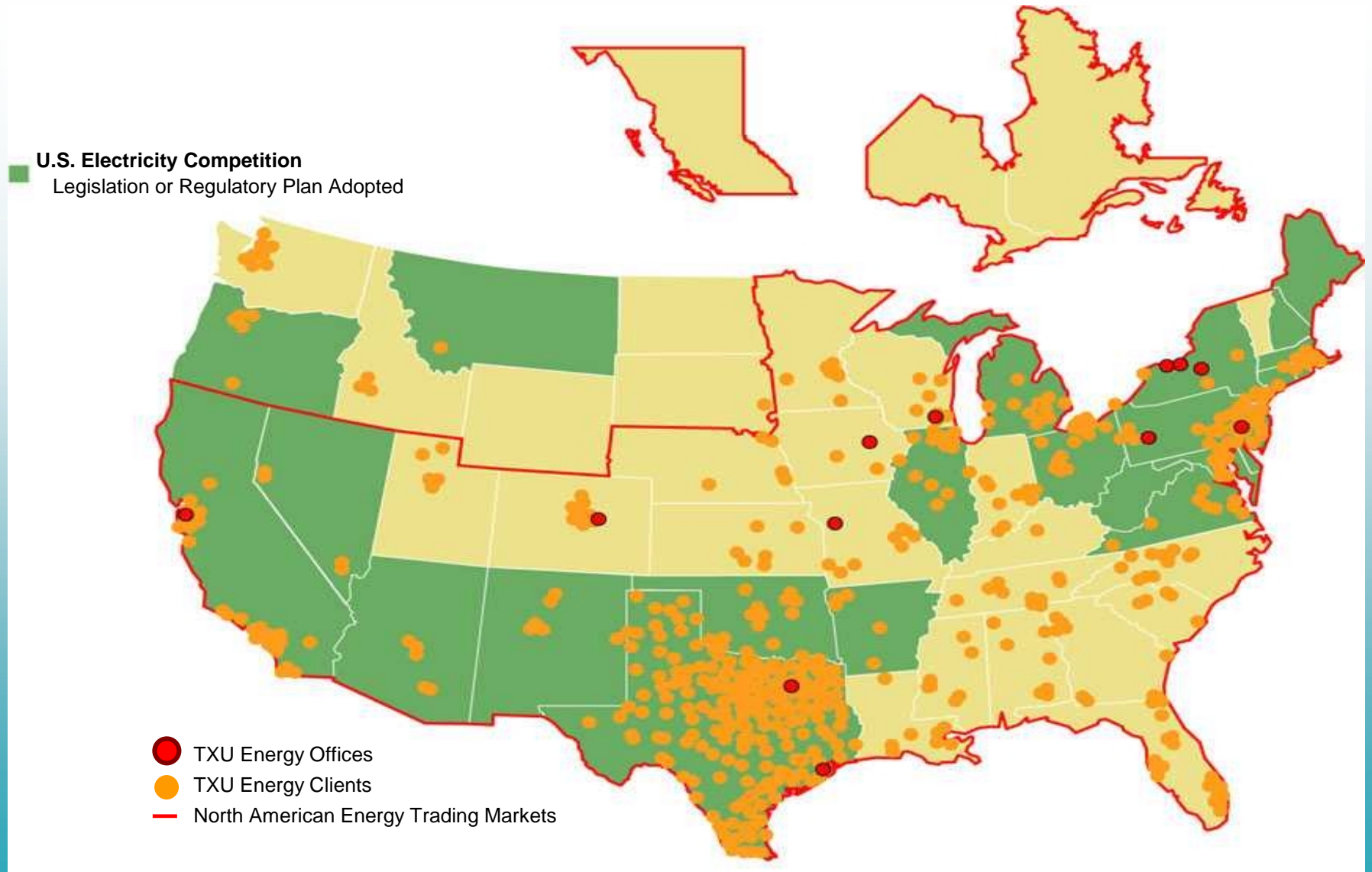
Mass Market

- **Price to beat pricing**
- **Successful retail pilot**
- **Out of territory brand awareness**
- **Unsolicited out of territory calls averaging 1,000/week...signing most**

C&I Market

- **Gross margins stronger than originally anticipated**
- **Exceeded market share goals in retention and acquisition**
- **Closed approximately 3 times as many deals as our competitors**
- **Good demand for value-added services**

North American Expansion



Priorities - 2002



International

- **Strengthen UK and Australia retail & trading position**
- **Enhance German portfolio**
- **Strengthen Nordic portfolio**

North America

- **Aggressively optimize the Portfolio Management Model in ERCOT**
- **Defend existing customer base & ensure customers enjoy the benefits of deregulation**
- **Build strong retail entries into other markets in Texas**
- **Diversify US assets outside of Texas**

Priorities – 2002 Continued

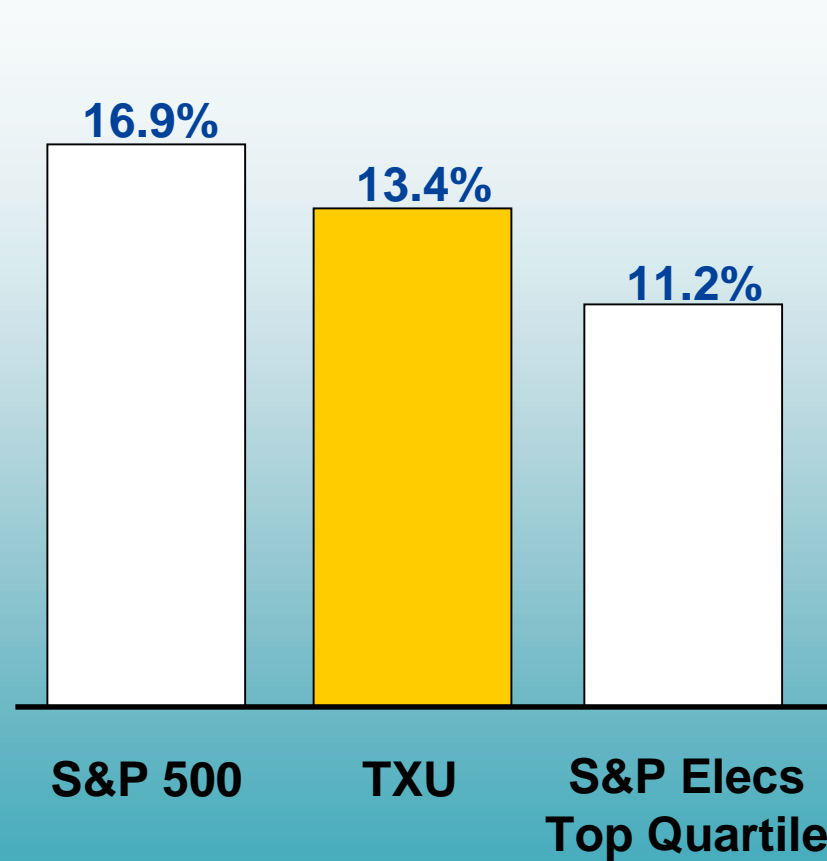


- **Enhance returns on capital**
- **Continue to deliver earnings growth**
- **Capture substantial value from global merchant energy business**
- **Continue to focus on operational efficiency**
- **Maintain strong credit profile**

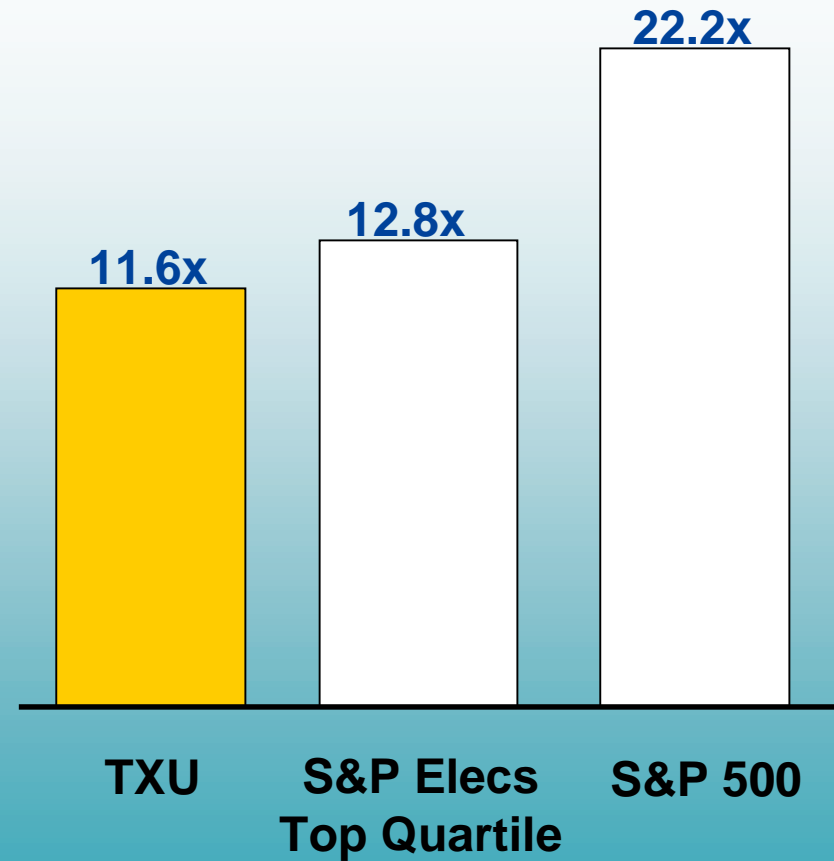
Compelling Valuation Story



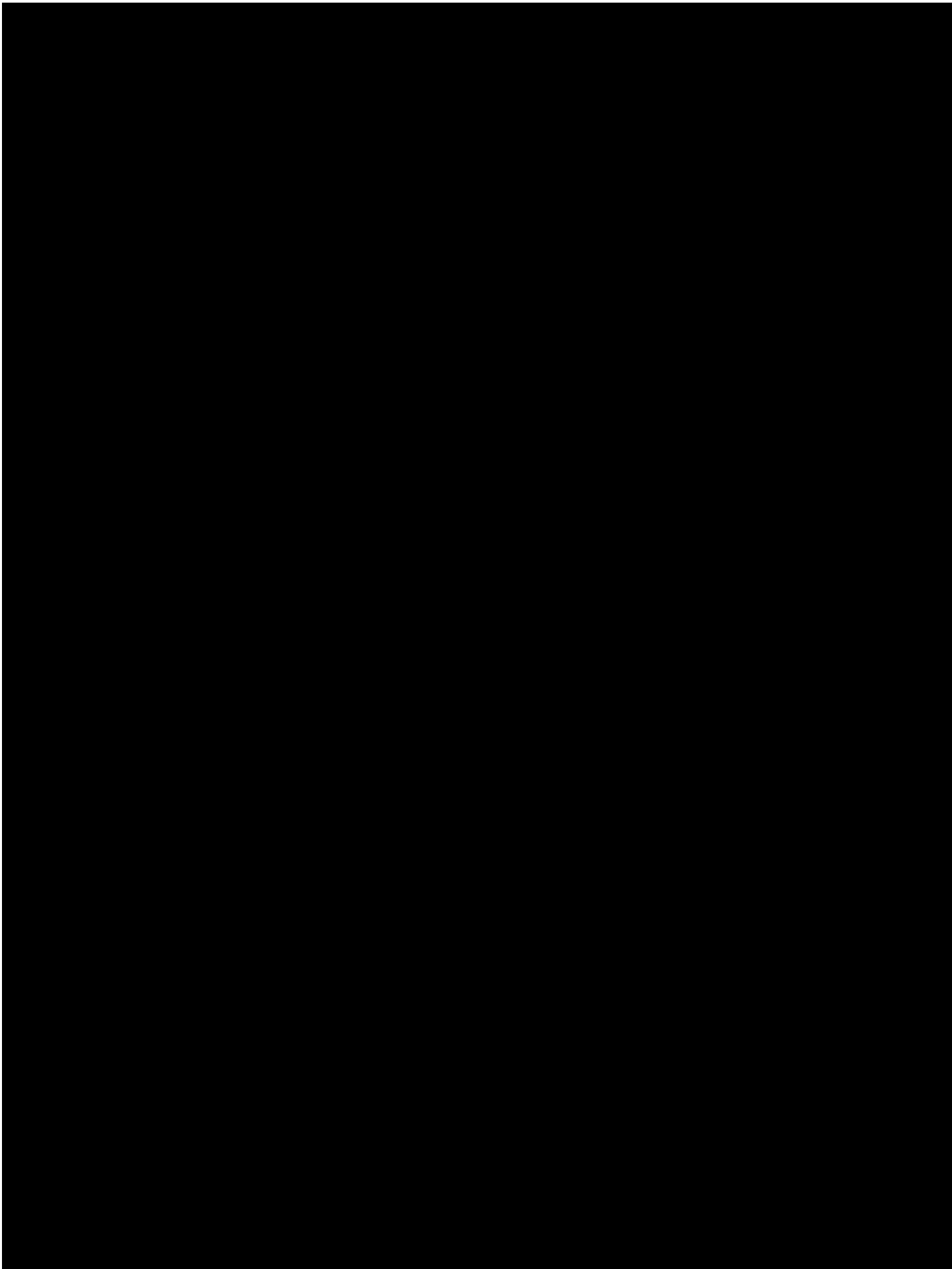
5-Year Total Return Estimates *



P/2002E *



* Source: Bloomberg and I/B/E/S as of 2/28/2002



Indicative Consolidated Net Income New Segments (\$Millions)



	<u>2001</u>	<u>2002</u>	<u>2003</u>
Merchant Energy			
N. America	\$6	\$650	\$720
Europe	311	420	465
Australia	<u>53</u>	<u>70</u>	<u>75</u>
	\$370	\$1,140	\$1,260
Energy Delivery			
N. America	873	285	295
Corp. & Other	<u>(263)</u>	<u>(245)</u>	<u>(230)</u>
Total	\$980	\$1,180	\$1,325

Indicative Consolidated Cash Flow (\$Millions)



	<u>2002</u>	<u>2003</u>
Cash from operations	\$2,300	\$2,500
Asset sales	2,300	---
Securitization	<u>500</u>	<u>---</u>
Total	\$5,100	\$2,500
Maintenance cap ex	800	700
Dividend	<u>650</u>	<u>650</u>
Available cash flow	\$3,650	\$1,150