

**FOR IMMEDIATE RELEASE**

**TXU Reports Better Than Expected First Quarter Results**

- **1Q 2003 earnings from continuing operations: \$101 million, \$0.30 per share (diluted), exceeds target of approximately \$0.20 per share**
- **1Q 2003 net income available to common stock: \$40 million, \$0.14 per share (diluted)**
- **Full year 2003 guidance for earnings from continuing operations remains at \$1.95 to \$2.05 per share with focus on further efficiency and excellence in core operations, debt reduction, and strengthening credit**
- **2Q 2003 guidance: \$0.35 per share range**

**DALLAS – May 1, 2003 –** TXU (NYSE: TXU) an energy company with over 5 million customers in North America and Australia today announced that earnings from continuing operations before cumulative effect of changes in accounting principles for the first quarter ended March 31, 2003 were \$101 million, \$0.30 per share of common stock, diluted, exceeding its planned earnings of approximately \$0.20 per diluted share. This compares to \$252 million, \$0.95 per share for the first quarter of 2002. These earnings amounts are net of \$5 million in preference stock dividends in each year.

Including discontinued operations (related to the discontinued Europe operations) and the cumulative effect of accounting changes, earnings for the first quarter of 2003 were \$40 million, \$0.14 per share of common stock, diluted, compared to \$250 million, \$0.94 per share of common stock, diluted, for the first quarter of 2002. The cumulative effect of accounting changes in the first quarter of 2003 represents an after tax charge of \$63 million associated with the rescission of Emerging Issues Task Force (EITF) Issue No. 98-10, “Accounting for Contracts Involved in Energy Trading and Risk Management Activities”, and an after tax benefit of \$5 million associated with Statement of Financial Accounting Standards No. 143 “Accounting for Asset Retirement Obligations”. EITF 98-10 had required mark-to-market accounting for certain energy-related contracts that are now accounted for on an accrual basis.

The major factors in the period-to-period comparison of earnings per share of common stock (diluted) from continuing operations include an increase in the number of common shares outstanding as a result of issuances of common stock in May, August and December 2002, an increase in diluted shares due to the issuance of subordinated notes exchangeable into common stock as announced in November 2002, increased interest expense resulting from more permanent financing and strengthened liquidity in volatile capital markets, and decreased contributions from Australia and North America Energy. The current quarter comparisons benefited from an increased contribution from North America Energy Delivery and the \$17 million after tax first quarter 2002 loss on early extinguishment of debt. Results from the segments are discussed in more detail below.

## **Selected highlights**

TXU has accomplished a number of objectives in 2003 that have reestablished financial stability and reflect the company's continued focus on existing operations, delivering on the 2003 plan, reducing costs and strengthening the balance sheet. Some of the highlights since the end of 2002 include the following.

- TXU Energy, a subsidiary of TXU, successfully issued \$1.250 billion of notes in a 144A (private placement) debt offering and refinanced/refunded an aggregate \$220 million of Pollution Control Revenue Bonds.
- TXU announced that it and its subsidiaries had repaid all cash borrowings from their North America credit facilities and that they had replaced an expiring \$1 billion 364 day unsecured credit facility and a \$150 million secured credit facility with a \$450 million unsecured credit facility, further reducing reliance on bank borrowings.
- TXU announced management changes designed to reduce costs, streamline the organization and increase focus on the operations of its core businesses in North America and Australia. The changes are part of a process of reducing officers overall by about 30 percent as part of the company's target to cut 2003 costs by a net \$250 million from 2002 levels.
- TXU Energy's request for an increase of the Price to Beat rates (applicable to residential and small business customers) due to increases in the cost of natural gas was approved by the Public Utility Commission of Texas on March 5, and the new rates were implemented on March 6.
- TXU reached a settlement with all parties who appealed a Public Utility Commission of Texas order approving a regulatory settlement plan and financing order related to the transition to competition. The settlement plan resolves all TXU proceedings related to restructuring legislation enacted by the Texas Legislature in 1999.
- TXU announced the election of Michael W. Ranger to its board of directors, replacing Charles R. Perry, who retired after serving on the boards of TXU and predecessor companies since 1978.
- The Environmental Protection Agency selected Oncor, a TXU subsidiary, as an ENERGY STAR Partner of the Year for contributing to the reduction of nearly 30 million pounds of greenhouse gas emissions. Oncor accomplished this by qualifying energy-efficient homes that earn the ENERGY STAR.
- TXU announced that consistent with its commitment to the environment, it has achieved clean air goals ahead of schedule. The goals pertain to Texas nitrogen oxide reductions.
- TXU was recognized by the Women's Business Enterprise National Council as one of America's top corporations in providing opportunities for women-owned businesses to market their products. TXU was one of eight corporations recognized for having programs that offer equal access for women-owned suppliers and having attained world-class quality in their supplier diversity programs.

Regarding the financial results, Dan Farell, chief financial officer for TXU said, "We have previously stated that phasing of earnings by quarter this year will, without the transitional issues of the prior year, reflect a company that earns most of its income from the electricity business in Texas. This solid first quarter performance is a tribute to what can be achieved when management and employees are focused on clear objectives. These results provide a good start on our initiatives of delivering on the 2003 plan, achieving major sustainable cost reductions, and aggressively defending and building on leadership positions in Texas and Australia. We are also on course to significantly strengthen the balance sheet over the next two years."

## **Results of operations**

At March 31, 2003, TXU had more than \$3.4 billion of available liquidity, including over \$1.8 billion of cash. The consolidation of the company's telecommunications partnership, Pinnacle One, increased debt by \$831 million in the quarter, which was offset by a reduction of debt of \$468 million across the rest of the corporation, resulting in an overall increase in debt of \$363 million. The consolidation of Pinnacle One began in the first quarter of 2003 as disclosed in the company's Annual Report on Form 10-K.

Cash provided by operating activities was \$926 million, an increase of \$480 million. This primarily reflects the expected federal income tax refund offsetting the decrease in results addressed above.

The North America Energy segment delivered a better than expected \$35 million of income before cumulative effect of changes in accounting principles in the first quarter of 2003, a decrease of \$152 million driven by decreased contribution margin (operating revenues less cost of energy sold and delivery fees), an increase in generation operating costs and increased interest expense, partially offset by decreased selling, general and administrative (SG&A) expenses. This segment contains the company's generation, portfolio management, and retail operations primarily in Texas. The change in contribution margin was partially driven by the absence of transitional revenues realized in the first quarter of 2002. These transitional revenue benefits in 2002 were driven by the effect of large consumers remaining on bundled regulated or "standard offer" rates, some into the second quarter of 2002 before contracting at competitive rates. Contribution margin was also affected by higher fuel and purchased power costs as a result of higher gas prices and expected decreases in large customer sales volumes, both of which were partially offset by portfolio management activities. Higher interest expense primarily reflects increased credit line fees and the issuance of exchangeable notes in November 2002 and \$1.25 billion of senior notes in a 144A offering in March 2003. Consistent with initiatives to reduce costs, SG&A costs declined by \$76 million as a result of decreased bad debt expense and reduced staff, consultant and other expenses. Significant steps will continue to be taken in North American operations with a targeted net reduction of operating costs and SG&A expenses in 2003 of \$250 million. The first quarter results also benefited from a \$16 million (after tax) gain recorded on the favorable termination of contractual positions with Enron.

The North America Energy Delivery segment provided \$110 million of net income in the first quarter of 2003, an increase of \$9 million over the first quarter of 2002. This segment includes the electric transmission and distribution assets as well as the company's natural gas pipeline and distribution business. Segment results reflect customer growth and colder weather in the North Texas area. Natural gas delivery results improved as a result of increased volumes driven by the colder weather and growth and due to improved rate structures. Electric delivery results declined slightly, primarily as a result of increased interest expense as a result of more permanent financing and reduced reliance on bank borrowings.

Net income contribution from Australia was \$27 million in the first quarter of 2003, as compared to \$51 million in the prior year period. This segment includes the company's generation, portfolio management, retail, and gas and electricity delivery operations in Australia. The change is primarily an issue of timing, as the prior year period included the effect of a gain on termination of a power contract that would have otherwise been realized over the full year had it remained in place, somewhat offset by new contracts. The current

period also benefited from continued customer growth, including large customer sales volumes, and favorable currency exchange rate movement.

### **Conference call**

TXU's quarterly earnings teleconference with financial analysts is scheduled for 9 a.m. Central (10 a.m. Eastern) today. The teleconference will be broadcast live on the TXU web site ([www.txucorp.com](http://www.txucorp.com)) in the Investor Resources section for any parties who wish to listen, and a replay will be available on the web site approximately two hours after the teleconference is completed. Consolidated and segment condensed income statements and operating and financial statistics and consolidated balance sheet and cash flow statements are also available on the web site at [www.txucorp.com](http://www.txucorp.com) in the Investor Resources section.

### **Quarterly analyst meeting**

In addition, TXU will web cast live at [www.txucorp.com](http://www.txucorp.com) its regular quarterly meeting with analysts on Thursday, May 8, 2003, at 8:30 a.m. Eastern (7:30 a.m. Central) and will have a replay available on the web site later that day.

For analysts who wish to attend the quarterly meeting in New York, NY, it will begin promptly at 8:30 a.m. in the St. Regis Roof Room on the 20<sup>th</sup> floor of the St. Regis Hotel (located at 2 East 55<sup>th</sup> Street).

TXU will also host meetings for analysts on Friday, May 9, 2003 in San Francisco, CA at 7:30 a.m. Pacific Time at the Mandarin Oriental Hotel (located at 222 Sansome Street); and in Los Angeles, CA, at 1:00 p.m. Pacific Time at the California Club (located at 538 South Flower Street).

If you plan to attend one of these analyst meetings, please RSVP to Sherri Cox at [scox2@txu.com](mailto:scox2@txu.com), 214/812-4901, or via fax at 214/812-3366. Please indicate your meeting preference.

TXU is a major energy company with operations in North America and Australia. TXU manages a diverse energy portfolio with a strategic mix of over \$32 billion of assets. TXU's distinctive business model for competitive markets integrates generation, portfolio management, and retail into one single business. The regulated electric and natural gas distribution and transmission businesses complement the competitive operations, using asset management skills developed over more than a hundred years, to provide reliable energy delivery to consumers and earnings and cash flow for stakeholders. In its primary market of Texas, TXU's portfolio includes 19,000 megawatts of generation and additional contracted capacity with a fuel mix of coal/lignite, natural gas/oil, nuclear power and wind. TXU serves five million customers in North America and Australia, including 2.7 million competitive electric customers in Texas where it is the leading energy retailer. Visit [www.txucorp.com](http://www.txucorp.com) for more information about TXU.

- END -

### **For additional information contact:**

<b>Investor Relations:</b>	David Anderson	214/812-4641	<a href="mailto:danderson@txu.com">danderson@txu.com</a>
	Tim Hogan	214/812-2756	<a href="mailto:thogan@txu.com">thogan@txu.com</a>
	Laura Conn	214/812-3127	<a href="mailto:laura.conn@txu.com">laura.conn@txu.com</a>
	Rose Blessing	214/812-2498	<a href="mailto:rblessing@txu.com">rblessing@txu.com</a>
<b>Media:</b>	Carol Peters	214/812-5924	<a href="mailto:cpeters@txu.com">cpeters@txu.com</a>
	Joan Hunter	214/812-4071	<a href="mailto:jhunter@txu.com">jhunter@txu.com</a>

**TXU Corp.**

The following table identifies the components of the contribution and change in earnings for the quarter ended March 31, 2003, by segment.

	Contribution		Change		EPS
	Net Income US\$ (Millions)	EPS	US\$ (Millions) After Tax	Per Share Impact	
<b>Three Months Ended</b>					
<b>Reported Earnings 03/31/2002</b>					<b>\$ 0.94</b>
Discontinued Operations			2	0.01	
<b>Earnings from Continuing Operations 03/31/2002</b>					<b>\$ 0.95</b>
North America Energy	35	0.09	(152)	(0.57)	
North America Energy Delivery	110	0.29	9	0.03	
Australia	27	0.07	(24)	(0.09)	
Corporate and Other	(71)	(0.19)	16	0.06	
Effect of Exchangeable Notes *	13	0.03	13	0.05	
Change in Common Shares Outstanding				(0.13)	(0.65)
<b>Dilutive Earnings from Continuing Operations 03/31/2002</b>	<b>114</b>	<b>0.30</b>	<b>(138)</b>		<b>\$ 0.30</b>
Discontinued Operations	(3)	(0.01)			(0.01)
Cumulative Effect of Accounting Changes	(58)	(0.15)			(0.15)
<b>Reported Earnings 03/31/2003</b>	<b>53</b>	<b>0.14</b>			<b>\$ 0.14</b>

\* Amount represents the interest and discount amortization associated with the TXU Energy Exchangeable Notes.

For the Periods Ended March 31, 2003

**Statements of Consolidated Income***(Unaudited)*

	Three Months Ended		
	March 31,		
	2003	2002	% Change
	<i>millions of dollars</i>		
Operating revenues.....	\$ 2,815	\$ 2,453	14.8
Costs and expenses:			
Cost of energy sold and delivery fees.....	1,387	800	73.4
Operating costs.....	429	365	17.5
Depreciation and amortization.....	227	220	3.2
Selling, general and administrative expenses.....	262	338	(22.5)
Franchise and revenue-based taxes.....	111	118	(5.9)
Other income.....	(14)	(7)	-
Other deductions.....	20	47	-
Interest income.....	(10)	(8)	25.0
Interest expense and other charges.....	254	216	17.6
Total costs and expenses.....	2,666	2,089	27.6
Income from continuing operations before income taxes and cumulative effect of changes in accounting principles.....	149	364	(59.1)
Income tax expense.....	43	107	(59.8)
Income from continuing operations before cumulative effect of changes in accounting principles.....	106	257	(58.8)
Loss from discontinued operations, net of tax benefit.....	(3)	(2)	50.0
Cumulative effect of changes in accounting principles, net of tax benefit.....	(58)	-	-
Net income.....	45	255	(82.4)
Preference stock dividends.....	5	5	-
Net income available for common stock.....	\$ 40	\$ 250	(84.0)
Average shares of common stock outstanding, basic (millions).....	321	265	21.1
Average shares of common stock outstanding, diluted (millions).....	378	265	42.6
Per share of common stock:			
Basic earnings:			
Income from continuing operations before cumulative effect of changes in accounting principles.....	\$ 0.31	\$ 0.95	(67.4)
Loss on discontinued operations, net of tax benefit.....	\$ (0.01)	\$ (0.01)	-
Cumulative effect of changes in accounting principles, net of tax benefit.....	\$ (0.17)	\$ -	-
Net income available for common stock.....	\$ 0.13	\$ 0.94	(86.2)
Diluted earnings:			
Income from continuing operations before cumulative effect of changes in accounting principles.....	\$ 0.30	\$ 0.95	(68.4)
Loss on discontinued operations, net of tax benefit.....	\$ (0.01)	\$ (0.01)	-
Cumulative effect of changes in accounting principles, net of tax benefit.....	\$ (0.15)	\$ -	-
Net income available for common stock.....	\$ 0.14	\$ 0.94	(85.1)
Dividends declared.....	\$ 0.125	\$ 0.600	(79.2)

Reference is made to the Notes to Financial Statements contained in the Annual Report on Form 10-K of TXU Corp. and Subsidiaries (TXU Corp.) and all Quarterly Reports to the Securities and Exchange Commission on Form 10-Q. This financial statement is furnished in response to request for information concerning TXU Corp. and not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

## TXU CORP. AND SUBSIDIARIES

### Condensed Statements of Consolidated Cash Flows

(Unaudited)

	Three Months Ended March 31,	
	2003	2002
	<i>millions of dollars</i>	
Cash flows - operating activities		
Income from continuing operations before cumulative effect of changes in accounting principles . . . . .	\$ 106	\$ 257
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization . . . . .	246	251
Deferred income taxes and investment tax credits -- net . . . . .	-	(19)
Gains from sale of assets . . . . .	(6)	-
Net unrealized loss from mark-to-market valuations of commodity contracts . . . . .	27	119
Net loss associated with unconsolidated affiliates and joint ventures . . . . .	15	14
Over (under) recovered fuel . . . . .	(39)	40
Reduction in regulatory liability . . . . .	(42)	(13)
Changes in operating assets and liabilities . . . . .	619	(203)
Cash provided by operating activities . . . . .	<u>926</u>	<u>446</u>
Cash flows - financing activities		
Issuances of securities:		
Long-term debt . . . . .	1,317	-
Common stock . . . . .	4	1
Retirements/repurchases of securities:		
Long-term debt . . . . .	(565)	(604)
Preferred stock of subsidiaries, subject to mandatory redemption . . . . .	(4)	
Change in notes payable:		
Commerical paper . . . . .	5	749
Banks . . . . .	(1,286)	(292)
Cash dividends paid:		
Common stock . . . . .	(40)	(159)
Preference stock . . . . .	(5)	(5)
Debt premium, discount, financing, reacquisition expenses and redemption deposits . . . . .	90	(28)
Cash used in financing activities . . . . .	<u>(484)</u>	<u>(338)</u>
Cash flow - investing activities		
Capital expenditures . . . . .	(228)	(272)
Proceeds from sale of assets . . . . .	13	146
Nuclear fuel . . . . .	-	(10)
Other . . . . .	25	2
Cash used in investing activities . . . . .	<u>(190)</u>	<u>(134)</u>
Effect of exchange rate changes on cash and cash equivalents . . . . .	1	(9)
Cash contributions to discontinued operations . . . . .	-	(144)
Net change in cash and cash equivalents . . . . .	253	(179)
Cash and cash equivalents -- beginning balance . . . . .	1,574	216
Cash and cash equivalents -- ending balance . . . . .	<u>\$ 1,827</u>	<u>\$ 37</u>

# TXU CORP. AND SUBSIDIARIES

## Consolidated Balance Sheets

(Unaudited)

	March 31, 2003	December 31, 2002
	<i>(millions of dollars)</i>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,827	\$ 1,574
Restricted cash	72	210
Accounts receivable - trade	1,848	1,696
Income taxes receivable	34	488
Inventories	426	493
Commodity contract assets	1,472	1,298
Other current assets	231	263
Total current assets	<u>5,910</u>	<u>6,022</u>
Investments:		
Restricted cash	111	96
Other investments	786	757
Net property, plant and equipment	20,456	19,642
Goodwill	1,956	1,588
Regulatory assets - net	1,923	1,772
Commodity contract assets	549	657
Cash flow hedges and other derivative assets	163	150
Other noncurrent assets	320	332
Total assets	<u>\$ 32,174</u>	<u>\$ 31,016</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable:		
Commercial paper	\$ 24	\$ 18
Banks	1,021	2,306
Long-term debt due currently	739	958
Accounts payable - trade	1,206	1,054
Commodity contract liabilities	1,377	1,138
Other current liabilities	1,084	1,209
Total current liabilities	<u>5,451</u>	<u>6,683</u>
Accumulated deferred income taxes	3,740	3,607
Investment tax credits	447	453
Commodity contract liabilities	461	519
Cash flow hedges and other derivative liabilities	306	220
Other noncurrent liabilities and deferred credits	2,498	2,144
Long-term debt, less amounts due currently	13,459	11,598
Mandatorily redeemable, preferred securities of subsidiary trusts, each holding solely junior subordinated debentures of the obligated company:		
TXU Corp. obligated	368	368
Subsidiary obligated	147	147
Preferred stock of subsidiaries:		
Not subject to mandatory redemption	190	190
Subject to mandatory redemption	17	21
Shareholders' equity:		
Preference stock	300	300
Common stock without par value	10	7,995
Paid in capital	8,097	111
Retained earnings	(2,899)	(2,900)
Accumulated other comprehensive income	(418)	(440)
Total shareholders' equity	<u>5,090</u>	<u>5,066</u>
Total liabilities and shareholders' equity	<u>\$ 32,174</u>	<u>\$ 31,016</u>

**TXU CORP CONSOLIDATED STATISTICS**  
**Consolidated Operating Statistics**  
**Periods Ended March 31, 2003 and 2002**

	Three Months Ended		
	2003	2002	%
<b>Operating statistics-volumes</b>			
Retail electric sales (gigawatt-hours) . . . . .	21,266	23,794	(10.6)
Retail gas sales (billion cubic feet) . . . . .	82	76	7.9
Wholesale electric sales: (gigawatt-hours) . . . . .	7,865	6,752	16.5
North America electricity distribution (gigawatt-hours) . . . . .	23,908	23,586	1.4
Australia electricity distribution (gigawatt-hours) . . . . .	597	465	28.4
North America gas pipeline transportation (billion cubic feet) . . . . .	86	102	(15.7)
<b>Retail customers &amp; points of delivery (end of period &amp; in thousands)</b>			
Electric . . . . .	3,260	3,290	(0.9)
Gas . . . . .	1,938	1,889	2.6
Total customers . . . . .	5,198	5,179	0.4
Points of delivery-North America electricity distribution . . . . .	2,914	2,868	1.6
Points of delivery-Australia electricity distribution . . . . .	552	538	2.6
Points of delivery-Australia gas distribution . . . . .	469	455	3.1
Total points of delivery . . . . .	1,021	993	2.8
<b>Operating revenues (in millions of dollars)</b>			
Retail electric:			
Residential . . . . .	\$ 739	\$ 738	0.1
Industrial & commercial . . . . .	828	1,096	(24.5)
Total . . . . .	1,567	1,834	(14.6)
Retail gas:			
Residential . . . . .	416	230	80.9
Industrial & commercial . . . . .	220	128	71.9
Total . . . . .	636	358	77.7
Wholesale electric revenues . . . . .	247	157	57.3
North America electricity distribution . . . . .	506	494	2.4
Australia electricity distribution . . . . .	12	8	50.0
Australia gas distribution . . . . .	6	5	20.0
North America gas pipeline transportation . . . . .	16	12	33.3
Wholesale energy portfolio management activities . . . . .	111	7	-
Other revenues, less intercompany eliminations . . . . .	(286)	(422)	(32.2)
Total operating revenues . . . . .	\$ 2,815	\$ 2,453	14.8
<b>Financial statistics &amp; ratios - March 2003</b>			
Common stock data:			
Shares outstanding-end of period (millions) . . . . .			322
Book value per share-end of period . . . . .		\$	14.87
Return on average common stock equity (based on continuing operations) . . . . .			(0.7) %
Capitalization ratios (end of period):			
Long-term debt excluding equity-linked securities & exchangeable subordinated notes . . . . .			59.0 %
Equity-linked securities . . . . .			7.5
Exchangeable subordinated notes (net of discount) . . . . .			3.3
Preferred securities of subsidiary trusts . . . . .			2.7
Preference & preferred stock . . . . .			2.6
Common stock equity . . . . .			24.9
Total . . . . .			100.0 %

Additional financial information is available on request to TXU Corp. at 1601 Bryan Street, Dallas, Texas 75201-3411  
(214) 812-4600.

**TXU CORP. AND SUBSIDIARIES**  
**NORTH AMERICA ENERGY SEGMENT (TXU ENERGY LLC)**

For the Periods Ended March 31, 2003

**Statements of Consolidated Income**

(Unaudited)

	Three Months Ended		
	March 31,		
	2003	2002	% Change
	<i>millions of dollars</i>		
Operating revenues. . . . .	\$ 1,806	\$ 1,799	0.4
Costs and expenses:			
Cost of energy sold and delivery fees. . . . .	1,218	941	29.4
Operating costs. . . . .	193	162	19.1
Depreciation and amortization. . . . .	113	119	(5.0)
Selling, general and administrative expenses. . . . .	144	220	(34.5)
Franchise and revenue-based taxes. . . . .	28	30	(6.7)
Other income. . . . .	(8)	(2)	-
Other deductions. . . . .	2	3	-
Interest income. . . . .	(2)	(9)	(77.8)
Interest expense and other charges. . . . .	77	59	30.5
Total costs and expenses. . . . .	1,765	1,523	15.9
Income before income taxes and cumulative effect of changes in accounting principles. . . . .	41	276	(85.1)
Income tax expense. . . . .	6	89	(93.3)
Income before cumulative effect of changes in accounting principles. . . . .	35	187	(81.3)
Cumulative effect of changes in accounting principles, net of tax benefit. . . . .	(58)	-	-
Net income (loss). . . . .	\$ (23)	\$ 187	-

The North America Energy segment represents the electricity generation, portfolio management and wholesale and retail energy sales operations of TXU Energy LLC, operating principally in the competitive Texas market.

Reference is made to the Notes to Financial Statements contained in the Annual Report on Form 10-K of TXU Corp. and Subsidiaries (TXU Corp.) and all Quarterly Reports to the Securities and Exchange Commission on Form 10-Q. This financial statement is furnished in response to request for information concerning TXU Corp. and not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

# NORTH AMERICA ENERGY SEGMENT

## Operating and Financial Statistics

Periods Ended March 31, 2003 and 2002

Operating statistics	Three Months Ended		
	2003	2002	% Change
Retail electric sales volumes (gigawatt-hours) . . . . .	19,398	22,386	(13.3)
Wholesale electric sales volumes (gigawatt-hours) . . . . .	7,451	6,199	20.2
Retail electric customers (end of period and in thousands - number of meters) . . . . .	2,701	2,756	(2.0)
<b>Operating revenues (millions of dollars)</b>			
Retail electric:			
Residential . . . . .	\$ 684	\$ 695	(1.6)
Commercial & industrial. . . . .	748	1,050	(28.8)
Total . . . . .	1,432	1,745	(17.9)
Wholesale electric. . . . .	237	146	62.3
Wholesale energy portfolio management activities. . . . .	91	(63)	-
Other revenues. . . . .	46	(29)	-
Total operating revenues . . . . .	\$ 1,806	\$ 1,799	0.4
<b>Weather (average for service area)</b>			
Percent of normal:			
Cooling degree days. . . . .	50.0 %	94.1 %	(44.1) Pts
Heating degree days. . . . .	106.6 %	101.5 %	5.1 Pts

**TXU CORP. AND SUBSIDIARIES**  
**NORTH AMERICA ENERGY DELIVERY SEGMENT**

For the Periods Ended March 31, 2003

**Statements of Consolidated Income**

(Unaudited)

	Three Months Ended		
	March 31,		
	2003	2002	% Change
	<i>millions of dollars</i>		
Operating revenues. . . . .	\$ 1,127	\$ 838	34.5
Costs and expenses:			
Cost of gas sold. . . . .	430	180	-
Operating costs. . . . .	211	185	14.1
Depreciation and amortization. . . . .	87	79	10.1
Selling, general and administrative expenses. . . . .	84	92	(8.7)
Franchise and revenue-based taxes. . . . .	74	79	(6.3)
Other income. . . . .	(3)	(1)	-
Other deductions. . . . .	1	4	-
Interest income. . . . .	(16)	(11)	45.5
Interest expense and other charges. . . . .	92	79	16.5
Total costs and expenses. . . . .	960	686	39.9
Income before income taxes. . . . .	167	152	9.9
Income tax expense. . . . .	57	51	11.8
Net income. . . . .	\$ 110	\$ 101	8.9

The North America Energy Delivery segment includes the electricity transmission and distribution business of Oncor Electric Delivery Company and the natural gas pipeline and distribution business of TXU Gas Company, both of which are subject to regulation by Texas authorities.

Reference is made to the Notes to Financial Statements contained in the Annual Report on Form 10-K of TXU Corp. and Subsidiaries (TXU Corp.) and all Quarterly Reports to the Securities and Exchange Commission on Form 10-Q. This financial statement is furnished in response to request for information concerning TXU Corp. and not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

# NORTH AMERICA ENERGY DELIVERY SEGMENT

## Operating and Financial Statistics

Periods Ended March 31, 2003 and 2002

Operating statistics - Volumes	Three Months Ended		
	2003	2002	% Change
Electric energy delivered (gigawatt-hours) . . . . .	23,908	23,586	1.4
Retail gas distribution (billion cubic feet):			
Residential . . . . .	45	41	9.8
Commercial . . . . .	24	22	9.1
Industrial & electric generation . . . . .	2	3	(33.3)
Total . . . . .	71	66	7.6
Pipeline transportation (billion cubic feet) . . . . .	86	102	(15.7)
<b>Retail customers &amp; points of delivery (end of period &amp; in thousands)</b>			
Retail gas distribution customers . . . . .	1,475	1,459	1.1
Electricity distribution points of delivery . . . . .	2,914	2,868	1.6
<b>Operating revenues (millions of dollars)</b>			
Electricity distribution			
Affiliated (North America Energy) . . . . . \$	377	\$ 416	(9.4)
Non-affiliated . . . . .	129	78	65.4
Total . . . . .	506	494	2.4
Retail gas distribution:			
Residential . . . . .	401	223	79.8
Commercial . . . . .	183	98	86.7
Industrial & electric generation . . . . .	10	8	25.0
Subtotal . . . . .	594	329	80.5
Pipeline transportation . . . . .	16	12	33.3
Other revenues, net of eliminations . . . . .	11	3	-
Total . . . . .	621	344	80.5
Total operating revenues . . . . . \$	1,127	\$ 838	34.5

**TXU CORP. AND SUBSIDIARIES**  
**AUSTRALIA SEGMENT**

For the Periods Ended March 31, 2003

**Statements of Consolidated Income**

*(Unaudited)*

	Three Months Ended		
	March 31,		
	<u>2003</u>	<u>2002</u>	<u>% Change</u>
	<i>millions of dollars</i>		
Operating revenues.....	\$ <u>225</u>	\$ <u>212</u>	<u>6.1</u>
Costs and expenses:			
Cost of energy sold and delivery fees.....	<u>95</u>	<u>72</u>	<u>31.9</u>
Operating costs.....	<u>21</u>	<u>19</u>	<u>10.5</u>
Depreciation and amortization.....	<u>19</u>	<u>15</u>	<u>26.7</u>
Selling, general and administrative expenses.....	<u>18</u>	<u>14</u>	<u>28.6</u>
Other deductions.....	<u>1</u>	<u>2</u>	<u>-</u>
Interest income.....	<u>(1)</u>	<u>-</u>	<u>-</u>
Interest expense and other charges.....	<u>34</u>	<u>29</u>	<u>17.2</u>
Total costs and expenses.....	<u>187</u>	<u>151</u>	<u>23.8</u>
Income before income taxes.....	<u>38</u>	<u>61</u>	<u>(37.7)</u>
Income tax expense.....	<u>11</u>	<u>10</u>	<u>10.0</u>
Net Income.....	\$ <u>27</u>	\$ <u>51</u>	<u>(47.1)</u>
Exchange rates.....	<u>0.5928</u>	<u>0.5188</u>	

The Australia segment includes electricity generation, energy distribution, portfolio management, wholesale and retail energy sales and gas storage businesses operating in southern Australia, in largely competitive markets.

Reference is made to the Notes to Financial Statements contained in the Annual Report on Form 10-K of TXU Corp. and Subsidiaries (TXU Corp.) and all Quarterly Reports to the Securities and Exchange Commission on Form 10-Q. This financial statement is furnished in response to request for information concerning TXU Corp. and not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

**AUSTRALIA SEGMENT**  
**Operating and Financial Statistics**  
**Periods Ended March 31, 2003 and 2002**

	Three Months Ended		
	2003	2002	% Change
<b>Operating statistics - Volumes</b>			
Retail electric sales (gigawatt-hours) . . . . .	1,868	1,408	32.7
Retail gas sales (billion cubic feet) . . . . .	11	10	10.0
Delivered electricity distribution (gigawatt-hours) . . . . .	597	465	28.4
Retail gas distribution volumes (billion cubic feet) . . . . .	7	6	16.7
Wholesale electric sales (gigawatt-hours) . . . . .	414	553	(25.1)
<b>Retail customers &amp; points of delivery (end of period &amp; in thousands)</b>			
Electric . . . . .	559	534	4.7
Gas . . . . .	463	430	7.7
Total customers . . . . .	1,022	964	6.0
Electricity distribution points of delivery . . . . .	552	538	2.6
Gas distribution points of delivery . . . . .	469	455	3.1
Total points of delivery . . . . .	1,021	993	2.8
<b>Operating revenues (millions of dollars)</b>			
Retail electric:			
Residential . . . . .	\$ 55	\$ 43	27.9
Industrial & commercial . . . . .	80	46	73.9
Total . . . . .	135	89	51.7
Electricity distribution . . . . .	12	8	50.0
Retail gas:			
Residential . . . . .	15	7	-
Industrial & commercial . . . . .	27	22	22.7
Total . . . . .	42	29	44.8
Gas distribution . . . . .	6	5	20.0
Wholesale electric revenues . . . . .	10	11	(9.1)
Wholesale electric portfolio management activities & other revenues . . . . .	20	70	(71.4)
Total operating revenues . . . . .	\$ 225	\$ 212	6.1