



AGA Financial Forum

May 4-6, 2003

Mike McCall, President of TXU Gas
David Anderson, VP of Investor Relations

Safe Harbor Statement



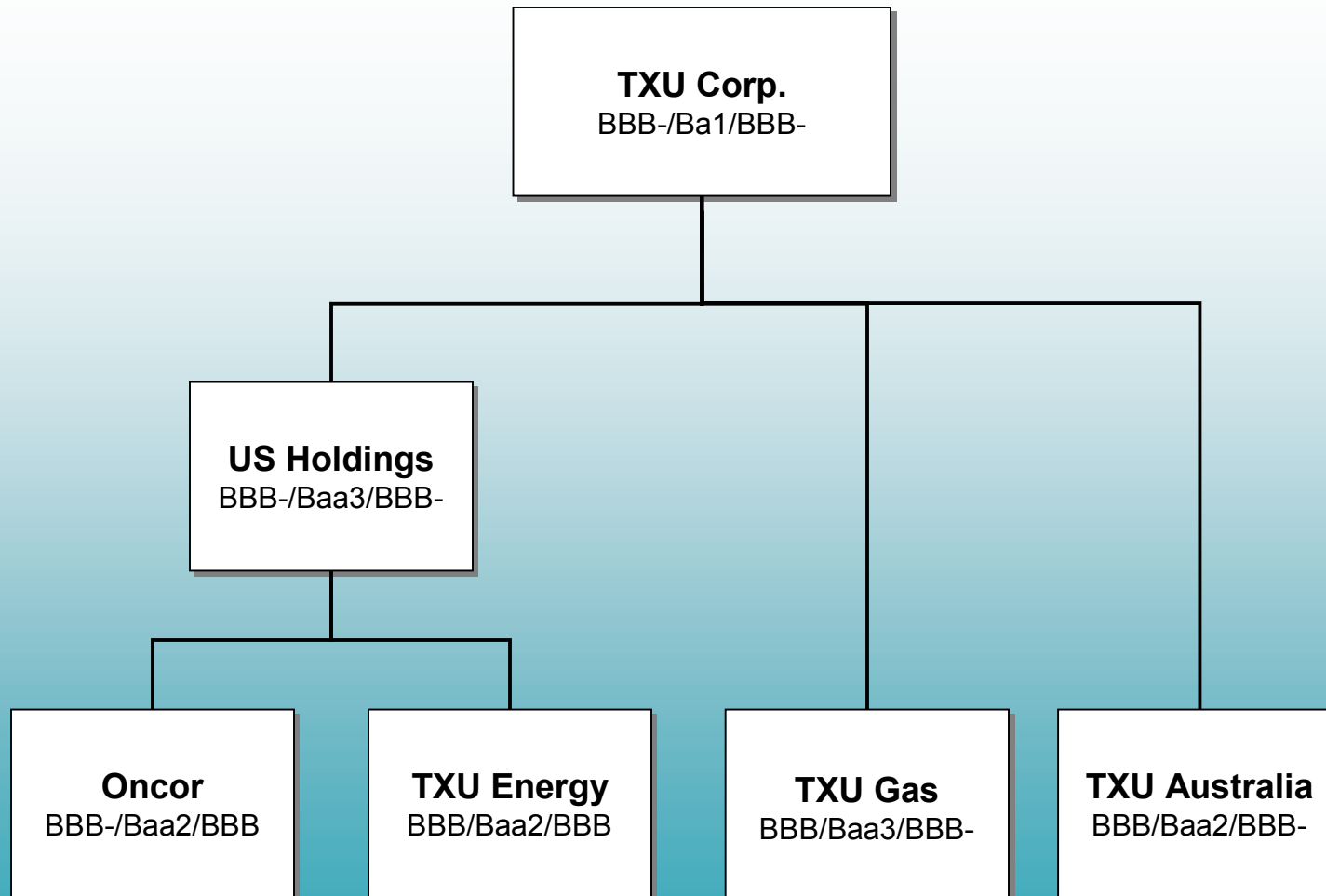
This presentation and other reports made by TXU Corp. contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although TXU Corp. believes that in making any such statement their expectations are based on reasonable assumptions, any such 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. 2002 Form 10-K and 2002 10-Q'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; capital markets conditions; competition; rating agency actions; among others, that could cause the results of TXU Corp. to differ materially from those projected in such forward-looking statements.

Investor Relations Calendar



AGA Financial Forum, Arizona	May 4-6
Analyst Meetings in New York and California	May 8-9
Berenson/Williams Capital Seminar, Nevada	May 13-15
10-Q Anticipated Filing	May 14
TXU Annual Shareholder Meeting	May 16
EEl Annual Finance Meeting, New York	May 20-21
Goldman Sachs Power Conference, Nevada	May 27-28
NAIC Regional Retail Conference, Texas	May 31
Deutsche Bank Power Conference, New York	June 9-11
Anticipated Second Quarter Earnings Release	July 31
Post Earnings Analyst Meeting, New York	Early August

Corporate Structure

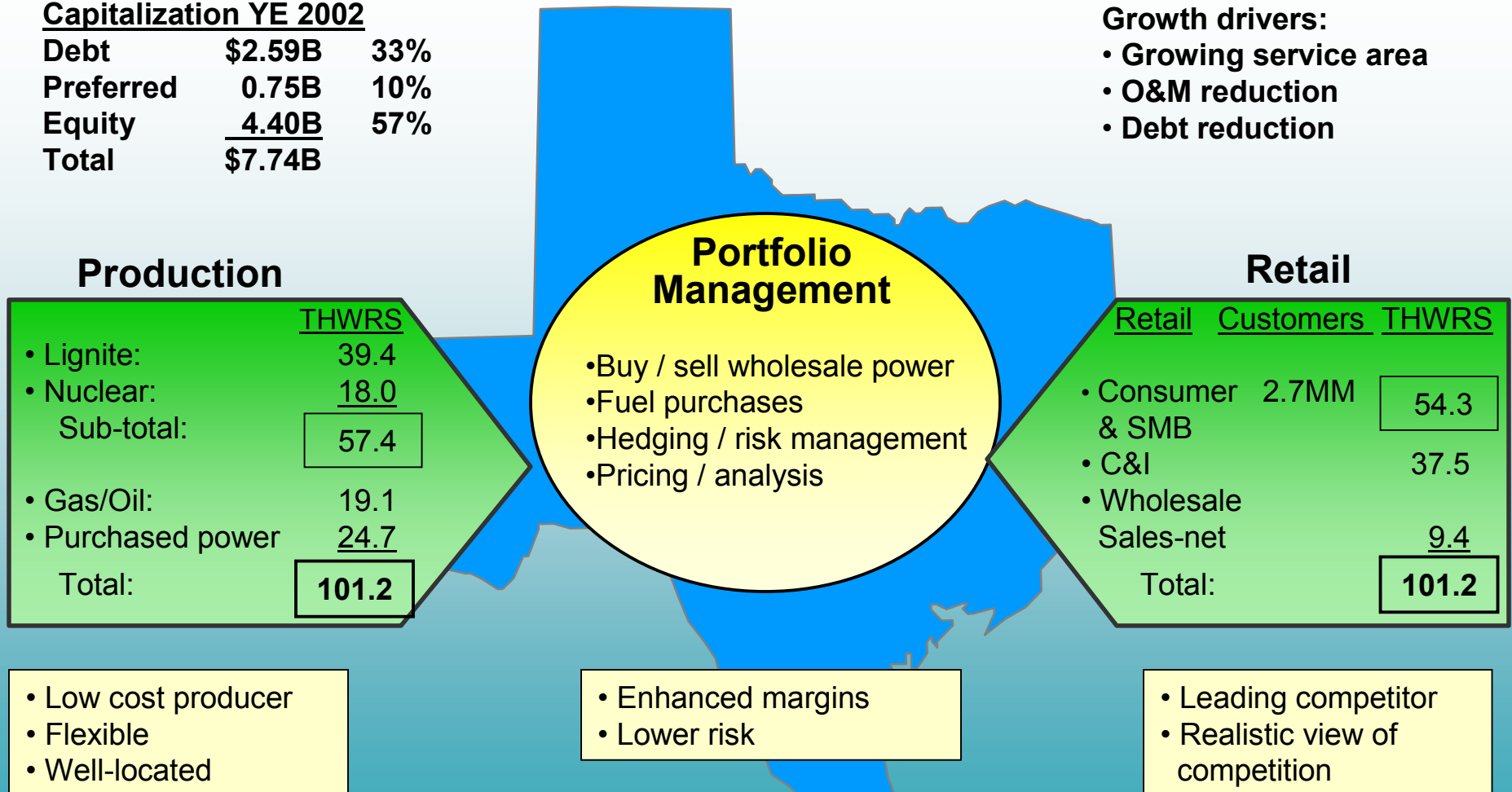


Capitalization YE 2002

Debt	\$2.59B	33%
Preferred	0.75B	10%
Equity	<u>4.40B</u>	57%
Total	\$7.74B	

Growth drivers:

- Growing service area
- O&M reduction
- Debt reduction



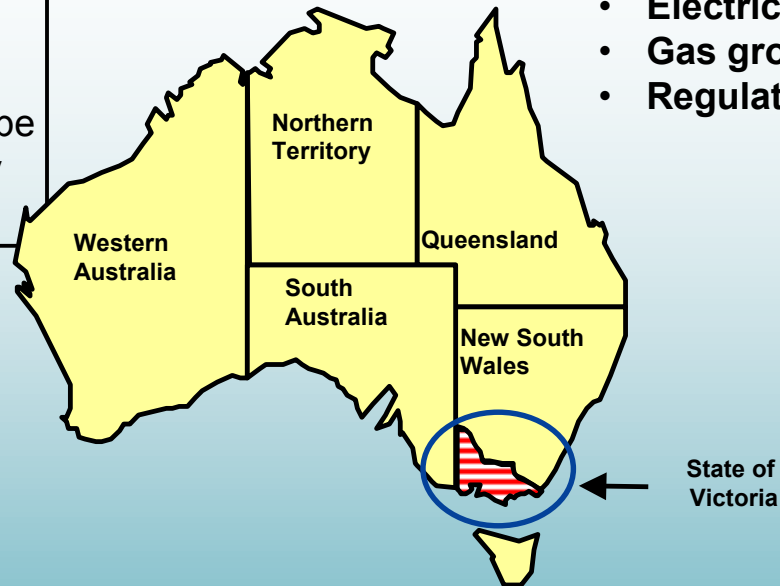
Balanced, Integrated, Synergistic

TXU Australia



Energy Delivery

- Incentive based regulation
- 26,000 Electric distribution line miles
Delivers 6.5 TWh annually
- 5,000 Miles of gas distribution pipe
Delivers over 65 Bcf annually
- Gas storage >10 Bcf



Growth drivers:

- Electric demand growth of 2.8%
- Gas growth of 3.7%
- Regulated business is 65%

Capitalization YE 2002

Senior Debt	A\$2.5B	57%
Subordinated Debt	0.4B	9%
Equity	1.5B	34%
Total	A\$4.4B	

Energy

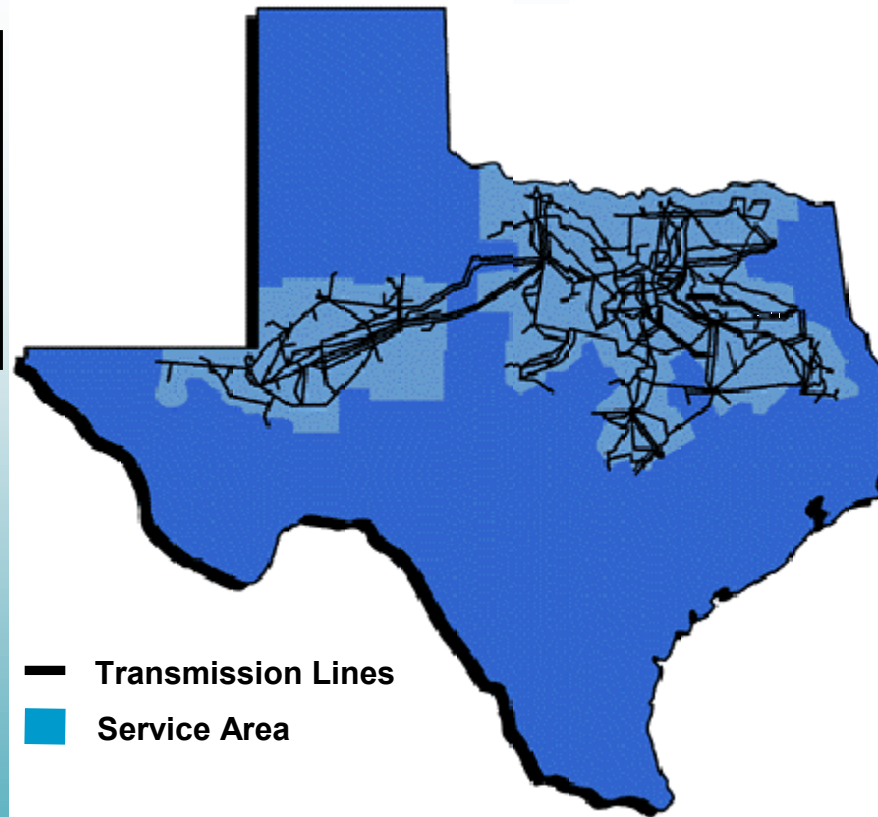
- 469,000 Gas customers
Positive net churn
- 552,000 Electric customers
Positive net churn
- 1,280 MW Generation capacity
- 966 MW Master hedge agreement

Oncor Electric Delivery



Transmission and Service Area

- Pure regulated business
- Growing and diverse service area
- Reasonable regulatory environment



Growth drivers:

- Regulated rate base
 - Capex = \$550 million
 - Deprec. = \$300 million
- Energy growth of 3.5%

- 14,000 Electric transmission line miles
- 95,000 Electric distribution line miles
- Delivers 105 TWh annually
- 2.9 million points of delivery

Capitalization YE 2002

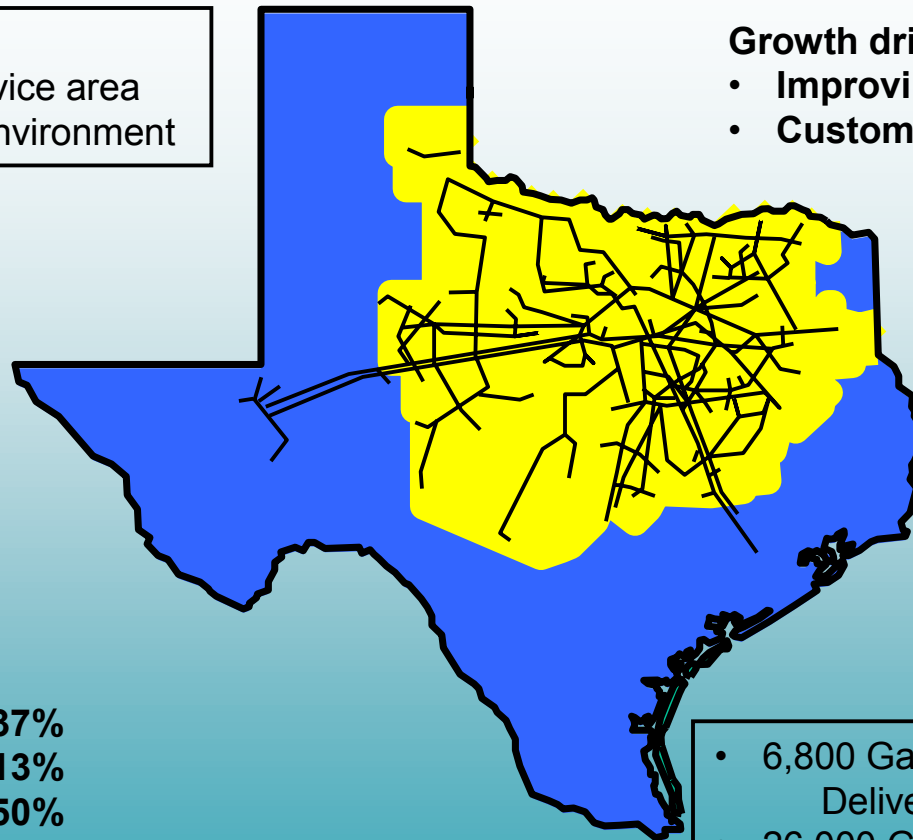
Debt	\$ 4.2 B	60%
Equity	<u>2.8 B</u>	40%
Total	\$ 7.0 B	

Pipes and Service Area

- Pure regulated business
- Growing and diverse service area
- Reasonable regulatory environment

Growth drivers:

- Improving regulated return
- Customer growth of 2%



Capitalization YE 2002

Debt	\$	0.6 B	37%
Preferred		0.2 B	13%
Equity		<u>0.8 B</u>	50%
Total	\$	1.6 B	

- 6,800 Gas pipeline miles
Delivers over 400 Bcf annually
- 26,000 Gas distribution line miles
Delivers 140 Bcf annually
- Gas storage 30 Bcf
- 1.5 million gas customers

Texas Legislative Landscape

78th Legislative Session, 2003



Dewhurst



Craddick

5,701 bills filed

- **854 tracked by TXU**

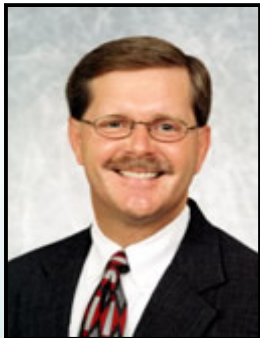
Republicans dominate

- **New lieutenant governor**
- **New House speaker**

Overriding issues

- **Budget shortfall of at least \$10 billion**
- **Tort reform, including medical malpractice**
- **Homeowners insurance**

Key Committees



King



Bonnen



Fraser

House Regulated Industries

- Phil King, chairman
- Steve Wolens, member

House Environmental Regulation

- Dennis Bonnen, chairman

House Natural Resources

- Robert Puente, chairman

House Energy Resources

- Buddy West, chairman

Senate Business and Commerce

- Troy Fraser, chairman

Gas Reliability Infrastructure Program - GRIP Bill



- **Would remove regulatory cost recovery obstacles to construction of new gas delivery systems and replacement of aging infrastructure**
- **Establishes voluntary tariff that funds pipeline and LDC investment by adjusting base rates**
- **Companies would submit annual earnings monitoring report**
- **Prescribes annual regulatory review in any year earnings exceed approved rate**
- **Requires full cost of service rate case after five years**
- **Status: Passed the Senate and is scheduled for House floor action this week**

Earnings Highlights



- **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**

Initiatives



- **Strengthen balance sheet and enhance credit**
- **Deliver on the 2003 plan**
- **Achieve major, sustainable cost reductions**
- **Aggressively defend and build on leadership position in Texas and Australia**