



Banc of America Securities Energy & Power Conference

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June 18, 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. 2001 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.

Business Model & Strategy



ENERGY



ENERGY DELIVERY

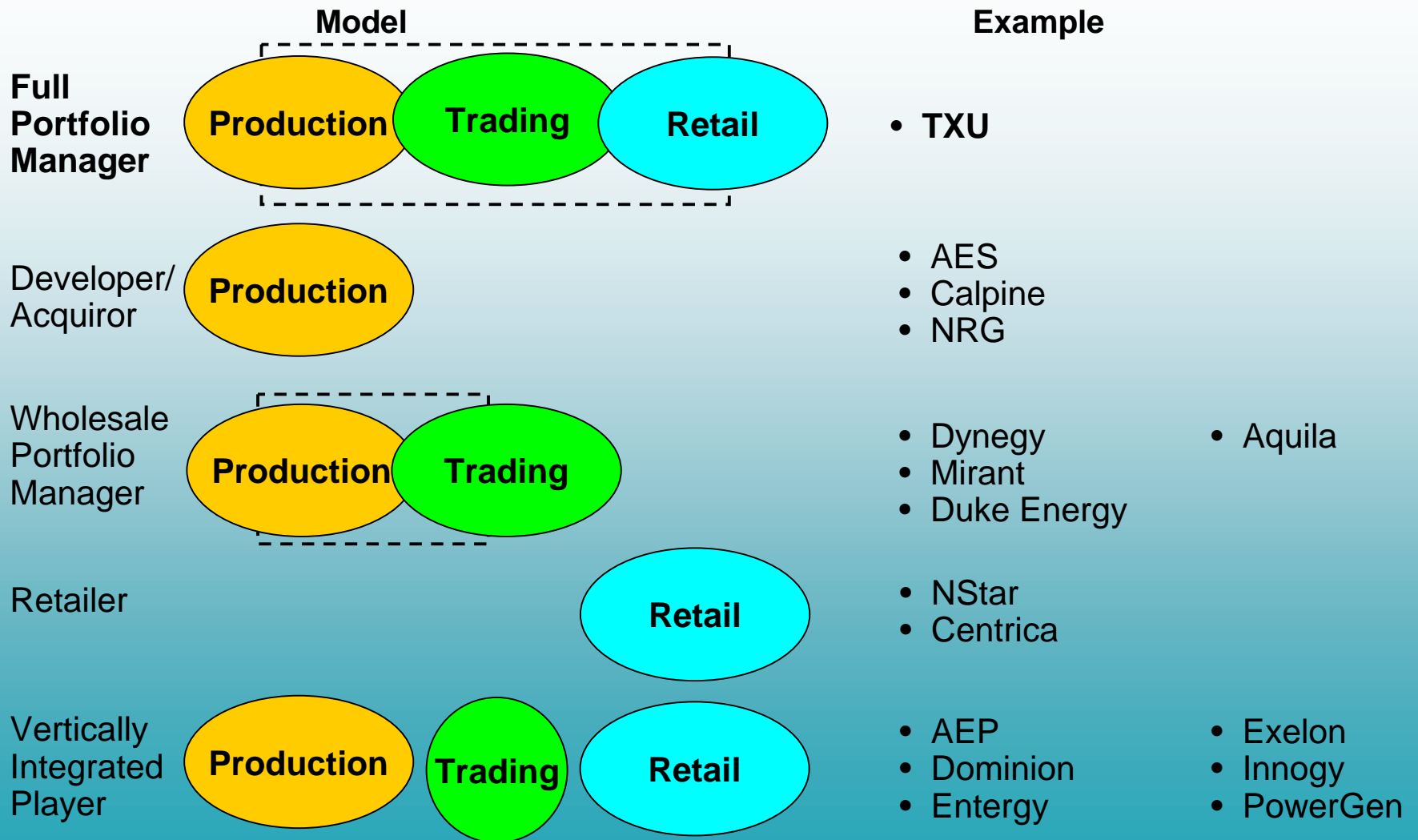


Strategy: TXU will achieve **excellent operations** of **significant scale** in **selected regions**, which **optimize a portfolio** of assets, capabilities and customer relationships across multiple products and services.

Distinctive Energy Business Model



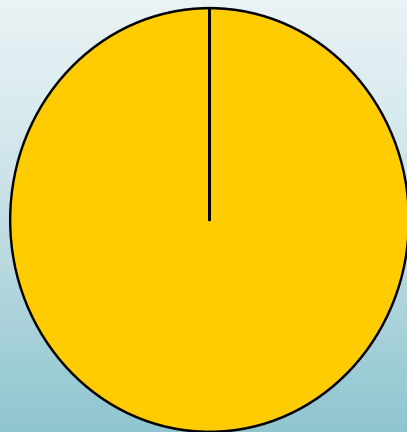
TXU's Approach is Differentiated from Other Energy Companies Through its Integration of Production, Trading and Retail Activities



Favorable Mix of Businesses

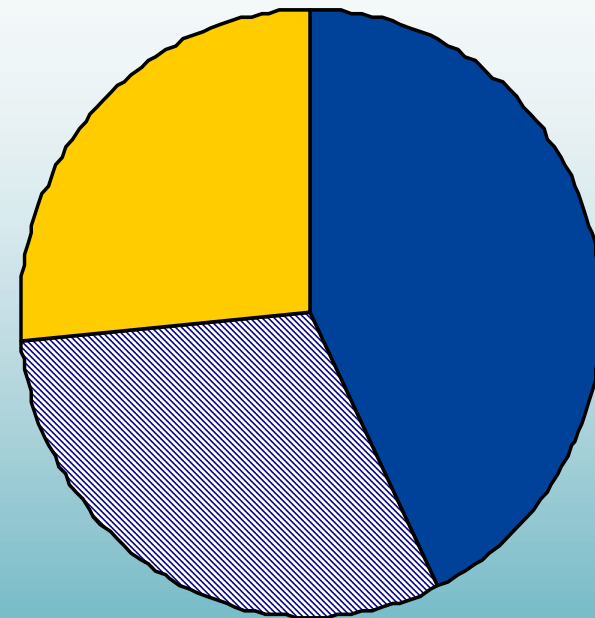





EBIT - 1994



“Regulated”

EBIT - 2002



-  North America Energy Delivery
-  North America Energy
-  International Energy

Risk Management Overview



- **TXU's strategy and business model are designed to mitigate risk**
- **Governance and reporting structure provide independent risk monitoring and assurance**
- **Robust processes and specific capital exposure limits market risk, credit risk and operational risk**

Risk Management Measures



Credit Risk Measure

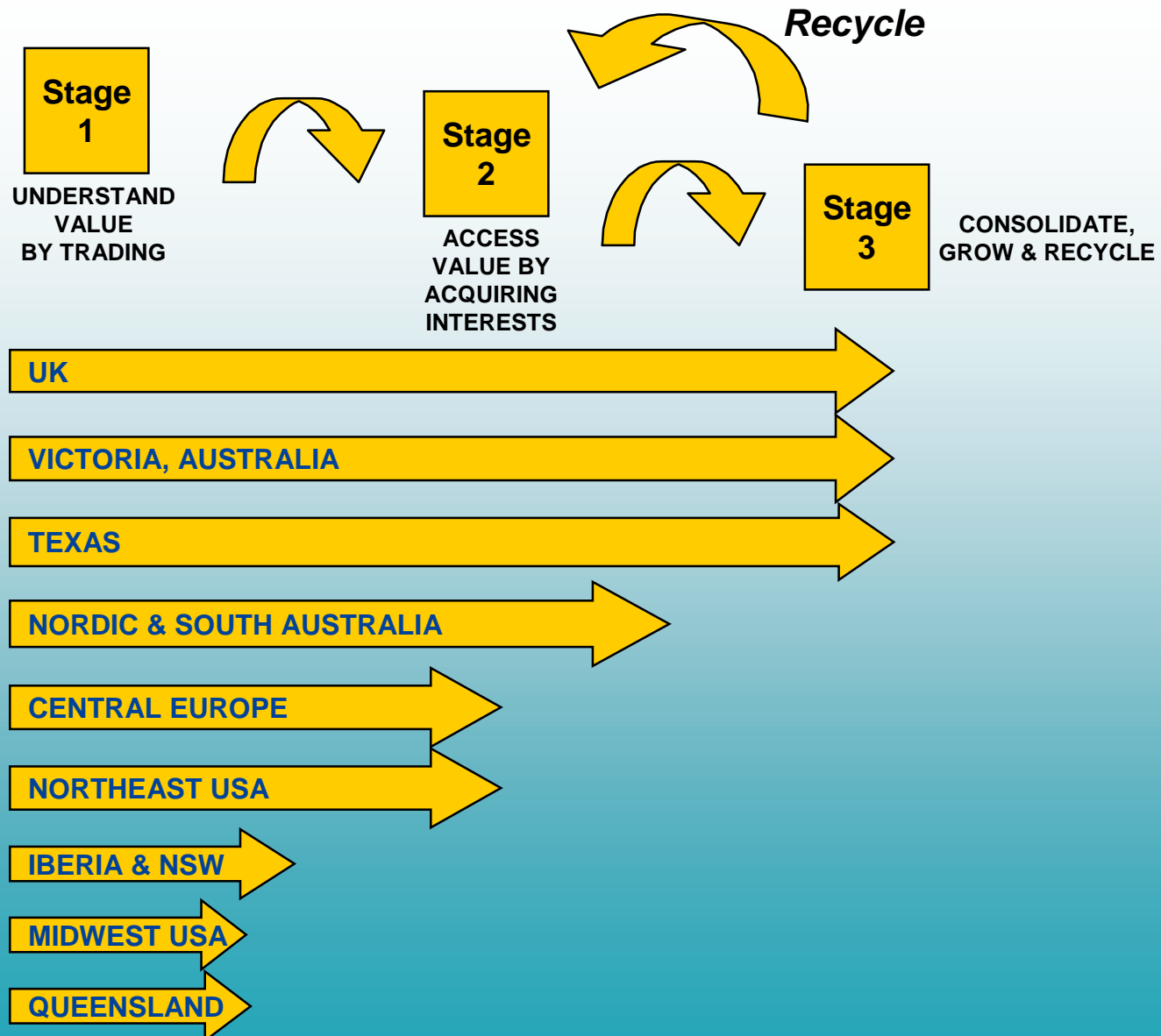
Credit exposure for all counterparties include accounts receivables, unbilled revenue and forward commodity market exposure (i.e., credit var)

Market Risk Measures

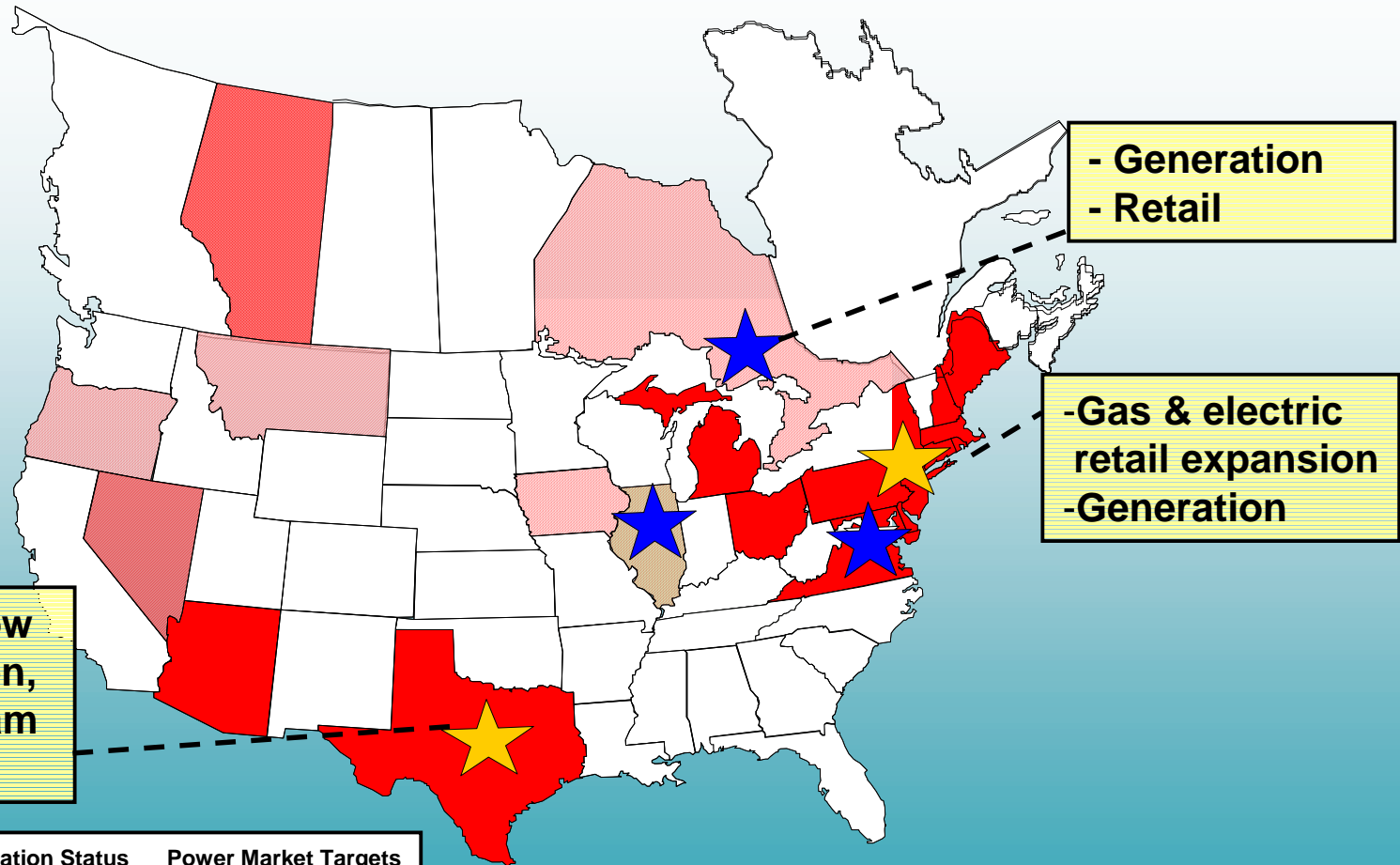
- Cash Flow at Risk (CFaR)
- EBITDA at Risk (EaR)
- Long Term Value at Risk (VaR LT)
- Short Term Value at Risk (VaR ST)

Risk exposure for all risk measures are determined by simulating changes in numerous market variables, e.g., power prices, gas prices, customer switching and market demand

Disciplined Growth Development



Growth - North America

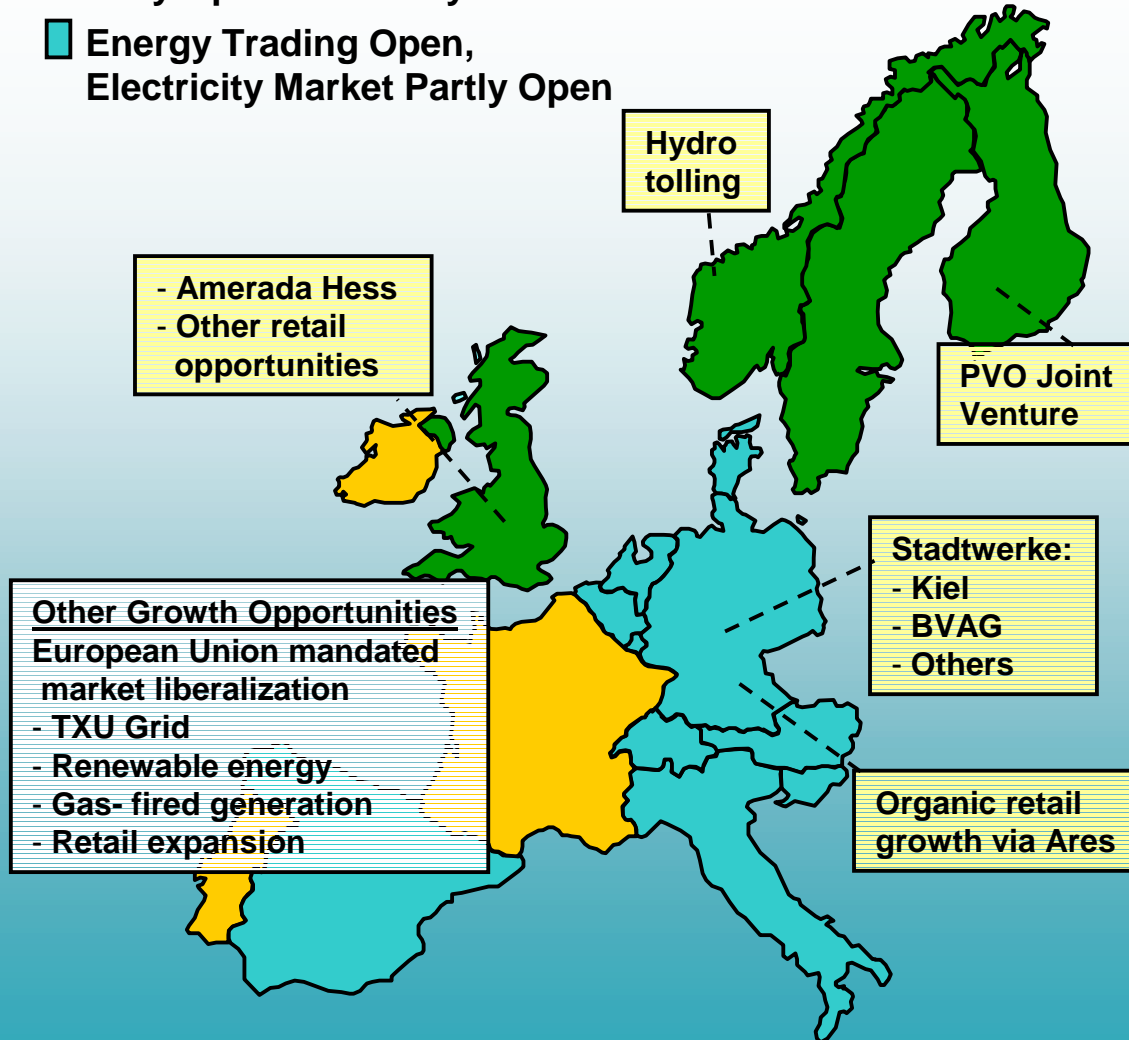


<u>Deregulation Status</u>	<u>Power Market Targets</u>
Fully Open	Primary
Opening Market	Secondary
Closed	



Growth - Europe & Australia

- Fully Open Electricity Market**
- Energy Trading Open, Electricity Market Partly Open**



United Kingdom

5.5 million customers
7,300 MW generation

Nordic

0.1 million customers
780 MW generation

Germany

0.65 million customers
175 MW generation

Australia

1 million customers
2,300 MW Generation
31,000 distribution miles



Indicative Net Income (Millions)



	<u>2002</u>	<u>2003</u>
Energy		
N. America	\$670	\$725
International	<u>470</u>	<u>555</u>
Total	\$1,140	\$1,280
N.A. Energy Delivery	300	315
Corp. & Other	<u>(240)</u>	<u>(230)</u>
Total	\$1,200	\$1,365

Indicative Cash Flow (Millions)



	<u>2002</u>	<u>2003</u>
Cash from operations	\$2,300	\$2,500
Asset sales (complete)	2,300	---
Equity Issued	1,000	---
Securitization	<u>500</u>	<u>---</u>
Total	\$6,100	\$2,500
Debt reduction	2,850	450
Dividend	<u>650</u>	<u>650</u>
Available cash flow	\$2,600	\$1,400

Compelling Investment Opportunity



- **Diversified and integrated global power company**
- **Unique energy business with integrated supply, trading and retail in three regions**
- **Limited commodity risk, low volatility business model**
- **Above-average and sustainable earnings growth plus a stable dividend**
- **Strong financial position - cash flow, balance sheet and credit rating**
- **Shareholder-focused management team**