TXU Quarterly Analyst Meeting

August 7, 2003

Investor Relations Calendar

Analyst Meetings in New York and Boston	August 7
10-Q Anticipated Filing	August 14-18
Lehman Brothers Conference, New York	September 2-4
Merrill Lynch Conference, New York	September 17-18
EEI Annual Financial Conference, Florida	October 27-29

Safe Harbor Statement

This presentation contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties 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. The risks and uncertainties set forth in the company's SEC filings include TXU's ability to negotiate satisfactory terms and obtain all necessary governmental and other approvals and consents for the sale of TXU Communications, prevailing government policies on environmental, tax or accounting matters, regulatory and rating agency 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 and capital market conditions, 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.

Introductions

• Dan Farell	Chief Financial Officer
• Tom Baker	President of TXU Energy
• Paul O'Malley	Principal Financial Officer-TXU Energy

In attendance:

• Brian Dickie	TXU Energy
• Mike Greene	President of Oncor Group
• Kirk Oliver	Treasurer
• Eric Peterson	General Counsel

Agenda

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- Opening Remarks - Nye
- North America Energy Delivery - Baker
- North America Energy - O'Malley
- Financial Overview - Farell
- Conclusion - Nye

Overview/Development

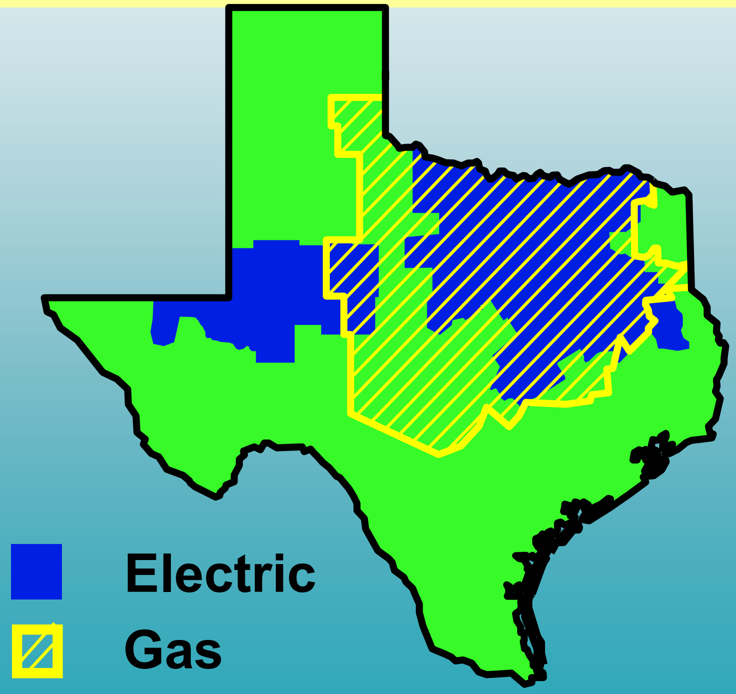
- TXU Communications sale
- Price-to-Beat filing
- Comprehensive gas rate case
- Securitization transaction
- Cost reductions on track
- Balance sheet enhancement, strong available liquidity
- Mass market retention
- Positive large business market

Initiatives

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

North America Energy Delivery

- Delivered $36 million of net income in the second quarter of 2003, slightly exceeding plan; Year-to-date net income of $146 Million, 3% increase over 2002.
    - Results reflect continued customer growth
    - Continued improvement in contribution from gas business
    - Electric delivery results declined slightly, primarily as a result of increased interest expense driven by more permanent financing and reduced reliance on bank debt



Business Environment:

- Diverse service area
- Reasonable regulatory environment
- Projected electricity consumption growth of approximately 2%
- Improving gas regulated return

2003 Priorities

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- Deliver financial results
- Focus on growth in service area
- Reduce costs to offset upward cost pressures
- Improve gas business profitability through system wide rate case
- Continue to provide safe and reliable energy delivery service

Q2 Highlights

- Successful management of upward cost pressures
- On track to deliver against the plan
- ONCOR's interim transmission rate filing approved by Commission (capital expenditure tracker)
- PUC retail performance shows ONCOR leading the market
- Measurement Services achieved 2.7 million hours without lost time injury - "A new benchmark in the industry"

Gas Rate Case and Capital Expenditure Tracker

- System-wide rate case filed May 23, 2003
- Proposed increase: $69.5 million or 7.24% annual revenue
- Final orders from the RRC are expected in Q1 2004
- New legislation permits more timely tariff adjustments for capital expenditures

North America Energy

- Delivered $154 million of income before continuing operations before cumulative effect of change in accounting principles in the second quarter of 2003 and $189 million year-to-date
  - Contribution margin in line with plan
  - Cost reductions on track

Production

	THWRS
• Lignite:	39.4
• Nuclear:	18.0
Sub-total:	57.4
• Gas/Oil:	19.1
• Purchased power	24.7
Total:	**101.2**

Portfolio Management

- Buy / sell wholesale power
- Fuel purchases
- Hedging / risk management
- Pricing / analysis

Retail

Retail	Customers	THWRS
• Consumer & SMB	2.6MM	54.3
• LBM		37.5
• Wholesale Sales-net		9.4
Total:		**101.2**

- Low cost producer
- Flexible
- Well-located

- Enhanced margins
- Lower risk

- Leading competitor
- Realistic view of competition

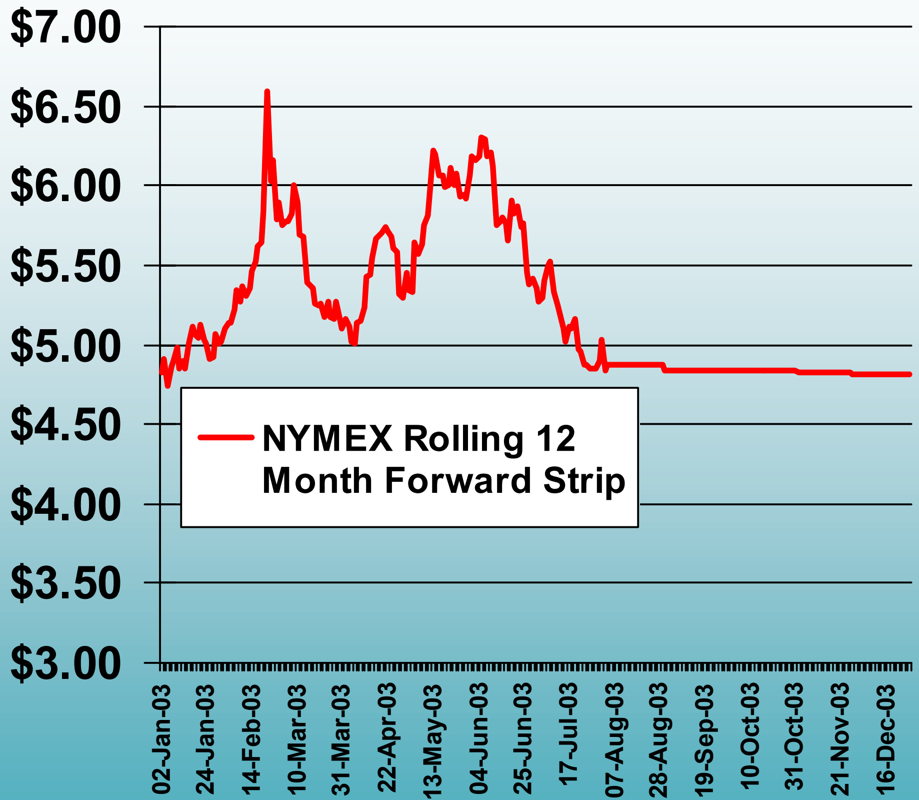
Reflects 2003 Plan

Balanced, Integrated, Synergistic

Market Conditions

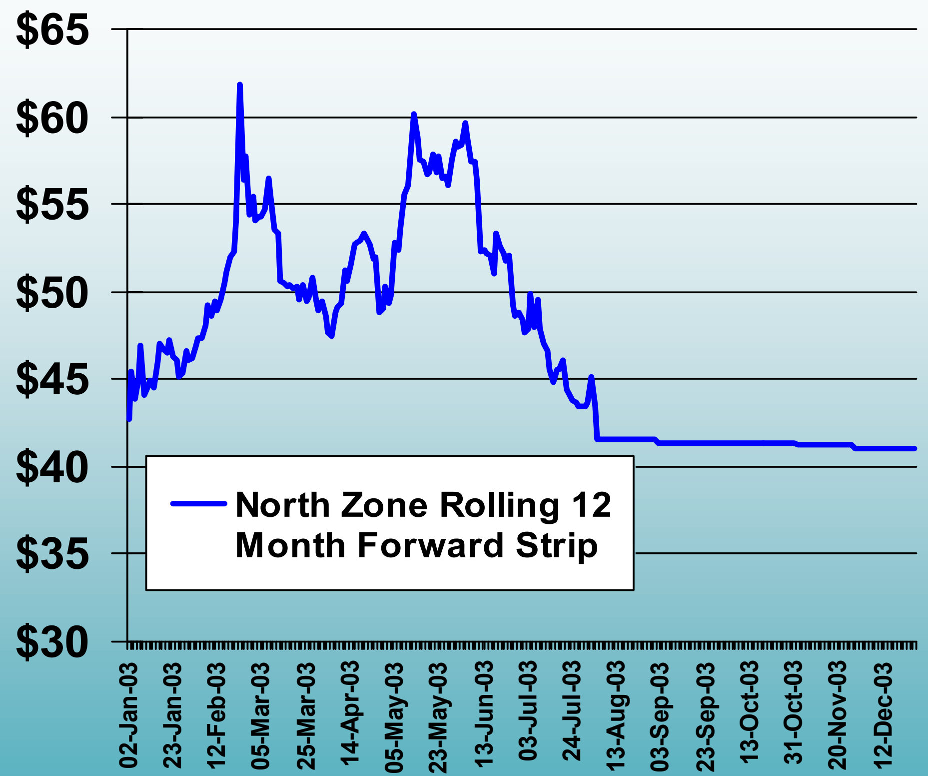
Forward Gas Prices

$/MMBtu; NYMEX Henry Hub Product



Forward Power Prices

$/MWh; North Zone 5x16 Product

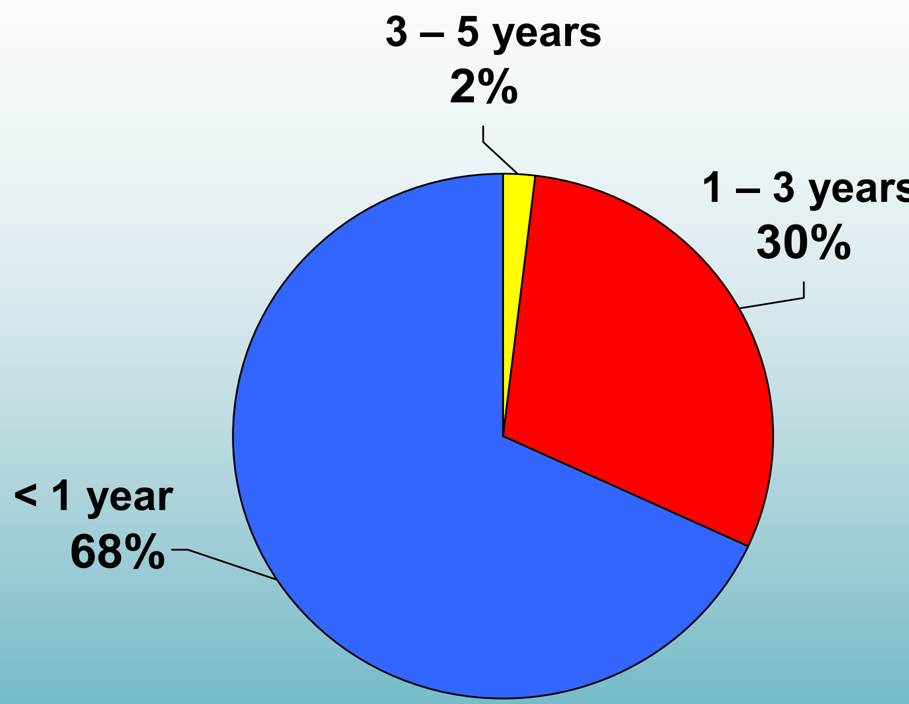


- **Gas and power prices are volatile and correlated**
- **We manage this through:**
  - **Portfolio Management**
  - **Price-to-Beat mechanism**

Portfolio Management

- Our portfolio is primarily physical
- Remainder converts to cash in less than 3 years
- No counterparty accounts for > 10% of total exposure
- Mark to Market V@R is < $30 million

Mark to Market Portfolio By Maturity



$290.7 million of net Mark to Market assets/liabilities @ 6/30/2003

Q2 Performance

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- **Mass market customer retention slightly better than plan**

Jan – June 2003	Customer Change ('000)
In-Territory Net	(69.4)
New-Territory Net	24.1
Total Net	(45.3)
Change	(1.7)%

- **Large business market share improving**
- **Solid year-to-date production performance**
- **Price-to-Beat filing made on July 23**
- **Cost reduction program on track**

2003: "Texas First"

- Protect and build on our leadership position in Texas
- Re-scale cost base
- Focus on customers and operational excellence
- Optimize the Texas portfolio

Financial Strategy

- Maximize free cash flow
  - Reduce operating and SG&A expenses
  - Deliver gross margin from operations
  - Minimize capital expenditure and working capital
- Strengthen credit
- Grow earnings
  - Organic growth
  - Debt reduction

2003 Cost Savings

- North America Energy:

	($ million)
Total Upward Pressure	(112)
2002 Non-Recurring	176
2003 Initiatives	186
Total Savings	$ 362
Net Savings	$ 250

- North America Energy Delivery on track to offset upward cost pressures

2003 Income from Continuing Operations Before Cumulative Changes in Accounting Principles (Indicative)

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($ million)

	Previous Guidance	Updated Guidance
Energy Delivery	230 – 240	240
Energy	625 – 655	625
Australia	65	70
Corp. & Other	(210)	(210)
Total	710 – 750	725
Diluted Avg. Shares	379	379
Diluted EPS Guidance:	**$2.00 - $2.10**	**$2.00 - $2.10**

Indicative Cash Flow

	($ million) 2003	2004
Cash flow from operations	2,304*	2,024
Securitization	500	800
Capital expenditures	(1,106)	(1,052)
Dividend – common & preferred	(183)	(185)
Cash available to pay down debt	1,515	1,587

* Includes $615 million IRS refund

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Q&A